

GLEN COVE
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove, New York)



FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

Prepared by:
Anne L. LaMorte
Financial Manager, CFO

**THE CITY OF GLEN COVE
COMMUNITY DEVELOPMENT AGENCY
GLEN COVE, NEW YORK**

**A COMPONENT UNIT OF
THE CITY OF GLEN COVE, NEW YORK**

*FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018*



**Prepared by:
ANNE L. LAMORTE
FINANCIAL MANAGER, CFO**

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INTRODUCTORY SECTION



MAJOR INITIATIVES

2018 Accomplishments

Waterfront Development Project

The IDA closed on the Waterfront Revitalization Project in November 2016. The IDA entered into a PILOT agreement with RXR and received an administrative fee of \$10M. This project will benefit the City of Glen Cove (the “City”), its citizens and Nassau County by reclaiming blighted industrial waterfront property for public benefit and enjoyment through creating open space, luxury and workforce housing and retail/office space. RXR’s (redeveloper of Garvies Point waterfront destination) Garvies Point waterfront destination will bring 466 new jobs during the construction phase of 5-6 years, and 545 jobs post-completion. There will also be new tax revenues and new money infused into the Glen Cove economy.

Construction on Phase I of the Waterfront began in the spring of 2017. This includes rental units, a marina and green space. This project estimates that 3,200 construction jobs will be created over a five year build out. Upon the completion of the project the City estimates \$17M in annual tax revenues for the various authorities. The IDA and City continue to work with RXR in constructing the Public Amenities and green space for use by the residents of Glen Cove. The three residential buildings being developed during phase I of construction {H-rentals (177 units), I-rentals (208 units) and B-condos (167 units)} are estimated to be ready for occupancy by the end of 2019. As of December 31, 2018, the approximate percentage of completion for Building H is 50%, Building I is 40% and Building B is 45%. To date all construction is on schedule.

In 2018, substantial work on the public amenities was completed, including installation of approximately 60% of the open cell wall bulkhead system and the sheeting for

the PZC sheet pile bulkhead; approximately 50% of the combined wet and upland excavation for the Transient Marina has been completed; and installation of drainage and utility infrastructure continued. The U.S. Army Corp. of Engineers issued its Bulkhead/Marina Permit for the project on August 17, 2018. The completion date for the Public Amenities Phase I & II is May 2020.

Ferry Terminal Project

The Glen Cove Ferry Terminal Building construction close-out was successfully completed with NYSDOT in 2017, with all federal and State funds reimbursed. An RFP for a Ferry Operator was issued in November 2017. The City is optimistic that a ferry service will begin in 2019 or sooner. The City has requested and received an extension from FHWA and NYSDOT to begin ferry service by May 22, 2020, to allow time for the Garvies Point (Phase I), Village Square, and Herb Hill/Garvies Point Road projects to be completed and for the City to procure a ferry operator, including agreements, work plans, coordination with other agencies (such as NYCEDC), and marketing.

Anticipated Accomplishments

Herbhill Garvies Point Road Project

The Herb Hill/Garvies Point Road Reconstruction contract was awarded in January 2017. Mobilization followed soon after but was stopped after the project was required to adopt more stringent environmental regulations. The team worked with NYSDEC to develop an Excavation Work Plan (EWP) approved by NYSDEC in early November 2017. In 2018, substantial work (approximately 25%) was completed on the project, including the installation of underground utilities (sewer, water, drainage, telecommunications) from the terminus at the west end of Garvies Point Road to near the Slant Fin property. The installation of a temporary bypass at the intersection of Herb

Hill Rd., Garvies Point Rd. and Dickson St. was also completed by RXR to facilitate work on the project in 2019. The project is scheduled to be substantially complete by late fall 2019. Funding for the road project will be provided by NYSDOT, \$6.5 million and \$2.5 million by Empire State Development. The balance of the funding will be paid from bond proceeds totaling \$15,942,847 for the road. Due to escalation caused by project delays and cost increases resulting from the requirements imposed by the NYSDEC and water management issues, the City worked with the IDA, GCLEAC, and RXR to make up to approximately \$13.7M available from the Public Amenities account to the City account for the Road project, as needed. This was memorialized in several agreements executed between the parties, including the First Amendment to the Trust Indenture, PIF Agreement, and Road Agreement.

Grant Activities in 2018

DASNY Grants

In 2018, the CDA on behalf of the City continued implementation the following projects with Dormitory Authority of the State of New York (DASNY) funding as follows:

- \$100,000 in funding toward the construction of a “World War II Fallen Heroes Monument” and purchase of a Dump Truck for the Department of Public Works. The Monument was erected with a ceremony held on Veterans Day weekend. The Dump Truck was also purchased.
- \$125,000 of funding toward the replacement of the Glen Cove Fire Department Flooring and an additional \$100,000 of funding toward the kitchen replacement. Bidding documents for the two projects were developed and both projects will be bid in early 2019.
- \$150,000 toward the structural repair of Brewster Street Downtown Municipal Garage. Bidding documents were developed. The CDA processed the Grant

Disbursement Agreement (GDA) for an additional grant for \$500k in DASNY funding toward the garage, with engineering to begin in early 2019 once a consultant is secured.

- \$50,000 toward upgrades to the Cove Animal Rescue Center. The design phase of the project commenced in 2018, with draft design and bid documents to follow.

In 2018, the CDA on behalf of the City processed new grant paperwork through DASNY for the following funding/projects:

- \$250,000 of funding toward the Seaman Road Station Drinking Water Well Capital Improvements project.
- \$100,000 of funding toward the installation of a bridge at the Glen Cove Golf Bridge provided by NYSDEC post-Superstorm Sandy.

CRP Grants

In 2018, the CDA on behalf of the City implemented CRP funding from the Nassau County Legislative branch. The following vehicles and equipment have been purchased and installed, with reimbursement in-progress:

- \$75,000 for Harbor Patrol Boat.
- \$37,500 for Senior Center Bus.
- \$82,000 for Fire Department Repeater Radio.

The CDA also processed a CRP application on behalf of the City for the following:

- \$73,000 for Fire Department Scott Pack Rescue Equipment.

Zombie Grant

The CDA continued work with the City’s Code Enforcement Department on the Zombie and Vacant Properties Remediation program funded by \$90,000 from LISC. The CDA processed the grant agreement, progress

reporting, and grant disbursement paperwork. CDA also collaborated with Code on public outreach efforts and calls with LISC. The grant and project was closed out in November 2018.

In addition to the above DASNY and CRP funding, the CDA was successful in 2018 securing a total \$3,064,350 in new funding for the following projects:

- \$3 million in funding from the NYS Environmental Facilities Corporation for the Seaman Road Station Drinking Water Well Capital Improvements project. Award paperwork is in-progress with the State.
- \$5,000 in funding through a Clean Energy Community Block 3 Grant, provided to the City for achieving Clean Energy Community status with the State.
- \$59,500 through the Federal Transit Administration (FTA) toward the purchase of a new Loop Bus. Grant award paperwork and coordination with FTA is ongoing.

The CDA continues to administer the following grants and projects:

- \$362,208 in funding from the Transportation Alternatives Program (TAP) to be administered by NYSDOT for pedestrian improvements (curb cuts and sidewalks) in the Downtown Business Improvement District (BID) area. In 2018, the CDA awarded engineering services to LKMA and worked with them to revise the scope of the project with NYSDOT, survey the Downtown improvement locations, develop the Project Management Plan, and progress the draft Design Approval Document and preliminary plans.
- A \$50,000 grant from the NYSDEC Climate Smart Communities (CSC) Program to evaluate strategies for resiliency within the Western Gateway area, undergoing strategic planning efforts by the City. The project area includes Shore Road from Morris Avenue

to Glen Cove Avenue; Glen Cove Avenue from Shore Road to Pratt Boulevard/ State Route 107; all of Park Place; and all of Morris Avenue. In 2018, the CDA executed the grant agreement with the State and formed a Project Advisory Committee. The Committee held its first meeting in December 2018.

- A \$695,160 Water Quality Improvement Program grant by the NYSDEC to rehabilitate the East Island tidal gates and install hybrid structural/ environmental and green infrastructure improvements near Dosoris Pond. The tidal gates between the bridge piers designed to control flooding have been inoperable for years, and have greatly impacted tidal flow and water quality in the Pond. In 2018, the CDA executed the grant agreement with the State, released an RFP for engineering services and awarded to LKB, and worked with LKB on the initial project deliverables, including the schedule and preliminary plans.
- \$1,082,000 in NC Bond Act, EPA, and NYSDOS funding for the design and construction of the Mill Pond to remove debris from entering Glen Cove Creek. In 2018, the floatable screen was re-installed, punchlist items addressed, and project close-out completed.
- Waterside Recreational Redevelopment (WRR): \$600,000 grant from the NYSDOS to prepare plans to redevelop a waste management complex on the south side of Glen Cove Creek as parkland. This site will be added to the adjacent John Maccarone Memorial (City) Stadium and Park, and create amenities including pathways, landscaping, parking, and signage. Underutilized waterfront property will be returned to public benefit and enjoyment, while recreation opportunities for the City will be improved. In 2018, the project team produced detailed designs, completed environmental investigations, survey, continued stakeholder engagement, and

is working on a private/public partnership strategy.

- \$24,997,847 in funding for the reconstruction of Herb Hill/Garvies Point Road, including Federal Highway Administration and Marchiselli funding administered through NYSDOT; Empire State Development funding; and LDC Bond funding. In 2018, substantial work (approximately 25%) was completed on the project, including the installation of underground utilities (sewer, water, drainage, telecommunications) from the terminus at the west end of Garvies Point Road to near the Slant Fin property. The installation of a temporary bypass at the intersection of Herb Hill Rd., Garvies Point Rd. and Dickson St. was also completed by RXR to facilitate work on the project in 2019.
- Brownfield Opportunity Area Step III: \$402,100 in funding from NYSDOS. The CDA worked with our consultant NP&V to complete the draft Implementation Strategy, which was accepted by City Council for the purposes of initiating the SEQRA process. The CDA held a Public Open House in December 2018 to provide project updates. The GEIS process has commenced, with the Draft Scope of the GEIS under public review.

Glen Cove Residential Rehabilitation Project-CDBG

The City has identified the need for home repairs that are not affordable for its low/moderate income senior residents and/or disabled population. As a result, the CDA has continued its Residential Rehabilitation Program that assists low/moderate income senior residents and/or disabled person to repair their homes. In 2018, the Director made presentations at the Glen Cove Senior Center, Inter-Agency Council and press releases in local papers and City newsletters/website announcing the available funding. Two applicants were served and two remain on the waiting list for future funding. The applicants had renovations made to their

home to make it more handicap accessible as well as a roof, window and gutter replacement. The combined repairs amounted to a total of \$29,160. The CDA is assisting the City of Glen Cove in procuring wayfinding signage in the municipal parking garage. In addition, the CDA contracted with an engineering firm to assist the Glen Cove Senior Center in developing plans for boiler replacement and heating upgrades. The plans were designed to correct a failing heating system and develop an evaluation report and cost estimates for alternatives to make a uniform, energy efficient heat system for the 1,800 members and staff who visit the building on a daily basis, all of whom are seniors and/or disabled. The engineer design drawings were approved and sent out for bidding and a contractor was secured to begin work in early 2019. The CDA secured \$46,640 for engineering services and the City of Glen Cove will pay the contractor under a separate contract. The CDA also provided for an appraisal of the Glen Cove Senior Center property in the amount of \$3,450.

