

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)

Financial Statements and
Independent Auditor's Report

December 31, 2022

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Town of North Hempstead
Community Development Agency:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of North Hempstead Community Development Agency (Agency), a component unit of the Town of North Hempstead, as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Agency, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the information on pages 43 through 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 26, 2023 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
July 26, 2023

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Management's Discussion and Analysis

December 31, 2022

The following is a discussion and analysis of the Town of North Hempstead Community Development Agency's (Agency) financial performance for the year ended December 31, 2022. This section summarizes the Agency's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Agency-wide and fund-based financial statements. The current year's results are compared to the prior year, emphasizing the current year. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- As of December 31, 2022, the Agency had total assets and deferred outflows of resources of \$5,185,623. The Agency had total liabilities and deferred inflows of resources of \$3,515,987. The Agency had a net position of \$1,669,636. Total revenue for the year ended December 31, 2022, was \$1,397,755. Total expenses for the year were \$1,157,362. The result was an excess of revenue over expenses of \$240,393.
- The Agency continued its Emergency Rental Assistance program, funded by the United State Treasury and administered by New York State Office of Temporary and Disability Assistance (NYS OTDA). The Agency recognized \$357,382 in operating grant revenue in the Statement of Activities for this program. The Agency undertook this activity for the Town of North Hempstead (Town) which was a subrecipient of NYS OTDA. The Agency's subrecipient, Community Development Corporation of Long Island, conducted outreach and provided application assistance to tenants and landlords for grants for rental arrears, utility arrears, and prospective rent. As of February 3, 2023, NYS OTDA received 1,231 applications and granted 422 payments for rent arrears and 327 payments for prospective rent. In addition, NYS OTDA granted 122 payments for utility arrears.
- The Agency continued its Lead Service Replacement program, funded by the State of New York - Department of Health, and recognized \$275,119 in operating grant revenue in the Statement of Activities. As of December 12, 2022, the funds assisted 32 households in replacing water service lines to their homes containing lead.
- The Agency collected \$24,970 in repayments of residential home improvement loans secured by mortgages. These loans were repaid due to changes in occupancy or home refinancing by the borrower.
- The Agency collected \$79,241 in economic development loan principal repayments.
- Homebuyer deferred subsidy loans were automatically converted to grants under the terms and conditions of the agreements in the amount of \$49,000.
- The Agency's General Fund balance decreased by \$75,715 to \$1,331,823.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)
Management's Discussion and Analysis, Continued

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: required supplementary information, including management's discussion and analysis (this section), and the basic financial statements. The basic financial statements include two kinds of financial statements that present different views of the Agency:

- The Agency-wide Financial Statements providing short-term and long-term information about the Agency's overall financial status are the Statement of Net Position and the Statement of Activities.
- The Fund Financial Statements focus on individual parts of the Agency and report the Agency's operations in more detail than the Agency-wide Statements. The Fund Financial Statements are the Balance Sheet - General Fund and the Statement of Revenue, Expenditures and Changes in Fund Balance - General Fund. These statements explain how programs were financed in the short term and what remains for future spending. Reconciliations between the two types of statements are provided to assist in understanding the differences between the two perspectives.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. In addition, a section of required supplementary information follows the financial statements. This supplementary information further explains and supports the financial statements with a schedule of revenue, expenditures and changes in fund balance - budget and actual; a schedule of changes in the Agency's other postemployment benefits (OPEB) liability; New York State and Local Retirement System: a schedule of the Agency's proportionate share of the net pension liability / (asset); and a schedule of the Agency's pension contributions. The Agency annually adopts a budget for its General Fund. The budgetary comparison schedule has been provided to demonstrate compliance with the adopted budget.

Table A-1 summarizes the major features of the Agency's financial statements, including the portion of the Agency's activities they cover and the types of information they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)
Management’s Discussion and Analysis, Continued

Table A-1: Major Features of the Agency-wide and Fund Financial Statements

	Agency-Wide Statements	Fund Financial Statements General Fund
Scope	Entire Agency (except fiduciary funds).	The activities of the Agency that are not proprietary or fiduciary.
Required financial statements	<ul style="list-style-type: none"> · Statement of Net Position · Statement of Activities 	<ul style="list-style-type: none"> · Balance Sheet · Statement of Revenues, Expenditures and Changes in Fund Balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.
Type of asset and liability information	All assets, deferred inflows/ outflows of resources and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable.

Agency-wide Financial Statements

The Agency-wide financial statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Agency’s assets and liabilities. All of the current year’s revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Agency-wide financial statements report the Agency’s net position and how they have changed. The Agency’s net position, which is the difference between the Agency’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the Agency’s financial health or position.

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Management's Discussion and Analysis, Continued

- Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the Agency's overall health, you need to consider additional non-financial factors such as the availability of federal funding, the condition of equipment, and other assets.

In the Agency-wide financial statements, the Agency's activities are shown as governmental activities. Therefore, most of the Agency's basic services are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Agency's funds, focusing on its most significant or "major" funds - not the Agency as a whole. Funds are accounting devices the Agency uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law.
- The Agency establishes other funds to control and manage money for particular purposes or to show that it properly uses certain revenue (such as Federal grants).
- The Agency has one type of fund.

Governmental fund - All of the Agency's basic services are included in the governmental fund, which generally focuses on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the fund financial statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs.

Changes in Net Position

The Agency's total net position increased by \$240,393, or 16.82%, for the year ended December 31, 2022. Restricted property held for redevelopment increased by \$156,592 or 7.14%, primarily due to additional costs on property transactions (see note 3(c)). The Agency reported a restriction for pension this year as the net pension asset, proportionate share and related deferred outflow of resources exceeded the related deferred inflows of resources by \$17,153. The prior year was a net pension liability. As a result, the Agency's unrestricted deficit decreased by \$66,648 from \$764,253 to \$697,605. The Agency's total assets and deferred outflows of resources decreased by 7.05%, or \$393,368, due to the timing of program activities and a decrease in aid receivables. Total liabilities decreased by 37.76% or \$1,264,819 over the prior year, mainly due to the decreases in payables relating to a decrease of \$1,171,997 in the total OPEB liability.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)
Management's Discussion and Analysis, Continued

Table A-2 - Condensed Statements of Net Position - Governmental Activities

	<u>2022</u>	<u>2021*</u>	<u>Increase (decrease)</u>	<u>Percentage Change</u>
Assets:				
Other assets	\$ 2,553,682	2,755,962	(202,280)	(7.34%)
Property held for redevelopment	<u>2,350,088</u>	<u>2,193,496</u>	<u>156,592</u>	7.14%
Total assets	4,903,770	4,949,458	(45,688)	(0.92%)
Deferred outflows of resources	<u>281,853</u>	<u>629,533</u>	<u>(347,680)</u>	(55.23%)
Total assets and deferred outflows of resources	<u>\$ 5,185,623</u>	<u>5,578,991</u>	<u>(393,368)</u>	(7.05%)
Liabilities:				
Other liabilities	622,398	716,513	(94,115)	(13.14%)
Long-term liabilities	<u>1,462,556</u>	<u>2,633,260</u>	<u>(1,170,704)</u>	(44.46%)
Total liabilities	2,084,954	3,349,773	(1,264,819)	(37.76%)
Deferred inflows of resources	1,431,033	799,975	631,058	78.88%
Net position	<u>1,669,636</u>	<u>1,429,243</u>	<u>240,393</u>	16.82%
Total liabilities, deferred inflows of resources and net position	<u>\$ 5,185,623</u>	<u>5,578,991</u>	<u>(393,368)</u>	(7.05%)

