TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Town of Hempstead Industrial Development Agency
Hempstead, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Town of Hempstead Industrial Development Agency (the Agency), a component unit of the Town of Hempstead, New York, as of and for the years ended December 31, 2022 and 2021, and the related notes to the 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 financial position of the Agency as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 Auditor's 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 opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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, Schedule of the Agency's Proportionate Share of the Net Pension Liability, Schedule of the Agency's Contributions, and Schedule of the Changes in the Agency's Total OPEB Liability and Related Ratios on pages 5 through 10 and 38 through 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 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 and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Sheehan & Company CPA, P.C

Brightwaters, New York
March 21, 2023

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Town of Hempstead Industrial Development Agency's (the Agency), a component unit of the Town of Hempstead, New York, financial performance provides an overview of the Agency's financial activities for the fiscal years ended December 31, 2022 and December 31, 2021. Please read this in conjunction with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights - 2022:

- The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at December 31, 2022 by $3,468,896.

- The Agency's total assets decreased by $730,497 in the year 2022. Total deferred outflows of resources decreased by $19,616. The Agency's total liabilities decreased by $1,313,324 in the year 2022. Total deferred inflows of resources increased by $331,124.

- As of the close of the current year, the Agency reported net position of $3,468,896, an increase of $232,087 from the December 31, 2021 net position.

Financial Highlights - 2021:

- The assets and deferred outflows of resources of the Agency exceeded its liabilities and deferred inflows of resources at December 31, 2021 by $3,236,809.

- The Agency's total assets increased by $10,032,217 in the year 2021. Total deferred outflows of resources increased by $287,217. The Agency's total liabilities decreased by $10,912,353 in the year 2021. Total deferred inflows of resources increased by $395,194.

- As of the close of 2021, the Agency reported net position of $3,236,809, an increase of $772,159 from the December 31, 2020 net position.

Basic Financial Statements:

- The financial statements presented herein include all of the activities of the Agency.

- The financial statements present the financial picture of the Agency. The Agency applies full accrual accounting methods as used by similar business activities in the private sector. These statements include all assets and deferred outflows of resources of the Agency as well as liabilities and deferred inflows of resources, offering both short-term and long-term financial information.

- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.

Basic Financial Statements (continued):

- The Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position report information about the Agency as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Agency using the accrual basis of accounting. All of the current year's revenues and expenses are then taken into account regardless of when cash is received or paid.

The following statements report the Agency's net position and changes in net position. The net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, which is one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net position are one indicator of whether its financial health is improving or deteriorating.

Condensed Comparative Financial Statements - 2022:

Condensed Statements of Net Position at December 31,

	2022	2021	Dollar Change	Percentage Change
Current assets	$4,731,581	$5,559,000	$(827,419)	(14.88)%
Property and equipment, net	7,464	13,082	(5,618)	(42.94)
Other long-term assets	102,540	-	102,540	100%
Total assets	4,841,585	5,572,082	(730,497)	(13.11)
Deferred outflows of resources	790,195	809,811	(19,616)	(2.42)
Current liabilities	22,227	1,195,402	(1,173,175)	(98.14)
Long-term liabilities	1,403,758	1,543,907	(140,149)	(9.08)
Total liabilities	1,425,985	2,739,309	(1,313,324)	(47.94)
Deferred inflows of resources	736,899	405,775	331,124	81.60%
Net position:				
Net investment in capital assets	7,464	13,082	(5,618)	(42.94)
Unrestricted	3,461,432	3,223,727	237,705	7.37
Total net position	$3,468,896	$3,236,809	$232,087	7.17

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Comparative Financial Statements - 2022 (continued):

Condensed Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended December 31,

	2022	2021	Dollar Change	Percentage Change
Total operating revenues	$ 1,043,574	$ 1,603,192	$ (559,618)	(34.91)%
Total operating expenses	837,116	852,677	(15,561)	(1.82)
Operating income	206,458	750,515	(544,057)	(72.49)
Non-operating income	25,629	21,644	3,985	(18.41)
Change in net position	$ 232,087	$ 772,159	$ (540,072)	69.94

Analysis of Net Position and Results of Operations - 2022:

- Total assets decreased by $730,497. This is a result of a decrease in cash and cash equivalents of $799,626 from the prior year and a decrease in fees and other receivables of $27,793 from the prior year. These decreases are offset by an increase of $102,540 in net pension asset – proportionate share, which was previously a liability. The decrease in cash and cash equivalents is primarily a result of the timing of PILOT disbursements at December 31, 2022, compared to 2021. The Agency reports a liability of $47 related to these payments at December 31, 2022 as compared to a liability of $1,194,055 at December 31, 2021.