Glen Cove Affordable Housing

The CDA, through the Brownfield Opportunity Area (BOA) Implementation Strategy and associated research has been evaluating the City's current code, zoning and policies, and has been developing recommendations for alternative and attainable housing options. Through the BOA, the CDA is recommending the creation of a Transit-Oriented Development (TOD) District adjacent to the Glen Street LIRR station, with a set aside requirement of 30% of units as affordable.

Commercial Rehabilitation Program

The CDA has contacted numerous new businesses and existing businesses who have worked with the building department on major renovations to their commercial façade of the storefront in the downtown area in 2018. The CDA awarded \$15,000 to one applicant who purchased a building that housed four businesses and who did extensive

renovation that enhanced the streetscape of the City's downtown business district. In addition to the two existing ground-floor businesses in this building, the new owner brought in two new businesses in the upper floors of the renovated building. The CDA began working with a new microbrewery business who is leasing a property in the heart of the downtown business district and is doing extensive renovation. Funding of \$15,000 has been committed to this business owner to leverage other grants he has received from National Grid and PSEG Downtown Revitalization grant programs to assist him with the total renovation of his business location. The CDA purchased and installed a pergola in one of the main pedestrian walkways in the downtown business district, linking the municipal parking garage to the main street. This enhancement was enhanced by new stucco and plantings on the walls on either side of the pedestrian walkway and the downtown Business Improvement District (BID) will be purchasing and installing benches and new lighting to transform this main walkway into a gathering place for outdoor festivals and parades. The CDA is working with the Department of Public Works on Phase II of the wayfinding signage project that will focus on the downtown parking garage. A total of \$6,700 is allocated toward phase II in 2018 with further plans to add signage to the interior of the parking garages.

Long-Term Financial Planning

At present, the redevelopment of the Waterfront constitutes a primary and significant function of the Agency. The Waterfront Strategic Plan and BOA Implementation Plan along with the potential of affordable housing projects is a key component of the Agency's commitment to long-term fiscal responsibility, accountability and efficiency. The financial plan includes projections of the Agency's activities, related sources and uses of funding, including but not limited to CDBG and grant assistance. The goal is to encourage, sustain and develop economic stability and growth for the City of Glen Cove.

The Agency's Board has a monthly budget reporting process and monitors the progress and funding of all Projects.

Relevant Financial Policies

To achieve the goal of providing outstanding, cost-effective services, the Agency applies best management practices and policies. Such financial management practices have been identified by the Authority Budget Office ("ABO"), Office of the State Comptroller, ("OSC") and the Government Finance Officers Association of the United States and Canada ("GFOA"). The Agency's policies include the following: Procurement, investment, comprehensive CDA Bylaws, CDA Code of Ethics, Property Disposition, Employee Compensation Policy, EEO Policy, Whistle Blower, and Travel and Meal Policy. Additional information regarding these policies may be found on our website, www.glencovecda.org.

Strategic plan

The Agency's Strategic Financial Plan is based on a rolling five-year financial forecast and includes an analysis of costs and sources of funding for the Waterfront and other projects.

CDBG Program Plan

Every year the Agency files an application and enters into an agreement with the Nassau County Office of Economic Development to receive CDGB funds, for the federal fiscal year, September 1st to August 31st. The application includes a three year plan for the next and following two grant years and a budget for the upcoming fiscal year. The Agency's proposed agreement is prepared by the Executive Director and approved by the Board after a Public Hearing. Activities included in the application must meet the national objectives of the program (benefiting low and moderate income person defined as below 80% of Nassau County's median income) and/or aiding in the prevention or elimination of slums or blight.

Annual Plan of the Board

The Board reviews, approves, amends and publishes a GAAP based annual budget other interested parties with an overview of the current status of budgeted revenues and expenditures, and adjustments to the Agency budget. The Executive Director presents monthly budget status reports to the Board of Directors.

The CDBG Agreement and the Annual Budget reflects the Agency's disciplined approach to fiscal management and is consistent with the Agency's Strategic Financial Planning process.

Financial Reporting and Compliance

The Audit Committee of the Board oversees the financial reporting activities, results of operations, internal controls, and planned and long-term commitments. The Audit Committee oversees and monitors the Agency's compliance with current laws and regulations and applicable ethical standards, as well as conflicts of interest and fraud policies. The Audit Committee is composed of the Treasurer and a Board member. The Treasurer is a certified public accountant and also serves as the Vice-Chairman. Meetings are held at least twice a year.

Investments

It is Agency policy that funds must be invested in compliance with the laws of the State of New York governing the investment of public funds. As such, the Agency is only permitted to invest in the obligations of the US Treasury or its agencies, certificates of deposit and other permitted investments. The Agency's investment policy objectives are to minimize credit and interest risks, provide sufficient liquidity to meet all possible cash demands, and attain the maximum yield possible while adhering to the first two objectives.

Contacting the CDA's Financial Management

This financial report is designed to provide the reader with a general overview of the CDA's finances and to demonstrate the CDA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Community Development Agency, Executive Director at (516) 676-1625.

BOARD MEMBERS

CHAIRMAN

Mayor Timothy Tenke

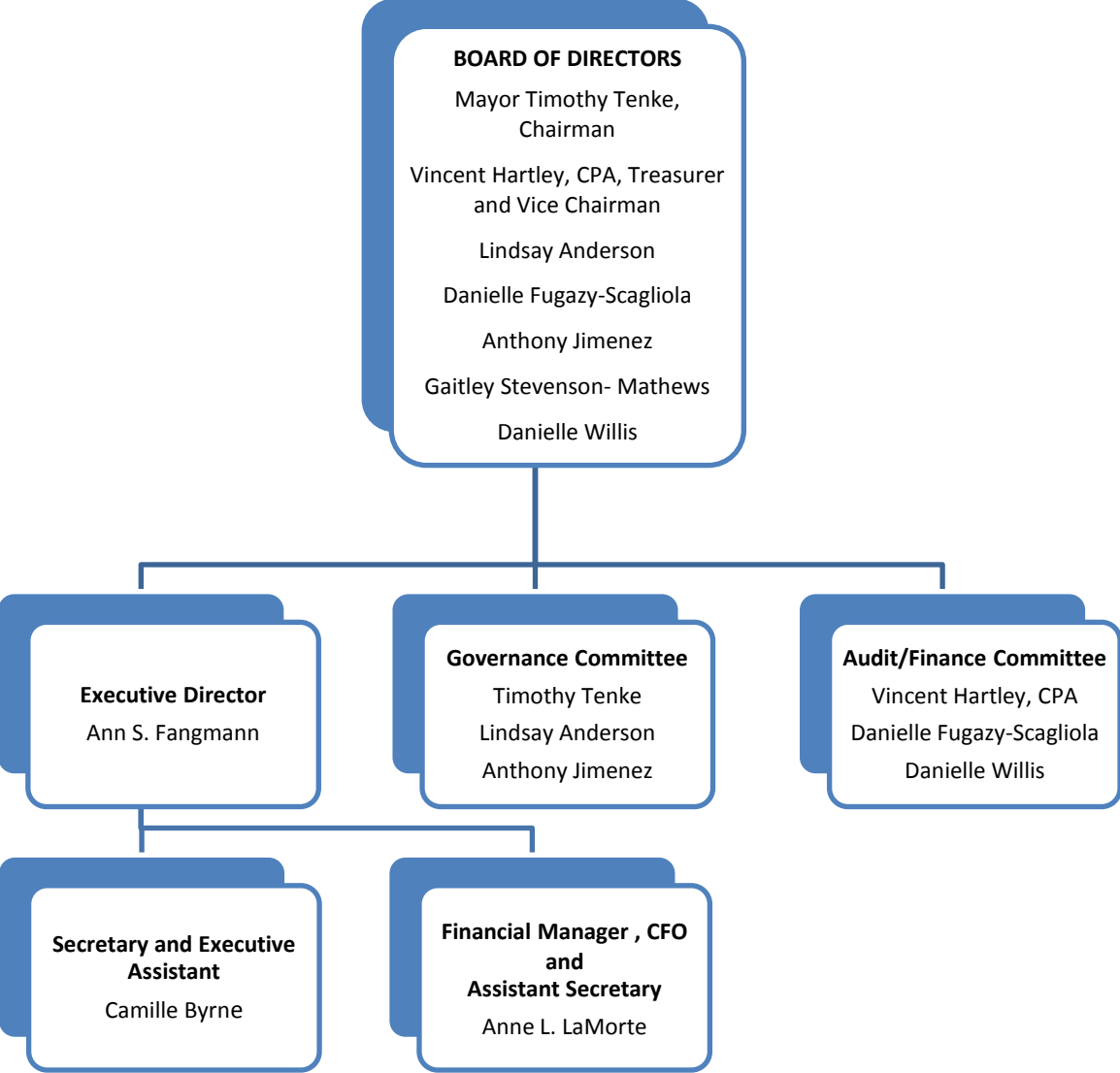


BOARD OF DIRECTORS

Vincent Hartley, CPA
TREASURER & VICE CHAIRMAN

Lindsay Anderson
Danielle Fugazy-Scagliola
Anthony Jimenez
Gaitley Stevenson-Matthews
Danielle Willis

CITY OF GLEN COVE COMMUNITY DEVELOPMENT AGENCY ORGANIZATIONAL CHART



FINANCIAL SECTION



BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

Board of Directors and Members
Glen Cove Community Development Agency
Glen Cove, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Glen Cove Community Development Agency (CDA), a component unit of the City of Glen Cove, New York, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the CDA'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 audit. 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 audit to obtain reasonable assurance about whether the financial statements are free from 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 CDA'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 CDA’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 respective financial position of the governmental activities, the business-type activities and each major fund of the CDA as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

As discussed in notes 1 and 16 to the financial statements, the CDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No 75 - “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” during the year ended December 31, 2018 . Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and required supplementary information on pages 12 through 19 and pages 47 through 50 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glen Cove Community Development Agency’s basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of

federal awards on page 56 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the basic financial statements. Such information has been subjected to 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 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 schedule of expenditures of financial awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2019, on our consideration of the CDA'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 CDA'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 CDA's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 27, 2019

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

INTRODUCTION

The Glen Cove Community Development Agency ("CDA", "Agency"), formerly known as the Urban Renewal Agency, was established on April 16, 1964 under Title 11-A Section 580(a) of the Consolidated Laws of the State of New York. The name change was mandated by State Law Section 580-a, on January 1, 1980. The Board of the CDA consists of the Mayor, who acts as chairman and six other members appointed by the Mayor and approved by the City Council.

The Community Development Agency's purpose is to plan and implement programs involving the rehabilitation and revitalization of both the residential and commercial sectors of the City of Glen Cove, to foster economic growth, to provide assistance to public service organizations, to eliminate blight and to improve opportunities for low and moderate income citizens of the City of Glen Cove.

We encourage readers to consider the information presented here in conjunction with the Agency's basic financial statements that follow.