* Certain reclassifications have been made to conform with current year presentation.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)
Management's Discussion and Analysis, Continued

Table A-3 - Changes in Net Position from Operating Results - Governmental Activities Only

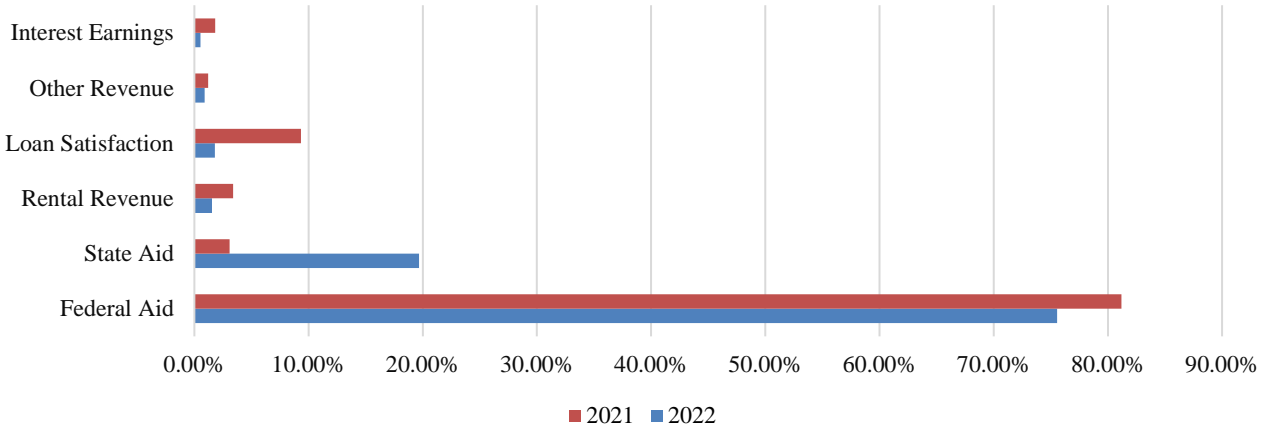
	<u>2022</u>	<u>2021</u>	<u>Increase (decrease)</u>	<u>Percentage Change</u>
Revenue:				
Program revenue	\$ 1,377,664	624,443	753,221	120.62%
General revenue	<u>20,091</u>	<u>12,013</u>	<u>8,078</u>	67.24%
Total revenue	<u>1,397,755</u>	<u>636,456</u>	<u>761,299</u>	119.62%
Expenses:				
Personal services and benefits	270,430	655,114	(384,684)	(58.72%)
Contractual and other expenditures	<u>886,932</u>	<u>241,592</u>	<u>645,340</u>	267.12%
Total expenses	<u>1,157,362</u>	<u>896,706</u>	<u>260,656</u>	29.07%
Change in net position	240,393	(260,250)	500,643	(192.37%)
Net position at beginning of year	<u>1,429,243</u>	<u>1,689,493</u>	<u>(260,250)</u>	(15.40%)
Net position at end of year	<u>\$ 1,669,636</u>	<u>1,429,243</u>	<u>240,393</u>	16.82%

Governmental Activities

The Agency's 2022 program revenue increased by 120.62% or \$753,221, the majority was due to increased activity in grant reimbursable program for acquisition of real property, emergency rental assistance and state while general revenue increased by \$8,078 or 67.24%.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
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Management’s Discussion and Analysis, Continued

Table A-4 - Revenues

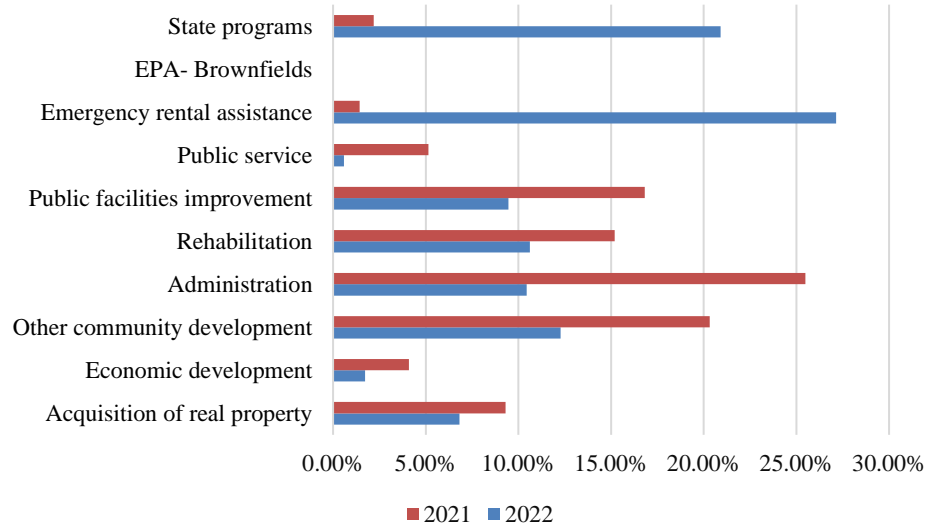


	Federal Aid	State Aid	Rental Revenue	Loan Satisfaction	Other Revenue	Interest Earnings
2021	81.18%	3.08%	3.39%	9.34%	1.20%	1.81%
2022	75.55%	19.68%	1.55%	1.79%	0.90%	0.53%

The cost of operating programs and services totaled \$1,157,362, an increase of \$260,656, or 29.07%, compared to expenses for 2021. The increase in operating programs and services was related to additional work performed on the emergency rental assistance and lead service replacement programs offset by decreases in the other programs.

**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)
Management’s Discussion and Analysis, Continued**

Table A-5 - Expenses



	Acquisition of Real Property	Economic Development	Other Community development	Administration	Rehabilitation	Public Facilities Improvement	Public Service	Emergency Rental Assistance	EPA- Brownfields	State Programs
2021	9.31%	4.09%	20.32%	25.48%	15.20%	16.83%	5.14%	1.43%	0.00%	2.20%
2022	6.82%	1.73%	12.28%	10.45%	10.61%	9.48%	0.58%	27.15%	0.00%	20.90%

GENERAL FUND BUDGETARY HIGHLIGHTS

2022 Budget

The supplementary schedule of revenue, expenditures and changes in fund balance - budget and actual - General Fund presents original and final budget amounts and actual results for the Agency’s General Fund.

The Agency’s General Fund adopted budget for the year ended December 31, 2022, was \$3,973,463.