- The Agency's 2022 net position increased by $232,087 from the 2021 net position.

- Deferred outflows of resources and deferred inflows of resources changed as a result of the recording of the Agency's share of the net pension liability related to the Agency's participation in the New York State and Local Employees' Retirement System as well as the liability for post-employment health insurance benefits, as actuarially determined.

- The Agency did not acquire any new property and equipment during 2022.

- The Agency received $18,897 of reimbursement for shared expenses, including rent and supplies, from the Town of Hempstead Local Development Corporation.

- The Agency's post-employment health insurance benefits liability decreased by $150,652. The amount was determined based on an actuarial valuation.

- During 2022 interest income increased from the prior year.

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Budgetary Analysis - 2022:

- Fees for services were higher than the final budget by $211,724. There were six project closings, including refinances, during the year, in addition to other fees collected for existing agreements. Note that there were eleven project closings in the prior year, however the amount of funds closed in the current year per project averaged higher. Total expenses exceeded the final budget by $266.

Condensed Comparative Financial Statements - 2021:

Condensed Statements of Net Position at December 31,

	2021	2020	Dollar Change	Percentage Change
Current assets	$ 5,559,000	$ 15,585,599	$ (10,026,599)	(64.33)%
Property and equipment, net	13,082	18,700	(5,618)	(30.04)
Total assets	5,572,082	15,604,299	(10,032,217)	(64.29)
Deferred outflows of resources	809,811	522,594	287,217	54.96
Current liabilities	1,195,402	12,160,269	(10,964,867)	(90.17)
Long-term liabilities	1,543,907	1,491,393	52,514	3.52
Total liabilities	2,739,309	13,651,662	(10,912,353)	(79.93)
Deferred inflows of resources	405,775	10,581	395,194	3,734.94
Net position:				
Net investment in capital assets	13,082	18,700	(5,618)	(30.04)
Unrestricted	3,223,727	2,445,950	777,777	31.80
Total net position	$ 3,236,809	$ 2,464,650	$ 772,159	31.33

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Years Ended December 31,

	2021	2020	Dollar Change	Percentage Change
Total operating revenues	$ 1,603,192	$ 973,595	$ 629,597	64.67%
Total operating expenses	852,677	861,465	(8,788)	(1.02)
Operating income	750,515	112,130	638,385	569.33
Non-operating income	21,644	40,498	(18,854)	(46.56)
Change in net position	$ 772,159	$ 152,628	$ 619,531	405.91

Analysis of Net Position and Results of Operations - 2021:

- Total assets decreased by $10,032,217. This is a result of a decrease in cash and cash equivalents of $10,061,284 from 2020 and an increase in fees and other receivables of $34,685 from 2020. The decrease in cash and cash equivalents is primarily a result of receipt of fewer payments in lieu of taxes (PILOT) funds being received near year-end which were not remitted until after December 31, 2021. The Agency reports a liability of $1,194,055 related to these payments at December 31, 2021.

- The Agency's 2021 net position increased by $772,159 from the 2020 net position.

- Deferred outflows of resources and deferred inflows of resources changed as a result of the recording of the Agency's share of the net pension liability related to the Agency's participation in the New York State and Local Employees' Retirement System, as well as the liability for post-employment health insurance benefits, as actuarially determined.

- The Agency did not acquire any new property and equipment during 2021.

- The Agency received $19,439 of reimbursement for shared expenses, including rent and supplies, from the Town of Hempstead Local Development Corporation.

- The Agency's post-employment health insurance benefits liability increased by $289,132. The amount was determined based on an actuarial valuation.

- During 2021 interest income decreased from prior year. In the prior year, one of the Agency’s financial institutions ceased paying interest due to COVID and interest rates have been lower for the remaining accounts.