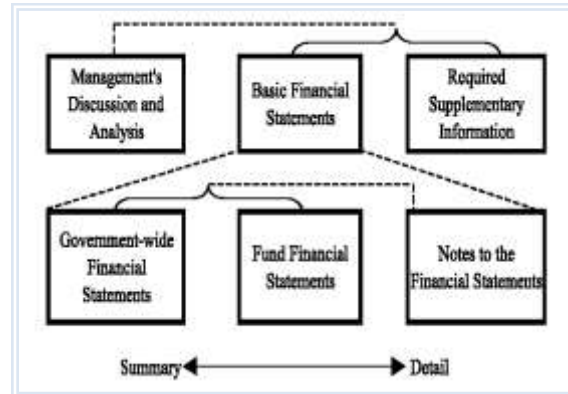
OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the CDA's basic financial statements.

The CDA's basic financial statements are comprised of three components:

- Government-wide financial statements,
- Fund financial statements, and
- Notes to financial statements.

This report also contains other supplementary information in addition to the basic financial statements. Such other supplementary information is not required but is provided for additional analysis.



Government-wide Financial Statements

The government-wide financial statements are designed to present a broad overview of the financial position of the CDA in a manner analogous to a private-sector business. These statements consist of the Statement of Net Position and the Statement of Activities and are prepared using the economic resources measurement focus and the accrual basis of accounting, as opposed to the modified accrual basis used in prior reporting models. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private-sector companies.

The Statement of Net Position consolidates reporting of the CDA's current financial resources with reporting of capital assets and long-term obligations, and thus summarizes all of the CDA's assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net position is the difference

between the CDA's assets, deferred outflows of resources, liabilities and deferred inflows of resources; it is one measure of the CDA's financial health. In evaluating the net position of the CDA, other non-financial factors affecting the CDA's overall health and financial condition should be considered, such as changes in demographics and economic conditions, the condition (i.e. residential and commercial conditions and development requirements)

The Statement of Activities presents the change in net position of the CDA during the most recent fiscal year. All of the current year's revenues and expenses are recognized regardless of when cash is received or paid. Some of the reported revenues and expenses will have corresponding cash flows in future fiscal periods (e.g. deferred outflows and earned but not used vacation leave). The Statement of Activities focuses on both the gross and net cost of various activities; the CDA's revenues pay these costs. This statement summarizes the cost of providing (or the subsidy provided by) specific government services and includes all current year revenues and expenses.

In the Statement of Net Position and the Statement of Activities, as shown on pages 20 and 21, the CDA is divided into two kinds of activities for reporting purposes:

- Governmental Activities - these are the CDA's basic home and community services including economic development, commercial and residential rehabilitation, public facilities improvement, culture and recreation. Federal and state aid and program income from sale of properties or collection of economic development loans finance these activities.
- Business-type activities - these are housing assistance services provided to low income families conducted by the Section 8 Tenant-based Housing Choice

Voucher Program. The program is organized similar to a private-sector company.

Fund Financial Statements

A 'fund' is a self-balancing accounting entity. The CDA uses separate funds to keep track of sources of financing and spending related to specific activities. The CDA, similar to other state and local governments uses fund accounting to ensure and disclose compliance with finance-related laws and regulations.

Fund financial statements present financial information in a form familiar to experienced users of governmental financial statements. The CDA has a single governmental fund, the General Fund, required by the State of New York.

Governmental Fund

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which measures cash and other assets that can be readily converted to cash.

The governmental fund statements provide a detailed short-term view of the CDA's general governmental operations and the basic services it provides. The fund financial statements focus on near-term inflows and outflows of spendable resources and the spendable resources available at the end of the fiscal year for the CDA's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in government-wide

financial statements. There are reconciliations following the governmental fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance. These reconciliations explain the differences between the government-wide Statement of Net Position and the governmental fund Balance Sheet, as well as the differences between the government-wide Statement of Activities and the governmental Statement Revenue, Expenditures and Changes in Fund Balance.

The basic governmental fund financial statements are presented on pages 22 through 25 of this report.

Proprietary Fund

Proprietary funds provide the same type of information as the government-wide financial statements. The CDA maintains a single proprietary fund. The fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The CDA accounts for its Section 8 Tenant-Based Housing Choice Voucher Program using this type fund.

The basic proprietary fund financial statements can be found on pages 26 through 28 of this report.

Notes to the Financial Statements

The notes supply information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

BEYOND THE BASIC FINANCIAL STATEMENTS

In addition to the basic financial statements and accompanying notes, this report presents Supplementary Information on Budgetary planning for the general fund. The CDA does not have an annual legally adopted budget.

The CDA's Board of Directors adopts and amends annual budgets and provides budgetary information as other supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Financial Highlights

The CDA's financial condition increased in 2018, due to an increase in Housing Assistance grants from HUD. The following list summarizes the CDA's financial performance for fiscal year 2018 and 2017.

- The CDA had total net position of \$1,371,981 at December 31, 2018, an increase of \$27,751 (2%) from the \$1,344,230 at December 31, 2017.
- The CDA's net position of governmental activities decreased by \$48,433 (3%) from \$1,698,772 in 2017 to \$1,650,339 in 2018. This decrease was the result of increased expenses for Home and Community.
- The net position of the business-type activities increased by \$76,184 (21%) from \$(354,542) in 2017 to \$(278,358) in 2018. The increase was due to an increase of funding from HUD and an increase in expenses for the year.
- The CDA's total governmental activities liabilities were \$939,618 and long-term debt, including the current portion, was \$931,258 at December 31, 2018.

Net Position

At December 31, 2018, total assets and deferred outflows of the governmental activities were \$2,681,633 while total liabilities and deferred inflows were \$1,031,294 resulting in net position of \$1,650,339 (Table 1 and Charts 1 and 2). Capital assets, less accumulated depreciation were \$1,938,207 at December 31, 2018. Measurement of capital assets less related

debt reflects net position invested in capital assets (land and equipment). On December 31, 2018, the governmental activities had \$(287,868) in unrestricted net position.

As of December 31, 2018, the total assets of the Section 8 Program were \$647,860, deferred outflows of resources were \$30,407 and its total liabilities and deferred inflows of resources were \$859,306 and \$97,319, respectively. A summary statement of net position is presented in Table 1. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

In the case of the CDA, governmental activities and assets and deferred outflows exceeded liabilities and deferred inflows by

\$1,650,339 and \$1,698,772 at December 31, 2018 and 2017, respectively. This represents a decrease in 2018 of net position of \$48,433 (3%) compared to the prior fiscal year.

One of the largest categories of CDA assets reflects its significant investment in non-current assets. Receivables from the Glen Cove Industrial Development Agency account for \$1,048,713 of the total assets.

Capital assets of governmental activities primarily include the Waterfront road. Total capital assets were \$1,938,207 at December 31, 2018. The road was acquired at a cost of \$1,937,200, by the funds from the CDA's program income. The CDA has utilized the road to provide infrastructure for the Waterfront properties (Chart 1).

TABLE 1

SUMMARY OF NET POSITION AS OF DECEMBER 31, 2018 AND 2017						
	Governmental Activities		Business Type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Assets						
Current and other assets	\$699,216	\$709,252	\$642,065	\$525,653	\$1,341,281	\$1,234,905
Capital assets	1,938,207	1,938,542	5,795	8,130	1,944,002	1,946,672
Total Assets	<u>\$2,637,423</u>	<u>\$2,647,794</u>	<u>\$647,860</u>	<u>\$533,783</u>	<u>\$3,285,283</u>	<u>\$3,181,577</u>
Deferred outflows of resources - pension	<u>\$44,210</u>	<u>\$37,081</u>	<u>\$30,407</u>	<u>\$22,033</u>	<u>\$74,617</u>	<u>\$59,114</u>
Liabilities						
Long term liabilities outstanding	\$926,702	\$963,832	\$852,496	\$887,728	\$1,779,198	\$1,851,560
Other liabilities	12,916	10,417	6,810	4,988	19,726	15,405
Total liabilities	939,618	974,249	859,306	892,716	1,798,924	1,866,965
Deferred inflows of resources						
Pension	30,085	11,854	39,057	17,642	69,142	29,496
OPEB	61,591	-	58,262	-	119,853	-
Total deferred inflows of resources	<u>91,676</u>	<u>11,854</u>	<u>97,319</u>	<u>17,642</u>	<u>188,995</u>	<u>29,496</u>
Net position						
Capital assets, net of related debt	1,938,207	1,938,542	5,795	8,130	1,944,002	1,946,672
Unrestricted	(287,868)	(239,770)	(284,153)	(362,672)	(572,021)	(602,442)
Total net position	<u>\$1,650,339</u>	<u>\$1,698,772</u>	<u>\$(278,358)</u>	<u>\$(354,542)</u>	<u>\$1,371,981</u>	<u>1,344,230</u>

CHART 1

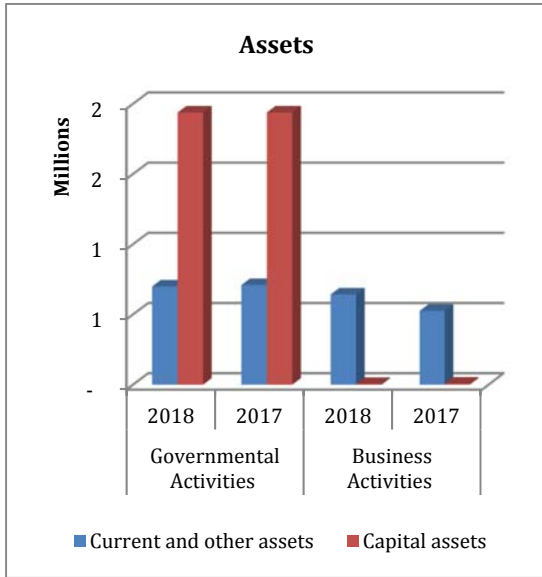
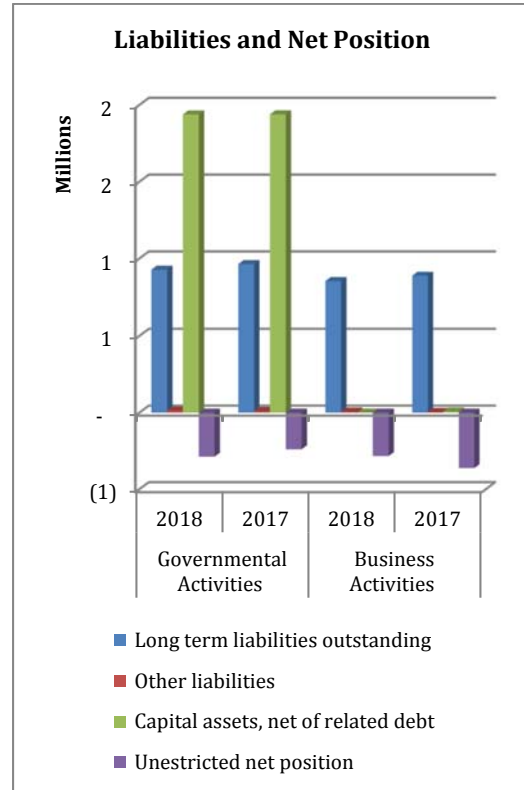


CHART 2



Changes in Net Position

The Agency’s program revenues accounted for almost 100% of the revenues in 2018. The total program revenues from operating grants was \$4,957,800 in governmental and business type activities in 2018 (Table 2 and Chart 3). The program revenues from operating grants increased by \$215,905 from \$4,741,895 reported at the end of 2017. The increase was primarily due to an increase in funding from Section 8 Housing Choice Programs. The general revenues from interest earned were \$1,002 and \$383 in 2018 and 2017, respectively.