Change in the General Fund’s Restricted Fund Balance (Budget to Actual)

The General Fund’s restricted fund balance is the component of the total fund balance that is the residual of prior years’ excess revenue over expenditures. This balance is commonly referred to as the “fund balance.” The change in this balance is demonstrated through a comparison of the actual revenue and expenditures for the year compared to the budget as follows:

TOWN OF NORTH HEMPSTEAD
 COMMUNITY DEVELOPMENT AGENCY
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 Management's Discussion and Analysis, Continued

Opening, restricted fund balance	\$ 1,399,193
Revenues under budget	(2,496,467)
Expenditures under budget	2,420,752
Increase in nonspendable prepaids	<u>(5,736)</u>
Closing, restricted fund balance	<u>\$ 1,317,742</u>

Revenue Under Budget

The 2022 original and final budget for revenue was 3,973,463. The actual revenue received for the year was \$1,479,996. Federal subsidies, which are expenditure reimbursement driven, were under budget by \$1,855,374 due to the timing of various program activities. The Agency's budget for the sale of real property was \$450,000. No actual sales occurred during the year. Actual loan repayments and interest earned on economic development loans were relatively consistent with budgeted amounts in total. Residential loan repayments exceed budget estimates by \$14,970. These changes contributed to a Revenue Under Budget decrease of \$2,496,467 in the Restricted General Fund - Fund Balance from December 31, 2021, to December 31, 2022.

Expenditures Under Budget

The 2022 original and final budget for expenditures was \$3,973,463. Actual expenditures for the year ended December 31, 2022, were \$1,552,711. The final budget was under-expended by \$2,420,752 relating to the timing of various program activities. This increased the Restricted Fund Balance from December 31, 2021, to December 31, 2022.

Decrease in Non-Spendable Fund Balance

The Agency's non-spendable fund balance related to prepaid expenses increased by \$5,736 and had the effect of decreasing the restricted fund balance.

Governmental Activities

The primary program activities of the Agency included:

- 1) Acquisition of real property
- 2) Rehabilitation
- 3) Other community development
- 4) Economic development
- 5) Public facilities improvement
- 6) Public service
- 7) Emergency rental assistance
- 8) State Department of Health Lead Service Replacement

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
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Management's Discussion and Analysis, Continued

Most of the Agency's revenue is generated through the US Department of Housing and Urban Development (HUD) programs administered by the Nassau County Office of Community Development, including additional coronavirus funding.

FINANCIAL ANALYSIS OF THE AGENCY'S FUNDS

Variations between years for the governmental Fund Financial Statements are not the same as variations between years for the Agency-wide Financial Statements. The difference is that the Agency's governmental funds are presented on a current financial resources measurement focus and a modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and property held for redevelopment purchased by the funds. Instead, governmental funds include the revenue received from loan repayments and the current payments for property held for redevelopment.

Total assets of the General Fund decreased \$273,281 in 2022, mainly due to a decrease in cash and loans offset by an increase in federal and state aid receivables, net.

Total liabilities decreased by \$45,115, related mainly to the New York State and Local Retirement System bill being paid in the current year to take advantage of the early payment discount. Deferred inflows of resources - loans decreased by \$152,451 related to loan receivable activity (see note 3(b)).

NONCURRENT ASSETS AND DEBT ADMINISTRATION

Noncurrent Assets

As of December 31, 2022, the Agency had \$2,350,088 in property held for redevelopment (see note 3(c)). No new loans were issued, and only interest of \$760 accrued on deferred loans. There were \$153,211 in repayments and conversions to grants (See note 3(b)) during 2022. The Agency recognized a net, pension asset, proportionate share related to the New York State and Local Employees' Retirement System (NYSLERS) of \$71,001. This was a net pension liability, proportionate share in the prior years. As the NYSLERS was over funded an asset was reported (see note 3(d))

Long-Term Obligations

As of December 31, 2022, the Agency's long-term obligations consisted of compensated absences obligations of \$97,114, total OPEB liability of \$1,365,442, and unearned revenue for conditional loans receivable of \$523,000. Conditional loans convert from loans to grants when the homeowners meet the continuous residency requirements.

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Management's Discussion and Analysis, Continued

FACTORS BEARING ON THE FUTURE OF THE AGENCY

Funding

The future success of the Agency and its programs generally depends on the continuing availability of funding from HUD. The Agency responds by applying for other Federal and state grants as additional resources to undertake projects. In addition, the Agency identifies opportunities for programs that will generate program income to supplement grant funding.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Town of North Hempstead
Community Development Agency
51 Orchard Street
Roslyn Heights, New York 11577-1326
(516) 869-2480

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Statement of Net Position
December 31, 2022

	<u>Governmental Activities</u>
Assets:	
Current assets:	
Cash and equivalents	\$ 795,653
Cash with fiscal agent	34,125
Receivables:	
Federal and state aid receivables	583,361
Loan receivable, current	39,821
Conditional loans receivable	49,000
Other	4,001
Prepaid expenses	<u>14,081</u>
Total current assets	<u>1,520,042</u>
Noncurrent assets:	
Loan receivable, due after one year	488,639
Conditional loans receivable, due after one year	474,000
Property held for redevelopment	2,350,088
Net pension asset, proportionate share	<u>71,001</u>
Total noncurrent assets	<u>3,383,728</u>
Total assets	<u>4,903,770</u>
Deferred outflows of resources:	
Pension related	194,967
OPEB related	<u>86,886</u>
Total outflows of resources	<u>281,853</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	76,898
Unearned revenue, escrowed homebuyer subsidies	22,500
Unearned revenue, conditional loans receivable	49,000
Compensated absences, due within one year	<u>36,000</u>
Total current liabilities	<u>184,398</u>
Long-term liabilities, due after one year:	
Unearned revenue, conditional loans receivable	474,000
Compensated absences	61,114
Post-employment benefits	<u>1,365,442</u>
Total long-term liabilities	<u>1,900,556</u>
Total liabilities	<u>2,084,954</u>
Deferred inflows of resources:	
Pension related	248,815
OPEB related	811,448
Conditional loans	<u>370,770</u>
Total deferred inflows of resources	<u>1,431,033</u>
Net position:	
Restricted for pension	17,153
Restricted for property held for redevelopment	2,350,088
Unrestricted deficit	<u>(697,605)</u>
Total net position	<u>\$ 1,669,636</u>

See accompanying notes to financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Statement of Activities
Year ended December 31, 2022

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position - Primary Governmental Activities</u>
		<u>Operating Grants</u>	<u>Charges for Services</u>	
Community development block grant:				
Acquisition of real property	\$ 78,970	249,316	-	170,346
Economic development	19,986	20,403	-	417
Other community development	142,182	140,630	21,600	20,048
Administration	120,928	111,480	-	(9,448)
Rehabilitation	122,845	112,646	24,970	14,771
Public facilities improvement	109,565	57,979	-	(51,586)
Public service	6,725	6,127	-	(598)
Emergency rental assistance	314,241	357,382	-	43,141
EPA - Brownfields	12	12	-	-
State programs	<u>241,908</u>	<u>275,119</u>	<u>-</u>	<u>33,211</u>
	<u>\$ 1,157,362</u>	<u>1,331,094</u>	<u>46,570</u>	<u>220,302</u>
General revenue:				
Interest earnings				335
Interest on economic development loans				7,109
Other revenue				<u>12,647</u>
Total general revenue				<u>20,091</u>
Change in net position				240,393
Net position at beginning of year				<u>1,429,243</u>
Net position at end of year				<u>\$ 1,669,636</u>

See accompanying notes to financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Balance Sheet - Governmental Funds
December 31, 2022

Assets:	
Cash and equivalents	\$ 829,778
Receivables:	
Federal and State aid receivables, net of allowance \$16,007	583,361
Loans receivable	528,460
Conditional loans receivable	523,000
Other	4,001
Prepaid expenses	<u>14,081</u>
Total assets	<u><u>\$ 2,482,681</u></u>
Liabilities:	
Accounts payable and accrued expenses	\$ 76,898
Unearned revenue, escrowed homebuyer subsidies	<u>22,500</u>
Total liabilities	<u>99,398</u>
Deferred inflows of resources - loans	<u>1,051,460</u>
Fund balance:	
Nonspendable	14,081
Restricted, Federal programs	<u>1,317,742</u>
Total fund balance	<u>1,331,823</u>
Total liabilities, deferred inflows of resource and fund balance	<u><u>\$ 2,482,681</u></u>

See accompanying notes to financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
December 31, 2022

Total fund balance - governmental funds	\$ 1,331,823
Amounts reported for governmental activities in the statement of net position are different because:	
Property held for redevelopment held in governmental activities is not a financial resource and, therefore, is not reported in the funds.	2,350,088
Other long-term assets that are not available to pay for current period expenditures and, therefore, are either deferred or not reported in the funds. Net pension asset-proportionate share, net of deferred amounts.	17,153
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Long-term liabilities at year end consist of:	
Compensated absences	\$ (97,114)
Post-employment benefits, net of deferred amounts	<u>(2,090,004)</u> (2,187,118)
The Agency's revenues related to economic development loans are not available soon enough to pay for current period's expenditures and, therefore, are deferred in the funds.	<u>157,690</u>
Total net position - governmental activities	<u>\$ 1,669,636</u>

See accompanying notes to financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Statement of Revenue, Expenditures and Changes in Fund Balance -
Governmental Funds
Year ended December 31, 2022

Revenue:	
Federal aid	\$ 1,055,975
State and local aid	275,119
Loan repayments	104,211
Use of money and property:	
Rental of real property	21,600
Interest earnings on investments	335
Interest on economic development loans	7,109
Other	<u>12,647</u>
Total revenue	<u>1,476,996</u>
Expenditures:	
Community Development Block Grant	
Acquisition of real property	267,902
Economic development	22,729
Other community development	161,701
Administration	136,292
Rehabilitation	139,710
Public facilities improvement	124,607
Public service	6,725
Employee benefits, unallocated	60,532
Emergency rental assistance	357,382
EPA Brownfields	12
State programs	<u>275,119</u>
Total expenditures	<u>1,552,711</u>
Changes in fund balances	(75,715)
Fund balance at beginning of year	<u>1,407,538</u>
Fund balance at end of year	<u><u>\$ 1,331,823</u></u>

See accompanying notes to financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Reconciliation of the Statement of Revenue, Expenditures and Changes in
Fund Balance - Governmental Funds to the Statement of Activities
Year ended December 31, 2022

Net change in fund balances - total governmental funds	\$ (75,715)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report property acquisitions as expenditures. This is the amount of current period property acquisitions.	156,592
The Agency's revenues related to economic development loans are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds. Collections on economic development loans are reported as revenues in the funds. New loans are reported as expenditures in the governmental funds.	(79,241)
Changes in long-term liabilities do not involve the use of current resources, and therefore are not reported as expenditures in the funds.	<u>238,757</u>
Change in net position of governmental activities	<u><u>\$ 240,393</u></u>

See accompanying notes to financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements

December 31, 2022

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of North Hempstead Community Development Agency (Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, significant government accounting policies are described below.

(a) Financial Reporting Entity

The Agency was established in 1967 as the Urban Renewal Agency of the Town of North Hempstead (Town) under the general laws of the State of New York and various local laws. In 1978, its name was changed to its present designation. The Agency is a public benefit corporation created by state legislation to promote the safety, health, and welfare of the Town's inhabitants and the sound growth and development of the Town. The Board of Directors is the legislative body responsible for overall operations. The Executive Director serves as the chief executive officer.

The Agency provides a full range of community development services, including affordable housing and commercial development, residential and commercial rehabilitation, land acquisition, code enforcement services, public facility improvements, and assistance to public service organizations. The Agency also provided assistance in outreach for the emergency rental assistance program and lead service line replacements.

In evaluating how to define the Agency for financial reporting purposes, management has considered the following criteria to determine if an entity is a component unit. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to influence operations significantly, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Town and/or its citizens or whether the activity is conducted within the Town's geographic boundaries and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town can exercise oversight responsibilities.

Based on these criteria, the Agency is determined to be a Town of North Hempstead component unit. It is included in that reporting entity's financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Basis of Presentation

Agency-wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the Agency's governmental activities. These financial statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions.

The Statement of Activities compares direct expenses and program revenue for each function of the Agency's governmental activities. Direct expenses are restricted to meeting a particular program's operational or capital requirements. Program revenue includes operating grants from the federal and state grant programs and charges for services, including loan satisfactions and rental of real properties. Revenue that is not classified as program revenue is presented as general revenue.

Fund Financial Statements

The Agency uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and aid financial management by segregating transactions related to certain government functions or activities.

The fund statements provide information about the Agency's fund. Statements for each fund category (governmental) are presented. The emphasis of Fund Financial Statements is on major governmental funds, each displayed in a separate column.

The Agency reports the following major governmental fund:

- Governmental funds - are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental fund is upon the determination of financial position and changes in financial position (the sources, uses, and balances of current financial resources).
- General Fund - This is the Agency's primary operating fund. It accounts for all financial transactions.

(c) Basis of Accounting and Measurement Focus

The Agency-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash transaction occurs. The allocation of indirect costs related to long-term employee benefits is on a percentage of salary basis. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, grant revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Accounting and Measurement Focus, Continued

The Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The Agency considers all revenue reported in the governmental funds to be available if the revenue is collected within 90 days after the end of the fiscal year, except grant revenue, for which a one-year availability period is used when all award criteria are met. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, and judgments, which are recognized as expenditures to the extent they have matured. Acquisitions of capital assets and property held for redevelopment are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position

Cash and Equivalents

Cash and equivalents consists of funds deposited in demand accounts, time deposit accounts, and certificates of deposit with maturities of less than three months from the date acquired by the Agency. In 2022, the Agency did not have any certificates of deposit.

Investments

The Agency's investment policies are governed by Federal and New York State statutes. The Agency also has a written policy that restricts investments to cash and cash equivalents, including money market funds in interest-bearing accounts. The Agency had no investments on December 31, 2022.

The Agency's management has the authority to implement the Agency's investment policies. The Agency requires the Trust Department of each bank at which cash has been deposited to collateralize the federally uninsured balances by pledging appropriate securities in the name of the Agency or by providing an irrevocable standby letter of credit. The Agency takes measures to ensure that the fair value of such collateral is equal to or greater than the value of the related investment.