The Section 8 Program has net position of \$(278,358) at December 31, 2018. HUD considers the availability of net position in providing additional revenues to the Section 8 Program. The Section 8 Program housing expenditures and administrative fees are affected by the availability of suitable housing units, the 340 unit limitation on the number of housing units that can be leased and the income levels of the applicants.

In 2018, the total expenses of the Agency were \$4,931,051, a decrease of \$2,374 over the previous year (Table 2 and Chart 3). The decrease in expenses was primarily due to decreases in housing assistance payments. The expenses of the business type activities decreased by \$14,660 from \$4,528,873 in 2017 to \$4,514,213 in 2018. The decrease was primarily due to decreased housing assistance payments.

A certain portion of the Agency economic development expenditures from CDBG funds are on behalf of and are reimbursable by IDA. These expenditures are recorded as due from IDA. The balance of CDBG funds pays the expenses of the Agency. In 2018, the expenditures from CDBG funds were \$367,952.

Home and community services constituted the largest portion of expenses, \$312,953, (75%) and culture and recreation expenses represented 20% totaling \$85,190 and \$37,250 in 2018 and 2017, respectively (Chart 3).

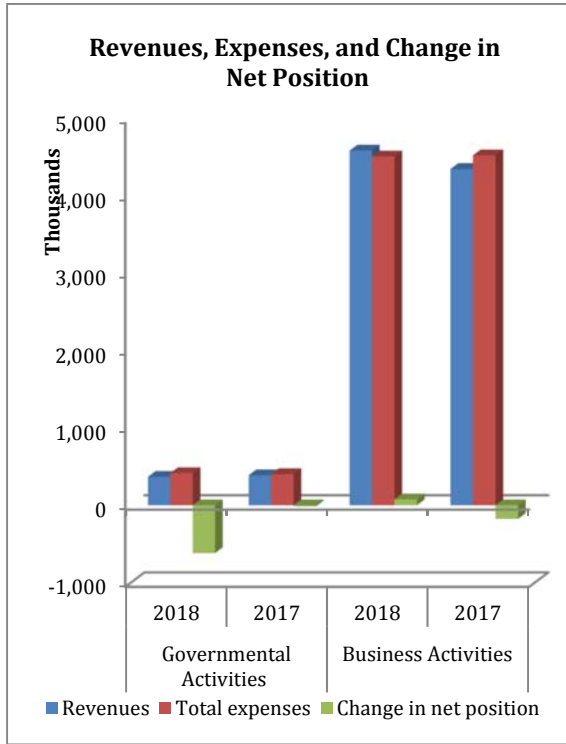
The net position of governmental activities decreased by \$48,433 and \$14,439 for the years ended December 31, 2018 and 2017 respectively.

Revenues and expenses of the CDA's governmental and business-type activities are detailed in Table 2 below.

TABLE 2

	CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017					
	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue						
Operating grants	\$367,952	\$389,958	\$4,589,848	\$4,351,937	\$4,957,800	\$4,741,895
Interest	453	155	549	228	1,002	383
Total revenue	<u>368,405</u>	<u>390,113</u>	<u>4,590,397</u>	<u>4,352,165</u>	<u>4,958,802</u>	<u>4,742,278</u>
Expenses						
Culture and recreation	85,190	37,250	-	-	85,190	37,250
Home and community	312,953	348,852	4,514,213	4,528,873	4,827,166	4,877,725
General administration	17,847	17,398	-	-	17,847	17,398
Interest	848	1,052	-	-	848	1,052
Total expenses	<u>416,838</u>	<u>404,552</u>	<u>4,514,213</u>	<u>4,528,873</u>	<u>4,931,051</u>	<u>4,933,425</u>
Change in net position	<u>\$(48,433)</u>	<u>\$(14,439)</u>	<u>\$76,184</u>	<u>\$(176,708)</u>	<u>\$27,751</u>	<u>\$(191,147)</u>

CHART 3



Governmental Funds

Total assets of the Agency’s General Fund were \$1,127,202 in 2018 as compared to \$1,140,278 in 2017. The decrease of \$13,076, (1%) in 2018 is primarily the result of a reduction in the cash balance due to an increase in expenditures.

Total liabilities and deferred inflows of the General Fund increased from \$1,441,227 in 2017 to \$1,485,059 in 2018.

At December 31, 2018, the amount due from governmental activities to business-type activities was \$427,986. The balance decreased by \$3,040 in 2018 from \$431,026 in 2017. The amount due from governmental activities to business-type activities essentially includes the OPEB and accrued compensated absence expenses of the Section 8 Program that will be paid from the Agency’s General Fund as they become due. The Agency had a general fund balance of \$(357,857) in 2018 as compared to

\$(300,949) in 2017, a decrease of \$56,908 (19%).

In 2018, the operating revenue of the General Fund were \$367,952 and for 2017 were \$2,490,932.

Under the Employer Contribution Stabilization program in provision 57, Laws of 2010, the CDA elected to defer retirement plan contributions of \$45,587, in 2012 and 2014. The outstanding balance of these notes at December 31, 2018 is \$23,517 and payments of \$4,501 were made in December 2018 on these notes.

In 2018, the current expenditures of general Fund were \$425,313, \$2,076,538 lower than the previous year of \$2,501,851. This is due to the reduced payment of debt service.

The expenditures for home and community service, increased by \$57,819 (22%), from \$263,944 in 2017 to \$321,763 in 2018. The 2018 expenditures for culture and recreation increased by \$47,940 from 2017.

Capital Assets

As of December 31, 2018 the capital assets of the CDA were as follows:

TABLE 3

CAPITAL ASSETS DECEMBER 31, 2017	
	<u>Amount</u>
Waterfront road	\$1,937,200
Equipment	14,833
Total capital assets	<u>1,952,033</u>
Less: Accumulated depreciation	<u>(13,826)</u>
Total capital assets, net	<u>\$1,938,207</u>

The Section 8 Program capital assets include \$48,405 of equipment with accumulated depreciation of \$42,610. For additional information, please refer to the notes to the financial statements, Note 5 “Capital Assets”.

Debt Administration

At December 31, 2018, long-term liabilities of the governmental activities were \$931,258 and accounted for 99% of the total liabilities of \$939,618. Long-term liabilities include the amount of \$862,007 for OPEB, \$23,517 notes payable to the NYS Employees Retirement System, a net pension liability for participation in ERS of \$12,288, and \$33,446 for compensated absences.

For additional information on long-term debt activity, please refer to Note 7 “Long Term Debt”.

Retirement

The New York State Employees’ Retirement System has suffered from the effects of the weak stock market conditions over the last several years. As a result, the system has required additional contributions from the CDA in excess of the amounts budgeted. The CDA issued a note to the Retirement System to cover the additional 2012 liability of \$27,417. The note bears an annual interest rate of 3% and is amortized over a period of ten years. In 2014, the CDA issued an additional note to the Retirement System of \$18,170. The note is also for a 10 year period and bears an annual interest rate of 3.15%. The outstanding balance of these notes at December 31, 2018 was \$11,948 and \$11,569. Payments of \$4,501 were made in December 2018 on these notes.

Federal Aid

The CDA receives financial assistance from the United States Department of Housing and Urban Development (HUD). The Community Development Block Grant funds pass through the County of Nassau Office of Community Development. The Section 8 Housing Choice Voucher Program Funds are received directly from HUD.

Contacting the CDA’s Financial Management

This financial report is designed to provide the reader with a general overview of the CDA’s finances and to demonstrate the CDA’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Industrial Development Agency, Executive Director at (516) 676-1625.

BASIC FINANCIAL STATEMENTS:
GOVERNMENT-WIDE FINANCIAL STATEMENTS



**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2018**

Assets	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 57,001	\$ 153,623	\$ 210,624
Receivable from other governments	18,000	-	18,000
Other receivables:			
Due in one year		56,358	56,358
Due from (to) other funds	(427,986)	427,986	-
Due from Industrial Development Agency	1,048,713	-	1,048,713
Prepaid expenses	3,488	4,098	7,586
Capital assets:			
Roadway	1,937,200	-	1,937,200
Other capital assets, net of depreciation	<u>1,007</u>	<u>5,795</u>	<u>6,802</u>
Total assets	<u><u>2,637,423</u></u>	<u><u>647,860</u></u>	<u><u>3,285,283</u></u>
 Deferred outflows of resources - pension	 <u><u>44,210</u></u>	 <u><u>30,407</u></u>	 <u><u>74,617</u></u>
 Liabilities			
Accounts payable accrued expenses	8,360	6,810	15,170
Non-current liabilities:			
Due in one year	4,556	-	4,556
Due in more than one year	<u>926,702</u>	<u>852,496</u>	<u>1,779,198</u>
Total liabilities	<u><u>939,618</u></u>	<u><u>859,306</u></u>	<u><u>1,798,924</u></u>
 Deferred inflows of resources			
Pension	30,085	39,057	69,142
OPEB	<u>61,591</u>	<u>58,262</u>	<u>119,853</u>
Total deferred inflows of resources	<u><u>91,676</u></u>	<u><u>97,319</u></u>	<u><u>188,995</u></u>
 Net position			
Net investment in capital assets	1,938,207	5,795	1,944,002
Unrestricted	<u>(287,868)</u>	<u>(284,153)</u>	<u>(572,021)</u>
Total net position	<u><u>\$ 1,650,339</u></u>	<u><u>\$ (278,358)</u></u>	<u><u>\$ 1,371,981</u></u>

The notes to financial statements are an integral part of this financial statement.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

	Program Revenue		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charge for Services	Operating Grants	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental activities:						
Culture and recreation	\$ (85,190)	-	85,190	-	-	-
Home and community	(312,953)	-	282,762	(30,191)	-	(30,191)
General administration	(17,847)	-	-	(17,847)	-	(17,847)
Interest	(848)	-	-	(848)	-	(848)
Business-type Activities:						
Housing assistance	(4,514,213)	-	4,589,848	-	75,635	75,635
Total	<u>\$ (4,931,051)</u>	<u>-</u>	<u>4,957,800</u>	(48,886)	75,635	26,749
General revenue - interest				453	549	1,002
Change in net position				(48,433)	76,184	27,751
Net position – January 1, 2018, before restatement				2,130,258	53,620	2,183,878
Cumulative effect of change in accounting principle (note 16)				(431,486)	(408,162)	(839,648)
Net position – January 1, 2018, as restated				1,698,772	(354,542)	1,344,230
Net Position - December 31, 2018				<u>\$ 1,650,339</u>	<u>(278,358)</u>	<u>1,371,981</u>

The notes to financial statements are an integral part of this financial statement.

BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS



**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUND
GENERAL FUND
DECEMBER 31, 2018**

Assets

Cash	\$ 57,001
Receivable from other Governments	18,000
Investments in and advances to Glen Cove IDA	1,048,713
Prepaid expenditures	<u>3,488</u>
Total assets	<u>\$ 1,127,202</u>

Liabilities:

Accounts payable and accrued expenses	\$ 8,360
Due to Housing Choice Voucher Program	<u>427,986</u>
Total liabilities	<u>436,346</u>

Deferred inflows of resources

1,048,713

Fund balance:

Unassigned	<u>(357,857)</u>
Fund balance	<u>(357,857)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,127,202</u>

The notes to financial statements are an integral part of this financial statement.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT
OF NET POSITION
DECEMBER 31, 2018**

Fund balances - total governmental fund		\$ (357,857)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources therefore are not reported in the governmental funds:		
Governmental capital assets		1,952,033
Less accumulated depreciation		(13,826)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Retirement system note	\$ (23,517)	
Net pension liability	(12,288)	
Compensated absences	<u>(33,446)</u>	(69,251)
Program income is recognized as earned in governmental activities. These revenues are recognized when measurable and available within the governmental funds.		
		1,048,713
The net post-employment benefit liability is recorded in the Government-Wide financial statements but not in the fund financial statements.		
		(862,007)
Deferred outflows of resources-pensions are reported in Government-Wide Financial statements but not in the fund financial statements.		
		44,210
Deferred inflows of resources reported in Government-Wide:		
Pension	(30,085)	
OPEB	<u>(61,591)</u>	<u>(91,676)</u>
Net position of governmental activities		<u>\$ 1,650,339</u>

The notes to financial statements are an integral part of this financial statement.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2018**

Revenue - federal aid	\$ <u>367,952</u>
Expenditures:	
Culture and recreation	85,190
Home and community service	321,763
General administration	17,512
Debt service - interest	<u>848</u>
Total expenditures	<u>425,313</u>
Deficiency of revenue under expenditures	(57,361)
Interest income	<u>453</u>
Change in fund balance	(56,908)
Fund balance, beginning of year	<u>(300,949)</u>
Fund balance, end of year	<u><u>\$ (357,857)</u></u>

The notes to financial statements are an integral part of this financial statement.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net change in fund balances - total governmental funds	\$ (56,908)
Amounts reported for governmental activities in the statement of activities are different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. For governmental funds, loans made that are not expected to be repaid in the near future are offset with deferred revenues whereas loans made are considered project expenditures and loans collected are considered current year revenue. However, on the statement of activities only interest earnings are reported.	
Deferred revenue	44,428
Repayment of long term debt principal is expenditure in governmental funds, but repayment reduces long-term debt in the Statement of Net position.	
Retirement system note	4,501
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.	
Current year depreciation	(335)
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	(4,249)
OPEB	21,362
Net pension liability	15,461
Deferred outflows pensions - pensions	7,129
Deferred inflows of resources - pensions	(18,231)
Deferred inflows of resources - OPEB	<u>(61,591)</u>
Change in net position of governmental activities	<u>\$ (48,433)</u>

The notes to financial statements are an integral part of this financial statement.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
PROPRIETARY FUND
HOUSING CHOICE VOUCHER PROGRAM
DECEMBER 31, 2018**

ASSETS

Current assets:

Cash and cash equivalents	\$ 153,623
Receivables	56,358
Prepaid expenses	<u>4,098</u>

Total current assets 214,079

Non-current assets:

Due from General Fund	427,986
Capital assets, net	<u>5,795</u>

Total non-current assets 433,781

Total assets 647,860

DEFERRED OUTFLOWS OF RESOURCES - pension 30,407

LIABILITIES

Current liabilities - accounts payable accrued expenses 6,810

Non-current liabilities:

Net pension liability	8,844
Compensated absences	28,240
OPEB	<u>815,412</u>

Total liabilities 859,306

DEFERRED INFLOWS OF RESOURCES

Pension 39,057

OPEB 58,262

Total deferred inflows of resources 97,319

NET POSITION

Net investment in capital assets 5,795

Unrestricted (284,153)

Total net position \$ (278,358)

The notes to financial statements are an integral part of this financial statement.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
HOUSING CHOICE VOUCHER PROGRAM
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018**

Operating revenue:	
Administration fees earned	\$ <u>306,509</u>
Operating expenses:	
Salaries and benefits	233,462
Administrative expenditures	44,021
Depreciation expense	<u>2,335</u>
Total operating expenses	<u>279,818</u>
Operating income	<u>26,691</u>
Non-operating revenues (expenses):	
HUD Operating Grant Housing Assistance	4,283,304
Housing assistance payments	(4,234,395)
Miscellaneous revenue	35
Interest Income	<u>549</u>
Non-operating income	<u>49,493</u>
Changes in net position	<u>76,184</u>
Net position at beginning of year, before restatement	53,620
Cumulative effect of change in accounting principle (note 16)	<u>(408,162)</u>
Net position at beginning of year, as restated	<u>(354,542)</u>
Net position at end of year	<u>\$ (278,358)</u>

The notes to financial statements are an integral part of this financial statement.

**COMMUNITY DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
HOUSING CHOICE VOUCHER PROGRAM
PROPRIETARY FUND
YEAR ENDED DECEMBER 31, 2018**

Cash flows from operating activities:	
Administrative fees	\$ 266,017
Salaries and benefits	(197,391)
Payments to suppliers for goods and services	<u>(39,093)</u>
Net cash provided by operating activities	<u>29,533</u>
Cash flows from investing activities - interest income	<u>584</u>
Cash flows from non-capital financing activities -	
Housing and Urban Development Grant	4,283,304
Payments for housing assistance	<u>(4,234,395)</u>
Net cash provided by non-capital financing activities	<u>48,909</u>
Change in cash and cash equivalents	79,026
Cash and cash equivalents at beginning of year	<u>74,597</u>
Cash and cash equivalents at end of year	<u><u>\$ 153,623</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 26,691
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,335
Changes in operating assets and liabilities:	
OPEB liability	(20,207)
Deferred inflows of resources - OPEB	58,262
Receivables	(40,492)
Prepaid expenses	66
Deferred outflows of resources - pensions	(8,374)
Accounts payable and accrued expenses	1,822
Compensated absences	3,135
Net pension liability	(18,160)
Deferred inflows of resources - pensions	21,415
Due from General Fund	<u>3,040</u>
Net cash provided by operating activities	<u><u>\$ 29,533</u></u>

The notes to financial statements are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS



**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The accompanying financial statements of the Glen Cove Community Development Agency (“CDA”, “Agency”) have been prepared in accordance with generally accepted accounting principles applicable to state and local governmental units as promulgated by the Government Accounting Standards Board (GASB).

The basic financial statements of the CDA include the general fund and the Section 8 Housing Choice Voucher Program (“Section 8 Program.”) which includes all of its funds. The financial statements of the CDA have been prepared to conform to generally accepted accounting standards (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and reporting principles. The more significant accounting principles and reporting practices used by the CDA are described below.

FINANCIAL REPORTING ENTITY

The Glen Cove Community Development Agency, formally known as the Urban Renewal Agency, was established on April 16, 1964 under Title 11-A Section 580-a of the Consolidated Laws of the State of New York. The name change was mandated by State Law Section 580(a) on January 1, 1980.

The powers of the Agency are vested in the Mayor, as Chairman, and its six-member Board of Directors. The members are appointed by the Mayor of the City of Glen Cove (the “City”) subject to the approval of the City Council. Agency obligations are backed by the City of Glen Cove.

GASB Statement No. 14, “*The Financial Reporting Entity*,” states that a primary government that appoints a voting majority of an organization’s officials or is obligated in some manner for the debt of that organization, is financially accountable for that organization. Based on this criterion, the CDA is considered to be a discretely presented component unit of the City of Glen Cove and, as such, is included in the City’s basic financial statements.

The Community Development Agency has a separate department that manages its Section 8 Program and assists in the provision of housing to qualified low-income individuals in accordance with rules and regulations prescribed by the United States Department of Housing and Urban Development.

A Section 8 rental subsidy is a federal payment to a landlord on behalf of an individual tenant. The federal government pays the difference between 30 percent of the household income and the set “fair market” rent of a unit. The Section 8 Program funds are received from the U.S. Department of Housing and Urban Development (HUD). The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

The Section 8 Program places the choice of housing in the hands of the individual family. A low-income family selected by the Program to participate is encouraged to consider several housing choices to secure the best housing for the family’s needs. A housing voucher holder is advised of the unit size for which it is eligible based on family size and composition.

The housing unit selected by the family must meet an acceptable level of health and safety before the Program can approve the unit.

When the voucher holder finds an acceptable unit, the Section 8 Program must inspect the dwelling and determine that the rent requested is reasonable.

Under the Section 8 Program, new voucher-holders may choose a unit anywhere in the United States if the family lived in the jurisdiction of the Program issuing the voucher when the family first applied for assistance. Those new voucher-holders not living in the jurisdiction of the Program at the time the family applied for housing assistance must initially lease a unit within that jurisdiction for the first twelve months of assistance. A family that wishes to move to another Program's jurisdiction must consult with the Program that currently administers its housing assistance to verify the procedures for maintaining their assistance subsequent to the move.

BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34, *“Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments,”* the basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (Statement of Net Position and Statement of Activities) report on the Agency as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by intergovernmental revenues (Primarily Federal aid), are reported separately from business-type activities, which rely to a significant extent on fees and charges for support of its administrative activities, which involve management of the Section 8 Program. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The Agency has only a single

governmental activity and a single business activity to report.

The government-wide financial statements focus more on the sustainability of the Agency as an entity and the change in aggregate and net financial position resulting from the activities of the fiscal period. The effect of inter-fund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Position reports all financial and capital resources of the Agency. It is displayed in a format of assets plus deferred outflows of resources less liabilities, less deferred inflows of resources equals net position, with the assets and liabilities shown in order of their relative liquidity. Net position is required to be displayed in three components: 1) invested in capital assets, 2) restricted, and 3) unrestricted. Invested in capital assets, represents capital assets net of accumulated depreciation, reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net positions are those with constraints placed on their use either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net position not otherwise classified as restricted is shown as unrestricted.

Generally, the Agency would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Agency are offset.

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type activities. In the Statement of Net Position, the governmental activities and business activities columns are presented on a consolidated basis in a single column (the CDA has only a single General Fund and a single business-type fund), and are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reflects both the gross and net cost by functional category (home and community, culture and recreation and housing assistance) and the general revenues. The general revenues principally consists of interest.

The Statement of Activities net gross expenses (including depreciation) against related program revenues, operating and capital grants and charges for providing services. The program revenues must be directly associated with the functional (home and community, culture and recreation and housing assistance) activity. The operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Agency did not have capital specific grants in its year ended December 31, 2018.

The net costs, by function, are covered by general revenues. The general revenues consist primarily of interest earned on the Agency's cash equivalents.

In the fund financial statements, the emphasis is on the major funds. Non-major funds (by category), if any, or fund types are summarized into a single column. The Agency has only a single major fund, the general fund.

The governmental fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which the budget for the general fund is prepared. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Agency's actual experience conforms to the fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized only as they become susceptible to accrual (measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are recorded when the related

fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures when payment is due.

Intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual. In applying the susceptible to accrual criteria to intergovernmental revenues (grants and subsidies), eligibility requirements of the individual programs must be met. In general, monies must be expended on a specific purpose or project before any amounts not available are recorded as deferred revenue. All other revenue items are considered to be measureable and available only when cash is received by the Agency.

The Agency reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the CDA through which the CDA provides most services. Its principal sources of revenue are the Community Development Block Grant received from the United States Department of Housing and Urban Development.

The Agency reports the following proprietary fund:

Section 8 Housing Choice Voucher Program - This enterprise fund accounts for the administration of 340 units of rental assistance through the HUD funded Housing Choice Voucher Program. The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in Net Position. This fund follows the accrual basis of accounting, which involves a capital maintenance and recovery focus. Under this method, revenues are recognized when

earned and expenses are recognized when incurred. The enterprise fund's unbilled receivables are recognized as revenues at year-end.