Loan Receivables

Loan receivables are reported at their gross value. They are secured by liens filed against the respective residential or commercial property. Loans receivable include residential and commercial loans, which are collectible in the future. The Agency makes loans and grants under various programs:

- Deferred Payment Loans (DPL) - These loans are made to low-income families and are secured by a mortgage. DPLs are payable upon a change in occupancy. Several newer loans accrue interest at a low rate of interest that is payable with the principal upon a change in occupancy.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position, Continued

- Conditional Loans - These loans are made to homeowners. They are convertible to a grant after five years of maintaining the household.
- Commercial Loans - These loans are made to business owners to improve their buildings and increase their working capital. There are no commercial loans outstanding at December 31, 2022.
- Economic Development Loans - These loans are made to business owners for building acquisitions and/or renovations, working capital, and/or purchasing machinery and equipment.
- Home Buyer Subsidy Loans - These loans are made to buyers to purchase affordable homes with five or ten-year pro-rata recapture of grants, reduced by 20% or 10%, respectively, per year if occupancy obligations are met. In 2022, the Agency did not grant any Home Buyer Subsidy Loans.

The Agency utilizes various procedures to collect the loans when they become due. If payment is not received on a timely basis, a demand letter is sent. In addition, all available economically feasible legal remedies are pursued. Loans determined to be uncollectible are reserved for as a bad debt expense. Currently, management believes all loans to be collectible.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods. They are reported as prepaid items using the consumption method in both the Agency-wide and Fund Financial Statements, except for pension contributions made subsequent to the measurement date but before year-end, which are reported as deferred outflows of resources in the Agency-wide Financial Statements.

Amounts reported as prepaid expenses in the Fund Financial Statements are offset by the same amount in the component of non-spendable fund balance - not in spendable form to indicate that these amounts do not constitute available spendable resources even though they are a component of current assets.

Noncurrent Assets

The purchase method is used to account for property held for redevelopment. Under the purchase method, the property cost is recorded as an expenditure in the General Fund and as an asset in the Agency-wide fund when the property is acquired. Property held for redevelopment is not depreciated.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position, Continued

Generally, property held for redevelopment is eventually redeveloped following the Shared Vision for New Cassel Plan.

Capital assets are stated at cost and include all capital assets over \$2,500 after January 1, 2011, and \$500 before that date. Where cost could not be determined from the available records, the estimated historical cost was used to record the estimated value of the assets.

Depreciation is recorded on the straight-line method over the respective lives of the various assets. The estimated useful life of the equipment is 60 months. Accordingly, the Agency's capital assets were fully depreciated in prior reporting periods.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. For example, the Agency reports deferred outflows of resources related to various pension and OPEB transactions.

Deferred Inflows of Resources

Deferred inflows of resources are defined as an acquisition of net assets by the government that is applicable to future periods. Deferred inflows of resources are reported when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Also, deferred inflows of resources arise when the Agency receives resources before it has a legal claim to them, such as when grant monies are received before incurring qualifying expenditures. In subsequent periods, when both recognition criteria are met, or the Agency has a legal claim to the resources, the deferred inflow of resources is removed, and revenue is recorded.

Conditional loan receivables that may be converted to grants and not revenue if occupancy conditions are met are classified as deferred inflows of resources - loans in the General Fund and as deferred inflows of resources - conditional loans in the Agency-wide Financial Statements. In the General Fund statements, the deferred inflows of resources of \$1,051,460 represent those loans not expected to be received within the availability period and/or expected to be converted to grants. In the Agency-wide Financial Statements, deferred inflows of resources - conditional loans of \$370,770 represents conditional loans repayable upon a change in occupancy as the timing of collection is not determinable.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position, Continued

Unearned Revenue

Unearned revenue arises when the Agency receives resources before it has a legal claim, such as conditional loans that comply with program terms. When the Agency has a legal claim to the resources in subsequent periods, the unearned revenue liability is removed, and revenue is recorded. The Agency reported \$523,000 of unearned revenue on December 31, 2022, in the Statement of Net Position for conditional loans that will be forgiven when the homeowner meets the required occupancy conditions. The Agency also reported \$22,500 in unearned revenue for escrowed homebuyer subsidies claimed for reimbursement but not yet recognized as revenue.

Net Position

In the Agency-wide financial statements, there are three classes of net position:

- Net investment in capital assets consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from acquiring, constructing, or improving those assets. The Agency's capital assets comprised equipment and were fully depreciated as of December 31, 2022. Accordingly, the Agency's net position does not include net investment in capital assets as of December 31, 2022.
- Restricted - Reports net assets deemed available for use by the Agency in conducting the federal and state program objectives. The restricted category includes Property Held for Redevelopment.
- Unrestricted - Consists of all other net assets that do not meet the definition of "net investment in capital assets" or "restricted."

Fund Statements

In the fund basis financial statements, there are five classifications of fund balance:

- Nonspendable Fund Balance - Includes amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact. For example, the Agency's non-spendable fund balance includes prepaid expenses.
- Restricted Fund Balance - Includes amounts with constraints placed on the use of resources either externally imposed by granters, creditors, contributors, laws, or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Agency's remaining fund balance after non-spendable fund balance is fully restricted due to federal and state aid program guidelines.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position, Continued

The other types of fund balances that are currently not used by the Agency are:

- Committed Fund Balance - Includes amounts with constraints imposed by formal action of the Agency's highest level of decision-making authority.
- Assigned Fund Balance - Includes amounts with constraints placed by the Agency's intent to be used for specific purposes but is not restricted or committed.
- Unassigned Fund Balance - Includes all other amounts that do not meet the definition of the above four classifications and are deemed available for general use.

The total fund balance of the Agency's General Fund differs from the "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term focus of the Statement of Net Position versus the solely current financial resource focus of the General Fund Balance Sheet.

(e) Encumbrances

In the General Fund, encumbrance accounting, under which contracts and other commitments for the expenditure of monies are recorded, is generally employed as an extension of formal budgetary integration. As a result, no encumbrances were outstanding at the end of the year.

(f) Expenditures

Compensated Absences - Vested or accumulated vacation, personal, or sick leave of governmental funds that are expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the General Fund. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

The Agency's union and non-union employees earn vacation, personal, and sick days in varying amounts. Employees of the Agency may carry over unused vacation, personal, and sick days as stipulated by various contracts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and personal leave at various rates subject to certain maximum limitations.

(g) Use of Estimates

Preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in various areas, including compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(h) Reclassifications

Reclassifications have been made to certain 2021 balances to conform to the 2022 presentation.

(i) New Pronouncements

The Agency has adopted all the current Statements of the GASB that are applicable and material to the presentation of the financial statements.

(j) Subsequent Events

The Agency has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

(2) Stewardship, Compliance and Accountability

The Agency prepares a budget for its Community Development Block Grant (“Block Grant”) program and administration expenses using the Agency’s approved Annual Agency Budget (discussed below) and program projections. The Agency holds a public hearing to discuss the proposed Block Grant Budget (“Block Grant Budget”) in February or March. The Agency then submits an application that includes the Block Grant Budget to the Nassau County Office of Community Development (“Nassau County”) in March. Nassau County submits an Annual Action Plan that includes the Agency’s application to HUD, which is subject to change. At that time, applications for HOME funds are made competitively. Before August 1, Nassau County approves the Agency’s Block Grant Budget for the program year and will issue a subrecipient contract upon HUD approval of the funds. The Agency’s Board of Directors approves and authorizes the Executive Director to execute the sub-recipient agreement with Nassau County. The subrecipient agreement empowers the Agency to transfer grant amounts within the Block Grant Budget categories upon Nassau County approval.

The Block Grant Budget funding is effective as of September 1, and project expenditures may extend over several fiscal years.

The Agency is a Public Authority under the New York State Public Authorities Accountability Act of 2005 and the Reform Act of 2009. As such, it is required to adopt an Annual Agency Budget sixty days before the beginning of its calendar year. The annual General Fund budget is adopted on the modified accrual basis of accounting.

Transfers between major objects of expenditures in accordance with the Block Grant may be made by the Executive Director and subsequently approved by the Board of Directors. Transfers between Block Grant years and program lines are subject to public notice.

Appropriations in all budgeted funds lapse at the end of the year, except outstanding encumbrances, which are re-appropriated in the subsequent year pursuant to the Uniform System of Accounts promulgated by the New York State Office of the State Comptroller.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds

(a) Cash

Cash consists of the following at December 31, 2022:

Checking accounts	\$ 795,451
Petty cash	202
Cash in attorney escrow	<u>34,125</u>
Total cash	\$ <u>829,778</u>

Cash held with the Agency's attorney is escrowed for pending sales and purchases of properties.

At December 31, 2022, cash balances of \$791,206 reported by the Agency's banks were covered by Federal Deposit Insurance Corporation or fully collateralized by letters of credit and/or by collateral held by third party financial institutions in the Agency's name.

(b) Loans Receivable

	January 1, <u>2022</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2022</u>	Due Within <u>One Year</u>	<u>Noncurrent</u>
Residential loans:						
Interest-bearing deferred loans, at various rates term ends at change in occupancy	\$ 68,699	760	-	69,459	-	69,459
Interest-free deferred loans, payable at change in occupancy	<u>326,281</u>	<u>-</u>	<u>24,970</u>	<u>301,311</u>	<u>-</u>	<u>301,311</u>
	<u>394,980</u>	<u>760</u>	<u>24,970</u>	<u>370,770</u>	<u>-</u>	<u>370,770</u>
Economic development loan 1, at 3.25%, due monthly, final payment August 2024	74,917	-	26,035	48,882	27,572	21,310
Economic development loan 2, at 3.25%, due monthly, final payment April 2023	40,594	-	40,164	430	430	-
Economic development loan 3, at 3.25%, due monthly, final payment June 2031	<u>121,420</u>	<u>-</u>	<u>13,042</u>	<u>108,378</u>	<u>11,819</u>	<u>96,559</u>
	<u>236,931</u>	<u>-</u>	<u>79,241</u>	<u>157,690</u>	<u>39,821</u>	<u>117,869</u>
Home buyer subsidy loans, convertible over ten years at 10% per year	312,000	-	49,000	263,000	49,000	214,000
Home buyer subsidy loan, convertible after 30 years	<u>260,000</u>	<u>-</u>	<u>-</u>	<u>260,000</u>	<u>-</u>	<u>260,000</u>
	<u>572,000</u>	<u>-</u>	<u>49,000</u>	<u>523,000</u>	<u>49,000</u>	<u>474,000</u>
Total loan receivables	<u>\$ 1,203,911</u>	<u>760</u>	<u>153,211</u>	<u>1,051,460</u>	<u>88,821</u>	<u>962,639</u>

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(c) Noncurrent Assets

Property held for redevelopment activity was as follows:

	January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2022</u>
Property held for redevelopment	<u>\$2,193,496</u>	<u>156,592</u>	<u>-</u>	<u>2,350,088</u>

(d) New York State and Local Retirement System

The Agency participates in the New York State and Local Employees’ Retirement System (System or NYSLERS). This is a cost-sharing, multiple-employer defined benefit pension plan. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. The New York State Comptroller serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency 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 regarding benefits provided, may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001.

Vesting

Subsequent to March 31, 2022, legislation was passed that reduced the number of years of service credit from ten years to five years. Therefore all members are vested when they reach five years of service credit.

Funding Policy

Employer and employee contribution rates are actuarially determined and based upon membership plan and tier. Contributions consist of a pension contribution and a group term life insurance portion (GTLI) component.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Benefits Provided

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at *least* age 55 to be eligible to collect a retirement benefit, there is no minimum service requirement. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 and Tier 2, is 55 and 62, respectively.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the New York State Retirement and Social Security Law (NYSRSSL), Tier 1 and 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the three highest consecutive years. For Tier 1 members who joined on or after June 17, 1971, each year of final average salary is limited to no more than 20% of the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% of the average of the previous two years.

Tiers 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Final average salary is the average of the wages earned in the three highest consecutive years.

For Tier 3, 4, and 5 members, each year of final average salary is limited to no more than 10% of the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 members is age 63.

Benefit calculation: Generally, the benefit is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years.

For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

Disability Retirement Benefits

Disability retirement benefits are available to members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offsets of other benefits depend on a member's tier and years of service.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: 1) all pensioners who have attained age 62 and have been retired for five years; 2) all pensioners who have attained age 55 and have been retired for ten years; 3) all disability pensioners, regardless of age, who have been retired for five years; 4) recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years; and 5) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Contributions

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 10 of the NYSRSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service. Under the authority of the NYSRSSL, 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 required contributions for the current year and two preceding years were:

<u>Year</u>	<u>Annual Contribution</u>	<u>GTLI</u>	<u>Total Annual Payment</u>
2022	\$ 40,471	\$ 632	\$ 41,103
2021	54,695	1,229	55,924
2020	46,561	1,505	48,066

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

At December 31, 2022, the Agency reported an asset of \$71,001 for its proportionate share of the net pension asset for the System. The net pension asset was measured as of March 31, 2022. The total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The Agency's proportionate share of the net pension asset was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. The System provided this information in reports provided to the Agency, as follows:

Net pension asset	\$71,001
Total pension expense	\$12,876
Agency's proportion of the System's net pension asset	.0008686%
Change in the allocation of the Agency's proportion of the System's net pension liability since the prior measurement date	-.0000149%

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Pension Liabilities/(Assets), Pension Expense, and Deferred Outflows/Inflows of Resources
Related to Pensions, Continued

At December 31, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,377	6,974
Changes of assumptions	118,493	1,999
Net difference between projected and actual earnings on pension plan investments	-	232,498
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	29,994	7,344
Agency's contributions subsequent to the measurement date	<u>41,103</u>	<u>-</u>
	<u>\$ 194,967</u>	<u>248,815</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of December 31, 2022, will be recognized in pension expense as follows:

Plan year ending March 31,

2023	\$ (9,881)
2024	(18,138)
2025	(57,228)
2026	<u>(9,704)</u>
	<u>\$ (94,951)</u>

The Agency's contributions subsequent to the measurement date will be recognized as reduction of the net pension liability or an addition to the net pension asset in the subsequent year.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Actuarial Assumptions

The total pension asset at December 31, 2022, was determined using an actuarial valuation as noted in the following table, with updated procedures used to roll forward the total pension asset to the measurement date. The actuarial valuation used the following actuarial assumptions:

Measurement date	March 31, 2022
Actuarial valuation date	April 1, 2021
Actuarial Cost Method	Entry age normal
Investment rate of return, net of investment expenses	5.9%
Salary scale	4.4% indexed by service
Cost of living adjustments	1.4%
Inflation rate	2.7%

Annuitant mortality rates are based on April 1, 2015 - March 1, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period from April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Actuarial Assumptions, Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Asset Type:		
Domestic equity	32.00%	3.30%
International equity	15.00%	5.85%
Private equity	10.00%	6.50%
Real estate	9.00%	5.00%
Opportunistic/Absolute return strategies	3.00%	4.10%
Credit	4.00%	3.78%
Real assets	3.00%	5.80%
Fixed income	23.00%	0.00%
Cash	<u>1.00%</u>	(1.00%)
	<u>100.00%</u>	

The real rate of return is net of the long-term inflation assumption of 2.5%.