Inter-fund Transfers - Transfers among funds are recognized in the accounting period in which inter-fund receivables and payables arise. Intergovernmental revenues received as reimbursements for specific purposes are recognized based upon the expenditures recorded.

BUDGETS AND BUDGETARY ACCOUNTING

The Agency uses both annual and program budgets for the General Fund and Section 8 Program. The budgets are not legally adopted budgets but are used for planning and control documents by the agency.

Annual Budgets

The annual budget is proposed for the General Fund and the Section 8 Program by the Executive Director and submitted to the Board of Directors for approval. The Section 8 Program annual budget is used to allocate the administrative fees received from the HUD for managing the Housing Choice Voucher program among various expenses. The General Fund budget provides planning appropriations to cover both program and administrative expenditures and is presented as required supplementary information.

The budgets are amended during the year as additional planning information becomes available. The Executive Director, with the approval of the Board of Directors is authorized to amend the budget allocations and total appropriations. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Program Budgets

The Community Development Block Grant Program Budget

The CDA receives annual funding from a Community Development Block Grant Program (“CDBG”) of the United States Department of Housing and Urban Development (“HUD”) via the Nassau County Office of Housing and Intergovernmental Affairs.

Every year the CDA receives an application from Nassau County’s Office of Community Development (“OOC”) to apply for CDBG funds. The contract fiscal year for the CDBG grant begins at the first day of September and ends on the thirty first day of August. The application is sent to the CDA between February and March of the next grant year. The Agency must complete the application and submit a three year plan for the upcoming and following two grant years for the Agency. The Agency must also include the CDBG Budget in the CDBG Application.

Activities included in the application must meet the National Objectives of the program benefiting low and moderate income persons (defined as below 80% of Nassau County’s median income) or aiding in the prevention or elimination of slums or blight. The application must include a three year project plan.

Upon receipt of the application, the CDA holds a meeting of the Board of Directors to authorize the Executive Director to apply for the grant. After authorization, the City Council will call a Public Hearing regarding the grant. Notice of Public Hearing is published and a public hearing is held by the City Council to provide citizens with an opportunity to propose the inclusion of activities in the program year. The Public Agencies applications are reviewed by the CDA Board.

After approval of the Council, the grant application is sent to the OOC. The OOC reviews and recommends changes to the CDA’s request of funds and sends the awarded contract back to the CDA for the Mayor’s signature. After the Mayor signs the contract it is sent back to OOC for approval. OOC will send the approval and an environmental clearance to the CDA at which point the CDA has the right to draw down the funds.

The CDA annual (“the Program Year”) budget allotment does not expire at the year end. The grant contract period is for two years or until the projects included in the budget are completed. The completion of a project could take several years.

Section 8 Housing Choice Voucher Program Budget

The Section 8 Program enters into an Annual Contribution Contract (ACC) with HUD. Under the ACC, HUD agrees to make payments over a specified term to Section 8 for housing assistance payments to owners and for Section 8 administrative fees. The ACC specifies the maximum payment over the ACC term. The Section 8 Program administration agrees to manage the Section 8 assistance in accordance with HUD regulations and requirements.

HUD’s commitment to make payments for each funding increment in the Section 8 Program constitutes a separate ACC. However, commitments for all the funding increments in the Section 8 Assistance Program are listed in one consolidated contractual document called the consolidated Annual Contributions Contract (consolidated ACC). A single consolidated ACC covers funding for the whole assistance program.

The budget of the Section 8 is the maximum amount that may be paid by HUD to the Section 8 Program over the ACC term of a funding increment. Before adding a funding increment to the consolidated ACC, HUD

reserves budgeted Section 8 from amounts authorized and appropriated by the U.S. Congress for the Program.

For each funding increment, the ACC specifies the term over which HUD will make payments for the Section 8 Program, and the amount of available budget Section 8 for each funding increment. The amount to be paid to the Section 8 Program during each fiscal year (including payment from the ACC reserve account) must be approved by HUD.

HUD may establish and maintain an unfunded reserve account for the program from available budget Section 8 under the consolidated ACC. This reserve is called the "ACC reserve account" (formerly "project reserve"). There is a single ACC reserve account for Section 8. HUD determines the amount in the ACC reserve account and may approve payments for the Section 8 Program, in accordance with the Section 8's HUD-approved budget, from available amounts in the ACC reserve account.

For each fiscal year, administrative fees are specified in the Section 8 budget. The budget is submitted for HUD approval. Fees are paid in the amounts approved by HUD. Administrative fees may only be approved or paid from amounts appropriated by the Congress. The administrative fees may only be used to cover costs incurred to perform Section 8 administrative responsibilities for the program in accordance with HUD regulations and requirements. The Section 8 Program's ongoing administrative fee is paid for each program unit under Section 8 contract on the first day of the month.

The Community Development Agency regularly transfers additional funds to the Section 8 Program to cover the excess of its administrative costs over the fees earned and received from HUD.

ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, NET POSITION, FUND BALANCES, REVENUES AND EXPENSES

Deposits and Investments

Cash includes amounts in demand deposits as well as short-term investments with original maturities of three months or less from the date acquired by the CDA, which are not specifically restricted as to use.

Cash balances in excess of Federal Deposit Insurance Corporation (FDIC) limits are collateralized at 105% by municipal notes and U.S. Treasury Notes held by third party trustee departments.

The CDA's investment policy requires the CDA to follow State statutes which allow the CDA to invest in obligations guaranteed by the U.S. Treasury or its agencies and general obligations of the State of New York and its municipalities.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Other Assets

Other assets are recorded and accounted for at cost.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. In the governmental fund financial statements, these prepaid items are recorded on the consumption basis.

Capital Assets

Capital assets, including property, equipment, and infrastructure assets (i.e., roads, sidewalks and similar items), are reported in the applicable governmental activities or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Assets contributed (donated) to those funds are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at estimated fair market value on the date of receipt.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

When capital assets are disposed of, the cost and accumulated depreciation or amortization is removed from the accounts and any resultant gain or loss is recognized in the government-wide and Proprietary Fund financial statements.

For the Section 8 Program, as a proprietary fund, the capital assets are reported on a "capital maintenance" measurement focus.

Property, plant, and equipment acquired by the Agency are stated at cost (or estimated historical cost) including interest capitalized during construction, where applicable.

Depreciation of all exhaustible fixed assets used by the Agency is charged as an expense against its operations.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 25-40 years for buildings, 10-17 years for improvements other than buildings, and 3-5 years for equipment.

Deferred Outflows of Resources

In the Statement of Net Position, in addition to assets, the CDA will report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The CDA has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide Statement of Net Position. This represents the effect of the net change in the CDA's proportion of the collective net pension asset or liability and difference during the measurement period between the CDA's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the CDA contributions to the pension system subsequent to the measurement date.

Long-term Obligations

In the government-wide financial statements and the Proprietary Fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. The CDA employees receive vacation time, sick leave, and other benefits. Employees of the CDA may carry over unused vacation and sick days as stipulated by the CDA Employee Handbook.

The employees of the CDA may accumulate 250 sick days to be paid out upon retirement. Only 75% of benefits so earned will be paid to those employees with less than 10 years of service.

The cost of compensated absences is accrued, when incurred, in the government-wide financial statements.

The compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

Other Post-Employment Benefits (OPEB)

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for employees and the employees' survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Health care benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

During the year ended December 31, 2018, the Board adopted provisions of GASB Statement No. 75 - "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment

benefits or OPEB). With the implementation of GASB Statement No. 75, the method of calculating and recording the OPEB liability has changed significantly and therefore the Authority has determined the presentation of GASB Statement No. 45 information from the prior year is not warranted. See notes 10 and 16 of the financial statements for the impact of the implementation on the financial statements.

Risk Management

The Agency is potentially exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; general liability; workers' compensation and unemployment claims. The CDA is covered for general liability and worker's compensation claims under the City of Glen Cove Self-Insurance Fund (CIF). The Agency had no outstanding claims or judgments against it during the fiscal year.

Deferred Inflows of Resources

Revenues and other governmental fund financial resource increments are recognized in the accounting period in which they become susceptible to accrual (i.e. when they become both measurable and available to finance expenditures of the fiscal period.) "Available" means collectible within the current period (year ended December 31, 2018) or within 60 days after year end (January or February of 2019) and usable to pay liabilities of the current period.

In accordance with GASB Statement No. 33, the CDA accrues revenue from expenditure-driven/reimbursement type grants, such as CDBG and Home grants, when the expenditures have been made and the revenue is available.

Deferred inflows are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

In addition to liabilities, the Statement of Net Position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These relate to pensions and other post-employment benefits reported in the government-wide Statement of Net Position. This represents the effect of the net change in the CDA's proportion of the collective net pension liability and difference during the measurement periods between the CDA's contributions and its proportion share of total contributions to the pension system not included in pension expense. This also represents actuarial changes in assumptions in the calculation of the CDA's other post-employment benefit liability.

Inter-fund and Intra-entity Loans and Transfers

From time to time, the CDA transfers funds to the Section 8 Program to cover Section 8 Program's administrative expenses in excess of HUD provided administrative fees. At December 31, 2018, the CDA owed the Section 8 Program \$427,986. The majority of the amount owed was for the OPEB expense, compensated absences and payroll expenses. This account is eliminated in consolidation on the government wide Statement of Net Position.

Any amounts due to or due from the primary government or other component units are shown as receivables from and payables to external parties in the government-wide Statement of Net Position. The amount due from the Industrial Development Agency (IDA) is \$1,048,713 at December 31, 2018. Amounts due to the City were paid in full for the year ended December 31, 2018. These balances have been determined to represent long-term receivables and not available for current expenditures and were recognized as

deferred inflows, in the Agency's General Fund Balance Sheet.

In the Statement of Net Position, the reimbursements receivable from the IDA are presented as loans from the Agency to the IDA. The resulting transactions have no effect on the revenues and expenditures of the Agency.

Operating and Non-operating Revenues and Expenses

Operating revenues generally result from providing goods and services to individuals or entities separate from the Agency. The operating transactions are those other than capital and related financing activities, noncapital financing activities, investing activities and non-exchange revenues. Operating revenues of the Agency include administrative fees received from HUD.

Non-operating revenues are those revenues that do not meet the definition of operating revenues. Non-operating revenues include gifts, investment income and insurance reimbursement revenue and housing assistance and other grants.

Accounting Pronouncements

GASB Statement No. 83 - "Certain Asset Retirement Obligations." This Statement, issued in November 2016, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Governments that have legal obligations to perform certain future asset retirement activities related tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the CDA. This Statement is not expected to have a material effect on the financial statements of the CDA.

GASB Statement No. 84 - "Fiduciary Activities." This Statement, issued in January 2017, established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. This Statement is effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for the CDA. This Statement is not expected to have a material effect on the financial statements of the CDA.

GASB Statement No. 87 - "Leases." This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the CDA. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the CDA.

GASB Statement No. 88 - "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be

provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the IDA. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the IDA.

GASB Statement No. 89 - "Accounting for Interest Cost Incurred before the End of a Construction Period." This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" which are superseded by this Statement. The requirements of this Statements are effective for reporting periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the IDA. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the IDA.