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 determined. 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.

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

The following presents the Agency's proportionate share of the net pension liability (asset) as of December 31, 2022, calculated using the discount rate of 5.9%, as well as what the Agency's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is a 1-percentage point lower (4.9%) or 1-percentage point higher (6.9%) than the current rate:

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(d) New York State and Local Retirement System, Continued

Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption, Continued

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the Net pension liability (asset)	\$ <u>182,755</u>	(<u>71,001</u>)	(<u>283,256</u>)

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset of all participating employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands)
Employers' total pension liability	\$ 223,874,888
Plan net position	<u>232,049,473</u>
Employers' net pension liability/(asset)	\$ <u>(8,174,585)</u>
Ratio of plan net position to the Employers' total pension liability	103.65%

Detailed information about the pension plan's fiduciary net position is available in the System's separately issued financial statements.

(e) Deferred Compensation

The Agency has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The Agency makes no contributions into to Plan. The amount deferred by eligible employees for the year ended December 31, 2022, totaled \$32,411.

(f) Compensated Absences

A summary of the changes in compensated absences for the year ended December 31, 2022, is as follows:

	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2022</u>	Due Within <u>One Year</u>
Compensated absences	\$ <u>94,941</u>	<u>40,726</u>	<u>38,553</u>	<u>97,114</u>	<u>36,000</u>

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(g) Other Postemployment Benefits (OPEB)

Plan Description and Benefits

The Agency, has a single-employer other postemployment defined benefit plan, per its contracts with employees. The Agency pays a percentage of the retiree medical insurance premium costs for the medical and prescription drug benefits provided through the New York State Health Insurance Program (NYSHIP) (and if applicable, the retiree’s spouse’s premium), based on years of service. All retired participants receive coverage under the Empire PPO Plan (Core Plus Enhancements). The Empire Plan requires coordination with Medicare for those retirees who reach Medicare age eligibility. For individual coverage, the Agency reimburses 100% of the retiree’s and spouse’s Medicare Part B premium, which was \$170.10 per month for 2022. Upon the death of a retiree, the spouse may continue to receive coverage but must pay fifteen percent more in premiums. Substantially all of the Agency’s employees may become eligible for these benefits if they reach age 62 and attain 10 years of service while working for the Agency. The Agency pays dental/vision premiums for a select number of retirees. One active employee is covered by a previous employer for retiree medical insurance and will only participate in the dental and vision plan benefits. The Agency, as administrator of the plan, does not issue a separate report.

There are no assets accumulated in a trust that meet the criteria in GASB Statement No. 75 criteria, paragraph 4.

The Agency assumes the full cost of the premiums and recognizes the cost of the healthcare plan annually as expenditures in the General Fund of the fund financial statements as payments are made. Currently, there is no provision in the law to permit the Agency to fund OPEB by any means other than the “pay as you go” method.

At December 31, 2022, the following participants were covered by the benefit terms:

	<u>Actives</u>	Inactives Not Receiving <u>Benefits</u>	Inactives Receiving <u>Benefits</u>	<u>Total Census</u>
Female	2	-	1	3
Male	<u>1</u>	<u>-</u>	<u>2</u>	<u>3</u>
Total	<u>3</u>	<u>-</u>	<u>3</u>	<u>6</u>

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(g) Other Postemployment Benefits (OPEB)

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

The Agency's total OPEB liability of \$1,365,442 was measured as of December 31, 2022. It was determined by an actuarial valuation as of January 1, 2022, and rolled forward to December 31, 2022. For the year ended December 31, 2022, the Agency recognized OPEB expense of \$175,060. At December 31, 2022 the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resource</u>
Change in assumptions and other inputs	\$ 43,988	439,239
Difference between expected and actual experience	<u>42,898</u>	<u>372,209</u>
	\$ <u>86,886</u>	<u>811,448</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year ending December 31,

2023	\$ (341,073)
2024	<u>(383,489)</u>
	\$ <u>(724,562)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Assumptions	Factor
Discount Rate	1.8% - January 1st; 4.0% December 31st
Measurement Date	December 31, 2022
Salary Scale	2.50%
Mortality	SOA RP-2014 Total Dataset. Mortality improvements are projected using SOA Scale MP-2021.
Actuarial Cost Method	Entry age normal, as a level percentage of salary.
Coverage Election	100% of all eligible employees.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(g) Other Postemployment Benefits (OPEB)

Actuarial Assumptions and Other Inputs, Continued

Trend Rate Applicable to Premiums				
Medical Insurance				
Year	Premiums		Medicare Part B	Dental/Vision
	Pre-65	Post - 65	Premiums	Premiums
1	6.00%	7.80%	4.50%	2.00%
2	5.65%	6.60%	4.50%	2.00%
3	5.50%	6.00%	4.50%	2.00%
4	5.25%	5.90%	4.50%	2.00%
5	5.50%	5.60%	4.50%	2.00%
6	5.00%	5.40%	4.50%	2.00%
7	4.75%	5.00%	4.50%	2.00%
8 & After	4.50%	4.50%	4.50%	2.00%

Changes in the Total OPEB Liability

Balance at January 1, 2022	\$ <u>2,537,439</u>
Changes for the year:	
Service cost	35,989
Interest on Total OPEB liability	45,342
Differences between expected and actual experience	(558,314)
Changes in assumptions and other inputs	(658,141)
Benefit payments	<u>(36,873)</u>
Net changes	(1,171,997)
Balance at December 31, 2022	\$ <u>1,365,442</u>

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 a 1-percentage point lower (3.0%) or a 1-percentage point higher (5.0%) than the current discount rate:

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB liability	\$ <u>1,574,718</u>	(1,365,442)	(1,196,969)

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(g) Other Postemployment Benefits (OPEB)

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 trend rate that is a 1-percentage point lower or a 1-percentage point higher than the current trend rate:

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	<u>Decrease</u>	<u>Healthcare</u> <u>Trend Rate</u>	<u>Increase</u>
Total OPEB liability	\$ <u>1,178,961</u>	<u>1,365,442</u>	<u>1,597,680</u>

(h) Contingencies

(1) Federal Funding

The Agency has received significant federal funding which is subject to audit by agencies of state and federal governments. Such audits may result in a disallowance and a request for a return of funds to the Federal and state governments. Management believes disallowances, if any, would be immaterial.