GASB Statement No. 90 - "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61." This Statement, issued in August 2018, seeks to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and sets parameters as to whether a majority equity interest is to be reported as an investment or component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, which is the fiscal year beginning January 1, 2019 for the IDA. Management is in the process of

evaluating the potential impact due to the implementation of this Statement on the financial statements of the IDA.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2018, carrying values of cash and cash equivalents was \$210,624. The amount on deposit was \$215,852.

Interest rate risk. It is the risk that changes in market interest rates will adversely affect the fair value of the investment. Generally, the fair values of investments with longer maturities are more sensitive to changes in market interest rates. In accordance with its cash management and investment policy, the Agency manages its exposure to declines in fair values by investing its excess cash in money market accounts or certificate of deposits with maturity of less than one year.

Custodial and credit risk. The Agency’s bank balances on deposits were either entirely insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 or collateralized with securities pledged in third party custodial accounts of the pledging financial institutions in the CDA’s name.

The collateral amounts are as required by the Agency’s custodial bank agreement at 105%. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Periodically, the Agency determined that the collateral or underlying securities have an adequate market value and have been segregated.

NOTE 3. ACCOUNTS RECEIVABLE

For the year ended December 31, 2018, the current accounts receivable of the CDA and Section 8 Program totaled \$74,358 and included \$18,000 due from the County of Nassau, primarily for reimbursement of payroll and professional expenses and \$56,358 due from recipients of Section 8

housing assistance payments, for repayment of unreported income. These receivables are deemed as current and assumed to be collectible within 90 days.

NOTE 4. AMOUNTS DUE TO OR FROM THE CITY AND IDA

For the year ended December 31, 2018, the amounts due from the IDA increased by \$44,428 to an aggregate owed to the CDA of \$1,048,713. The following is a summary of the amounts owed to the CDA at December 31, 2018:

	<u>Amount</u>
Balance receivable - contractual expenses	\$4,967,363
Balance receivable - payroll benefits	1,070,575
Total due from IDA	6,037,938
Less amount forgiven	<u>(4,989,225)</u>
Balance, December 31, 2018	<u>\$1,048,713</u>

NOTE 5. CAPITAL ASSETS

Under the current accounting policy, assets include land and improvements, buildings and improvements and construction-in-progress. The CDA and Section 8 Program reported an aggregate of \$1,944,002 in capital assets, net of accumulated depreciation, at December 31, 2018.

In October 2004, the CDA purchased parcels from the City of Glen Cove for the Glen Cove Roadway Extension Project for the sum of \$1,937,200. The CDA used program income of \$1,300,000 from the sale of Property from Avalon Bay and \$637,200 was repaid in 2017 with proceeds from the sale of the waterfront to pay for the lots and parcels. The net position invested in capital assets were \$1,944,002 at December 31, 2018.

In business-type activities, the depreciation expense totaled \$2,335. The changes in capital assets during the year ended December 31, 2018 are as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Governmental Activities:				
Non-depreciable assets:				
Roadway	\$1,937,200	-	-	1,937,200
Total non-depreciable assets	1,937,200	-	-	1,937,200
Depreciable assets: Equipment	14,833	-	-	14,833
Total capital assets	1,952,033	-	-	1,952,033
Less accumulated depreciation	(13,491)	(335)	-	(13,826)
Total governmental activities capital assets, net	1,938,542	(335)	-	1,938,207
Business-Type Activities:				
Depreciable assets: Equipment	48,405	-	-	48,405
Less accumulated depreciation	(40,275)	(2,335)	-	(42,610)
Total business-type activities capital assets, net	8,130	(2,335)	-	5,975
Total capital assets, net	\$1,946,672	(2,670)	-	1,944,002

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

For the year ended December 31, 2018, the CDA and Section 8 Program reported the following accounts payable and accrued expenses:

	Govern- mental Activities	Business- Type Activities	Total
Contractual expenses payable	\$4,638	\$3,993	\$8,631
Payroll	3,722	2,817	6,539
Total	\$8,360	\$6,810	\$15,170

NOTE 7. LONG TERM DEBT

The table on below is a summary of changes in long-term liabilities reported in the government-wide financial statement of net position for the year ended December 31, 2018.

	Balance 12/31/2017 as restated	Reductions	Additions	Balance 12/31/2018	Due in One Year
Governmental activities:					
OPEB	\$883,369	(21,362)	-	862,007	-
Retirement note payable	28,018	(4,501)	-	23,517	4,556
Net pension liability	27,749	(15,461)	-	12,288	-
Compensated absences	29,197	-	4,249	33,446	-
Total long term debt	\$968,333	(41,324)	4,249	931,258	4,556
Business activities:					
OPEB	835,619	(20,207)	-	815,412	-
Net pension liability	27,004	(18,160)	-	8,844	-
Compensated absences	25,105	-	3,135	28,240	-
Total long term debt	887,728	(38,367)	3,135	852,496	-
Total combined long term debt	\$1,856,061	(79,691)	7,384	1,783,754	4556

OPEB's beginning balance has been restated to reflect the implementation of GASB Statement No. 75.

NOTE 8. NOTE PAYABLE TO NEW YORK STATE RETIREMENT SYSTEM

In 2004, per Ch. 260, Laws of 2004 of the State of New York, the CDA elected to amortize the Note (“Pension Note”) owed to the NYS Retirement System over a ten-year period. The principal and interest payments on the note were paid in full in December 2014.

In 2012, the CDA issued an additional note in the amount of \$27,417. The repayment began in 2014 and will be for a 10 year period at 3% interest. The future principal and interest payments on the note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$2,814	\$400	\$3,214
2020	2,941	273	3,214
2021	3,030	185	3,215
2022	3,163	52	3,215
Total	<u>\$11,948</u>	<u>\$910</u>	<u>\$12,858</u>

In 2015, the CDA elected to amortize \$18,170 of the invoice due and payable in 2015 from the NYS Retirement System for 10 years at 3.15% interest rate. The future principal and interest payments on the note are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$1,742	\$405	\$2,147
2020	1,838	309	2,147
2021	1,896	251	2,147
2022	1,955	192	2,147
2023	2,017	130	2,147
2024	2,121	26	2,147
Total	<u>\$11,569</u>	<u>\$1,313</u>	<u>\$12,882</u>

NOTE 9. PENSION PLANS

(a) Plan Descriptions and Benefits Provided

Employees’ Retirement System (ERS)

The CDA participates in the New York State and Local Employees’ Retirement System (ERS). This is 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 (the 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 serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees; Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the System’s fiscal year ending March 31.

The CDA's contributions for the past three years are:

	Governmental Activities	Business-type Activities
2018	\$13,665	\$16,050
2017	10,873	15,921
2016	9,705	14,391

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the CDA reported the following liability for its proportionate share of the net pension liability for ERS. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The CDA's proportionate share of the net pension liability was based on a projection of the CDA's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by ERS in reports provided to the Agency.

	Governmental Activities	Business-type Activities
Measurement date	3/31/2018	3/31/2018
Net pension liability	\$12,288	\$8,844
District's proportion of the Agency's net pension liability	0.0003807%	.0002740%

For the year ended December 31, 2018, the CDA and Section 8 recognized pension expense of \$9,306 and \$10,931, respectively, for ERS. At December 31, 2018 the amounts allocable to the CDA based upon the CDA's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$2,699	1,892	3,320	3,130
Changes of assumptions	19,122	-	2,045	-
Net difference between projected and actual earnings on pension plan investments	10,739	22,214	9,807	26,093
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	2,251	5,979	1,723	9,834
Agency's contributions subsequent to the measurement date	9,399	-	13,512	-
Total	\$44,210	30,085	30,407	39,057

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other 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	Governmental Activities	Business-type Activities
2019	(192)	(225)
2020	(1,419)	(1,666)
2021	(5,324)	(6,254)
2022	11,661	(14,017)
2023	-	-
Thereafter	-	-

(c) Actuarial Assumptions

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

Measurement date	March 31, 2018
Actuarial valuation date	April 1, 2017
Interest rate	7.0%
Salary scale	3.8%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience
Inflation rate	2.5%
Cost-of-living adjustment	1.3%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

The long term 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 each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	March 31, 2018	
	Long-term expected real rate of return*	Target allocation
Asset type:		
Domestic equity	4.55%	36.0%
International equity	6.35%	14.0%
Real estate	5.55%	10.0%
Private equity	7.50%	10.0%
Absolute return strategies	3.75%	2.0%
Opportunistic portfolio	5.68%	3.0%
Real assets	5.29%	3.0%
Bonds and mortgages	1.31%	17.0%
Cash	(0.25%)	1.0%
Inflation - indexed bonds	1.25%	4.0%

The real rate of return is net of the long-term inflation assumption of 2.50%.

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. 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 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.

(e) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Fund's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	Governmental Activities		
	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability (asset)	\$92,976	12,288	(55,970)
	Business-type Activities		
	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Employer's proportionate share of the net pension liability (asset)	\$66,917	8,844	(40,283)

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates, were as follows:

	(Dollars in Millions)
Measurement date	3/31/2018
Employers' total pension liability	\$(183,400)
Plan net position	<u>180,173</u>
Employers' net pension liability	<u>\$(3,227)</u>
Ratio of plan net position to the Employers' total pension liability	98.24%

(g) Payables to the Pension Plan

Employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Retirement contributions as of December 31, 2018 and 2017 represent the projected employer contribution for the period of April 1, 2018 through March 31, 2019 and April 1, 2017 through March 31, 2018, respectively based on paid ERS wages multiplied by the employer's contribution rate, by tier. These amount have been recorded as prepaid expense in the accompanying financial statements.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The City of Glen Cove Community Development Agency's retiree medical/drug and dental insurance plans are fully insured with a plan offered through New York State Health Insurance program and Group Health Incorporated. Employees are eligible for these benefits once they have reached the age of 55 and were hired before July 1, 1973 or either have reached the age of 55 and have 5 years of qualified employment or have 30 years of qualified employment if hired after July 1, 1973. The Agency has agreed to pay the full cost of coverage for such retirees as well as the retiree's spouse and unmarried children. Survivors are covered at full cost for ten years after employee's death.

The number of participants as of January 1, 2018 was as follows:

Current retirees	5
Active employees	<u>7</u>
	<u>12</u>

Total OPEB Liability

The Agency's total OPEB liability of \$1,677,419 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.80% on average
Discount rate	3.64%
Healthcare cost trend rates	6.00% for 2018, decreasing to an ultimate rate of 4.50% by 2015

The discount rate was based on the 20 Year Municipal Bond Yield.

Mortality rated used are from the RP-2014 Headcount-weighted Healthy Mortality Tables with White Collar Adjustments, projected Generationally with Scale MP-2018.