(2) Pending Litigation

The Agency is involved in certain suits and claims arising from a variety of sources. It is the opinion of counsel that the liabilities that may arise from such actions would not result in losses that would materially affect the financial position of the Agency or the results of its operations.

(3) Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Agency expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Agency. The Agency believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

(i) Accounting Pronouncements Issued Not Yet Implemented

GASB has issued the following pronouncements, which will be implemented in the years required.

Statement No. 94 - “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*”, this Statement has been issued to improve financial reporting related to public-private and public-public partnership arrangements, in which one a government (transferor) contracts with an operator (governmental or nongovernmental entity) to provide public services by conveying the right to operate or use a nonfinancial assets. The requirements of this Statement are effective for the year ending December 31, 2023.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead)

Notes to Financial Statements, Continued

(3) Detail Notes on all Funds, Continued

(i) Accounting Pronouncements Issued Not Yet Implemented, Continued

Statement No. 96 - "*Subscription-Based Information Technology Arrangements*," this Statement has been issued to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 - "*Leases*," as amended. The requirements of this Statement are effective for the year ending December 31, 2023.

Statement No. 99 - "*Omnibus 2022*," Effective Date: The requirements of this Statement are effective as follows: The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the year ending December 31, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective the year ending December 31, 2024.

Statement No. 100 - "*Accounting Changes and Error Corrections- an amendment to GASB Statement No. 62*," this Statement has been issued to enhance accounting and improve financial reporting related to accounting changes and error corrections. The requirements of this Statement are effective for the year ending December 31, 2024.

Statement No. 101 - "*Compensated Absences*," this Statement has been issued to enhance recognition and measurement guidance for compensated absences under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the year ending December 31, 2024.

Management has not estimated the extent of the potential impact, if any, of these statements on the Agency's financial statements.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with <u>Final Budget</u>
Revenue:				
Federal aid	\$ 2,911,349	2,911,349	1,055,975	(1,855,374)
State and local aid	500,000	500,000	275,119	(224,881)
Sale of real property	450,000	450,000	-	(450,000)
Loan repayments	82,442	82,442	104,211	21,769
Use of money and property:				
Rental of real property	21,600	21,600	21,600	-
Interest earnings on investments	1,500	1,500	335	(1,165)
Interest on economic development loans	6,572	6,572	7,109	537
Other	-	-	12,647	12,647
Total revenue	<u>3,973,463</u>	<u>3,973,463</u>	<u>1,476,996</u>	<u>(2,496,467)</u>
Expenditures:				
Salaries and wages	332,024	332,024	332,024	-
Employee benefits	198,900	198,900	177,162	21,738
Professional service contracts	461,000	461,000	70,386	390,614
Supplies and materials	5,000	5,000	2,031	2,969
Other operating expenditures	1,264,750	1,264,750	807,791	456,959
Capital assets outlay	1,406,789	1,406,789	156,592	1,250,197
Service grants	305,000	305,000	6,725	298,275
Total expenditures	<u>3,973,463</u>	<u>3,973,463</u>	<u>1,552,711</u>	<u>2,420,752</u>
Change in fund balance	<u>\$ -</u>	<u>-</u>	(75,715)	<u>(75,715)</u>
Fund balance at beginning of year			<u>1,407,538</u>	
Fund balance at end of year			<u>\$1,331,823</u>	

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Required Supplementary Information
Schedule of Changes in the Agency's Total Other
Postemployment Benefits (OPEB) Liability and Related Ratios
December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 35,989	53,454	41,276	31,275	33,719
Interest	45,342	47,379	57,876	64,871	60,924
Differences between expected and actual experience	(558,314)	-	171,589	-	-
Changes in assumptions and other inputs	(658,141)	87,976	(1,919)	338,736	(124,042)
Benefit payments	<u>(36,873)</u>	<u>(40,634)</u>	<u>(46,203)</u>	<u>(43,006)</u>	<u>(42,013)</u>
Net change in total OPEB liability	(1,171,997)	148,175	222,619	391,876	(71,412)
Total OPEB liability - beginning	<u>2,537,439</u>	<u>2,389,264</u>	<u>2,166,645</u>	<u>1,774,769</u>	<u>1,846,181</u>
Total OPEB liability - ending	<u>\$ 1,365,442</u>	<u>2,537,439</u>	<u>2,389,264</u>	<u>2,166,645</u>	<u>1,774,769</u>
Covered-employee payroll	<u>\$ 332,024</u>	<u>326,256</u>	<u>305,579</u>	<u>300,491</u>	<u>280,890</u>
Total OPEB liability as a percentage of covered-employee payroll	411.25%	777.74%	781.88%	721.03%	631.84%

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 actuarial valuation:

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
2.06%	2.12%	2.74%	2.74%	3.44%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency is presenting information for those years for which information is available. There are no assets accumulated in a trust that meet the criteria in GASB Statement No. 75, paragraph 4.

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Required Supplementary Information
Schedule of Agency's Proportionate Share of the Net Pension Liability / (Asset)
Last Ten Fiscal Years ^{1 2}

	<u>2022</u> ⁵	<u>2021</u> ⁴	<u>2020</u> ³	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u> ³	<u>2015</u>
The Agency's proportion of the net pension liability / (asset)	0.0008686%	0.0008835%	0.0009727%	0.0007228%	0.0007385%	0.0010046%	0.0010436%	0.0010703%
The Agency's proportionate share of the net pension liability / (asset)	\$ (71,001)	880	257,581	51,214	23,823	94,394	167,502	36,159
The Agency's covered payroll	\$ 307,274	301,009	295,079	185,219	320,321	305,172	297,805	289,611
The Agency's proportionate share of the net pension liability / (asset) as a percentage of covered payroll	23.11%	0.29%	87.29%	27.65%	7.44%	30.93%	56.25%	12.49%
Plan fiduciary net position as a percentage of the total pension liability / (asset)	103.65%	99.95%	86.40%	96.30%	98.24%	94.70%	90.68%	97.95%
Discount Rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

¹ Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

² The amounts presented for each fiscal year were determined as of the March 31st measurement date within the current fiscal year.

³ Increase in proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

⁴ Decrease in proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

⁵ Decrease in proportionate share of the net pension liability mainly attributable to ERS Statements change in assumption and difference in projected and actual investments.

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

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Required Supplementary Information
Schedule of Agency's Pension Contributions
Last Ten Fiscal Years ^{1 2}

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 41,103	55,924	48,066	29,018	51,251	47,641	56,535	58,312
Contribution in relation to the contractually required contribution	<u>41,103</u>	<u>55,924</u>	<u>48,066</u>	<u>29,018</u>	<u>51,251</u>	<u>47,641</u>	<u>56,535</u>	<u>58,312</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Agency's covered payroll	\$ 332,024	301,009	295,079	185,219	320,321	305,172	297,805	289,611
Contribution as a percentage of covered payroll	12.38%	18.58%	16.29%	15.67%	16.00%	15.61%	18.98%	20.13%

¹ Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

² Contribution amounts presented for each year were determined as of December 31st with the contractually required contributions based on the amounts invoiced by the New York State and Local Retirement System.

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