	Government Activities	Business- type Activities	Total
Original OPEB liability as of January 1, 2018 (under GASB 45)	\$451,883	427,457	879,340
Cumulative effect of change in accounting principle (required by GASB 75)	431,486	408,162	839,648
Total OPEB liability as of January 1, 2018	883,369	835,619	1,718,988
Changes for the year:			
Service cost	50,366	47,644	98,010
Interest	30,420	28,775	59,195
Changes of benefit terms	-	-	-
Differences between actual and expected experience	-	-	-
Changes of assumptions or other inputs	(71,038)	(67,198)	(138,236)
Benefit payments	(31,110)	(29,428)	(60,538)
Total changes	(21,362)	(20,207)	(41,569)
Total local OPEB liability as of December 31, 2018	\$862,007	815,412	1,677,419

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64%) or 1-percentage-point higher (4.64%) than the current discount rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Governmental Activities total OPEB liability	\$1,007,681	862,007	747,419
Business-type Activities total OPEB liability	953,212	815,412	707,018
Total OPEB liability	\$1,960,893	1,677,419	1,454,437

Sensitivity of the total OPEB liability to changes in the healthcare costs trend rates

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a different healthcare cost trend rate that is 1-percent lower (5.00%) or 1-percent higher (7.00%) than the current healthcare cost trend rate:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Governmental Activities total OPEB liability	\$728,881	862,007	1,034,690
Business-type Activities total OPEB liability	689,482	815,412	978,761
Total OPEB liability	\$1,418,363	1,677,419	2,013,451

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Agency recognized OPEB expense of \$138,822. At December 31, 2018, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-type Activities
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$-	61,591
		-
		58,262

Amounts reported as deferred inflows of resources related to other postemployment benefits will be recognized as follows:

Fiscal Year Ending <u>December 31,</u>	Governmental Activities	Business-type Activities
2019	\$(9,447)	\$(8,936)
2020	(9,447)	(8,936)
2021	(9,447)	(8,936)
2022	(9,447)	(8,936)
2023	(9,447)	(8,936)
Thereafter	(14,356)	(13,582)
Total	\$(61,591)	\$(58,262)

NOTE 11. FEDERAL GRANTS AND CONCENTRATION OF RISK

The CDA receives financial assistance from the United States Department of Housing and Urban Development (HUD). The Community Development block grant funds pass through the County of Nassau Department of Housing and Intergovernmental Affairs. The Section 8

Housing Choice Voucher Program Funds are directly received from HUD. Both of these grants are subject to audit by the federal governments. Such audits may result in disallowances and a request for a return of funds to the federal government. The agency is funded 100% by these two programs and any change in this funding may seriously affect its continued operations.

NOTE 12. OCCUPANCY COSTS

The City provides all the required space and utilities for the CDA. The CDA charges section 8 program \$3,040 for rent annually. After the sale of the waterfront, the agencies no longer pay rent to the City.

NOTE 13. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The CDA’s General Fund makes periodic transfers to the Section 8 Program to cover its additional OPEB and Compensated Absence expenses. The amount due to Section 8 from CDA totaled \$427,986 and \$431,026 at December 31, 2018 and 2017, respectively.

NOTE 14. DEFERRED INFLOWS

As of December 31, 2018, deferred inflows, as presented in the governmental funds, which represent non-current receivables, were as follows:

Industrial Development Agency	<u>\$1,048,713</u>
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NOTE 15. SUBSEQUENT EVENTS

Management has evaluated all events through the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recording or disclosure.

NOTE 16. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended December 31, 2018, the CDA implemented GASB Statement No. 75 - “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.” The implementation of this Statement resulted in the reporting of the entire actuarial accrued liability for other postemployment benefits. The CDA’s net position at December 31, 2018 has been restated as follows:

<u>Governmental Activities:</u>	
Net position at beginning of year, as previously stated	\$2,130,258
GASB Statement No. 75 implementation - beginning total OPEB liability	<u>(431,486)</u>
Net position at beginning of year, as restated	<u>\$1,698,772</u>
<u>Business-type Activities:</u>	
Net position at beginning of year, as previously stated	\$53,620
GASB Statement No. 75 implementation - beginning total OPEB liability	<u>(408,162)</u>
Net position at beginning of year, as restated	<u>\$(354,542)</u>

REQUIRED SUPPLEMENTARY INFORMATION



**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018**

	<u>Adopted Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenue				
CDBG Grant	\$ 375,000	\$ 367,952	\$ 367,952	\$ -
Interest	<u>100</u>	<u>453</u>	<u>453</u>	<u>-</u>
Total revenue	<u>375,100</u>	<u>368,405</u>	<u>368,405</u>	<u>-</u>
Expenditures				
Culture and recreation	285,115	85,190	85,190	-
Home and community	70,402	321,763	321,763	-
General administration	<u>17,010</u>	<u>17,512</u>	<u>17,512</u>	<u>-</u>
Total current expenditures	372,527	424,465	424,465	-
Debt service - interest	<u>1,073</u>	<u>848</u>	<u>848</u>	<u>-</u>
Total expenditures	<u>373,600</u>	<u>425,313</u>	<u>425,313</u>	<u>-</u>
Net change in fund balance	1,500	(56,908)	(56,908)	-
Fund balance - beginning	<u>(300,949)</u>	<u>(300,949)</u>	<u>(300,949)</u>	<u>-</u>
Fund balance -ending	<u>\$ (299,449)</u>	<u>\$ (357,857)</u>	<u>\$ (357,857)</u>	<u>\$ -</u>

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AGENCY'S TOTAL OPEB
LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2018**

Governmental Activities

Total OPEB liability (dollar amounts in thousands)	
Service cost	\$ 50,366
Interest	30,420
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(71,038)
Benefit payments	<u>(31,110)</u>
Net change in total OPEB liability	(21,362)
Total OPEB liability - beginning	<u>883,369</u>
Total OPEB liability- ending	<u>\$ 862,007</u>
Covered payroll	\$ 17,347
Total OPEB liability as a percentage of covered payroll	735%

Business-type Activities

Total OPEB liability (dollar amounts in thousands)	
Service cost	\$ 47,644
Interest	28,775
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(67,198)
Benefit payments	<u>(29,428)</u>
Net change in total OPEB liability	(20,207)
Total OPEB liability - beginning	<u>835,619</u>
Total OPEB liability- ending	<u>\$ 815,412</u>
Covered payroll	\$ 111,004
Total OPEB liability as a percentage of covered payroll	735%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2018 3.64%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENCY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Activities</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Agency's proportion of the net pension liability	0.0003807%	0.0002195%	0.0002357%	0.0003566%	0.0005287%
Agency's proportionate share of the net pension liability	\$12,288	\$27,749	\$43,654	\$17,860	\$23,890
Agency's covered payroll	\$102,541	\$63,811	\$57,368	\$121,283	\$125,152
Agency's proportion of the net pension liability as a percentage of its covered payroll	11.98%	43.49%	76.09%	14.73%	19.09%
Plan's fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.95%	92.20%
	<u>Business-type Activities</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Agency's proportion of the net pension liability	0.0002740%	0.0003215%	0.0003495%	0.0005287%	0.0003566%
Agency's proportionate share of the net pension liability	\$8,844	\$27,004	\$50,292	\$12,045	\$16,112
Agency's covered payroll	\$120,445	\$93,437	\$85,063	\$179,833	\$185,570
Agency's proportion of the net pension liability as a percentage of its covered payroll	7.34%	28.90%	59.12%	6.70%	8.68%
Plan's fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.95%	97.20%

This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AGENCY'S EMPLOYER PENSION CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2018**

NYSERS Pension Plan					
	<u>Governmental Activities</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 13,665	\$ 10,873	\$ 9,705	\$ 25,937	\$ 23,579
Contributions in relation to the contractually required contribution	<u>13,665</u>	<u>10,873</u>	<u>9,705</u>	<u>25,937</u>	<u>23,579</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's covered payroll	\$102,541	\$ 63,811	\$ 57,368	\$121,283	\$125,152
Contributions as a percentage of covered payroll	13.33%	17.04%	16.92%	21.39%	18.84%
	<u>Business-type Activities</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 16,050	\$ 15,921	\$ 14,391	\$ 17,492	\$ 15,902
Contributions in relation to the contractually required contribution	<u>16,050</u>	<u>15,921</u>	<u>14,391</u>	<u>17,492</u>	<u>15,902</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's covered payroll	\$120,445	\$ 93,437	\$ 85,063	\$179,833	\$185,570
Contributions as a percentage of covered payroll	13.33%	17.04%	16.92%	9.73%	8.57%

This schedule is presented to illustrate the requirements to show information for 10 years. However, information is presented for those years that are available.

COMPLIANCE SECTION



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

Board of Directors and Members
Glen Cove Community Development Agency
Glen Cove, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Glen Cove Community Development Agency (CDA), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the CDA's basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CDA'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 CDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CDA'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 CDA'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 over compliance 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 the CDA'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 CDA'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 CDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 27, 2019

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors and Members
Glen Cove Community Development Agency
Glen Cove, New York

Report on Compliance for Each Major Federal Program

We have audited the Glen Cove Community Development Agency’s (CDA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CDA’s major federal programs for the year ended December 31, 2018. The CDA’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the CDA’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the CDA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the CDA's compliance.

Opinion on Each Major Federal Program

In our opinion, the CDA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the CDA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the CDA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CDA's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
March 27, 2019

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018**

<u>Agency and Program Grant Title</u>	<u>Federal CFDA Number</u>	<u>Nassau County Consortium Number</u>	<u>Federal Expenditures</u>	<u>Expenditures To Subrecipients</u>
Department of Housing and Urban Development				
Section 8 Housing Choice Voucher Program	14.871	N/A	\$4,514,213	\$ -
Passed through Nassau County Consortium				
Community Development:				
Block Grant/Entitlement Grants	14.218	CQHI10000045	367,952	-
Total Federal Awards			\$4,882,165	\$ -

See accompanying notes to schedule of expenditures of federal awards.

**THE GLEN COVE COMMUNITY DEVELOPMENT AGENCY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018**

NOTE 1: PURPOSE OF THE SCHEDULE

The Uniform Guidance, requires a Schedule of Expenditures of Federal Awards showing total expenditures for each federal financial assistance program as identified in the Catalog of Federal Domestic Assistance.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity** - The accompanying schedule includes all federal financial assistance programs administered by Glen Cove Community Development Agency for the fiscal year ended December 31, 2018.
- B. Basis of Presentation** - The information in the accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the Uniform Guidance.
- 1. Federal Awards** - Pursuant to the Single Audit Act Amendments of 1996 (Public Law 104-156) and the Uniform Guidance, federal award is defined as federal financial assistance and federal cost reimbursement contracts that non-federal agencies receive directly or indirectly from federal agencies or pass-through entities. Federal financial assistance is defined as assistance that nonfederal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, direct appropriations and other assistance.
 - 2. Type A and Type B Programs** - The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the levels of expenditures or expenses to be used in defining Type A and Type B Federal financial assistance programs. Type A programs for the Glen Cove Community Development Agency are those which equal or exceeded \$750,000 in expenditures / disbursements / issuances for the fiscal year ended December 31, 2018. Type B programs for the Agency are those which are less than \$750,000 in expenditures / disbursements / issuances for the fiscal year ended December 31, 2018.
 - 3. Indirect Costs** - Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The CDA does not use the 10% de minimis election.
- C. Basis of Accounting** - The information presented in the Schedule of Expenditures of Federal Awards ("the Schedule") is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018**

I. Summary of Auditors' Results

A. Financial Statements

Type of auditors' report issued on whether the basic financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ Yes x None reported
- Noncompliance that is material to the financial statements noted? ___ Yes x No

B. Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ Yes x No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ Yes x None reported

The type of auditors' report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? ___ Yes x No

Identification of Major Program:

Name of Federal Program

CFDA number

-
- Section 8 Rental Voucher Program 14.871

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ x Yes ___ No

II Findings Related to the Financial Statements Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

None reported

B. Compliance Findings

None reported

III Findings and Questioned Costs for Federal Awards

A. Internal Control

None reported

B. Compliance Findings

None reported

**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2018**

There were no audit findings with regard to the prior year financial statements for the year ended December 31, 2017.