Budgetary Analysis - 2021:

- Fees for services were higher than the final budget by $913,922. There were eleven project closings, including refinances, during 2021, in addition to other fees collected for existing agreements. Note that there were eleven project closings in 2020 as well, however, the amount of funds closed in 2021 per project averaged higher. Total expenses exceeded the final budget by $79,601.

Economic Factors and Next Year's Budget:

The Agency has budgeted revenues of $882,550 and expenses of $907,550 in the 2023 budget, an increase of $45,700 in estimated revenues and $70,700 in estimated expenses from the final 2022 budget.

Contacting the Agency's Financial Management:

This financial report is designed to provide readers with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Hempstead Industrial Development Agency at 350 Front Street, Hempstead, New York 11550 or at (516) 812-3134.

BASIC FINANCIAL STATEMENTS

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,711,201	$ 5,510,827
Fees receivable	10,934	38,074
Other receivable	9,446	10,099
Total current assets	4,731,581	5,559,000
Long-term assets:		
Property and equipment:		
Furniture and equipment	144,924	144,924
Less accumulated depreciation	137,460	131,842
Property and equipment, net	7,464	13,082
Other assets:		
Net pension asset - proportionate share	102,540	-
Total long-term assets	110,004	13,082
Total assets	4,841,585	5,572,082
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	213,674	311,820
Deferred outflows - OPEB	576,521	497,991
Total deferred outflows of resources	790,195	809,811

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION
December 31, 2022 and 2021

	2022	2021
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	$ 22,180	$ 1,347
Due to local other governments (PILOT)	47	1,194,055
Total current liabilities	22,227	1,195,402
Long-term liabilities:		
Compensated absences	103,824	92,079
Post-employment health insurance benefits	1,299,934	1,450,586
Net pension liability - proportionate share	-	1,242
Total long-term liabilities	1,403,758	1,543,907
Total liabilities	1,425,985	2,739,309
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	361,201	372,800
Deferred inflows - OPEB	375,698	32,975
Total deferred inflows of resources	736,899	405,775
NET POSITION		
Net investment in capital assets	7,464	13,082
Unrestricted	3,461,432	3,223,727
Total net position	$ 3,468,896	$ 3,236,809

See notes to financial statements

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2022 and 2021

	2022	2021
Operating revenues:		
Fees for services	$ 1,043,574	$ 1,603,192
Total operating revenues	1,043,574	1,603,192
Operating expenses:		
Salaries	407,629	405,416
Payroll taxes	32,020	31,932
Pension expense	31,907	66,665
Compensated absences	11,745	17,619
Health insurance	100,827	89,231
Post-employment health insurance benefits	115,473	118,922
Contractual and professional fees	59,300	57,700
Advertising	15,000	5,000
Rent	15,000	15,000
Office and related expenses	31,320	30,383
Meetings and travel	7,827	5,754
Dues and subscriptions	3,450	3,437
Depreciation	5,618	5,618
Total operating expenses	837,116	852,677
Operating income	206,458	750,515
Non-operating income:		
Interest income	25,629	21,644
Change in net position	232,087	772,159
Net position, January 1	3,236,809	2,464,650
Net position, December 31	$ 3,468,896	$ 3,236,809

See notes to financial statements

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Cash received:		
From providing services	$ 1,070,714	$ 1,569,618
Cash payments:		
Contractual services	(159,553)	(166,146)
Personal services and employee benefits	(542,408)	(528,461)
Net cash provided by operating activities	368,753	875,011
Cash flows from non-capital financing activities:		
Cash received from payments in lieu of taxes and penalties	39,342,433	88,933,239
Cash paid for payments in lieu of taxes and penalties	(40,536,441)	(99,891,178)
Net cash used in non-capital financing activities	(1,194,008)	(10,957,939)
Cash flows from investing activities:		
Interest income	25,629	21,644
Net cash provided by investing activities	25,629	21,644
Net decrease in cash and cash equivalents	(799,626)	(10,061,284)
Cash and cash equivalents, January 1	5,510,827	15,572,111
Cash and cash equivalents, December 31	$ 4,711,201	$ 5,510,827

See notes to financial statements

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 206,458	$ 750,515
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,618	5,618
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
(Increase) decrease in assets:		
Fees receivable	27,140	(33,574)
Other receivable	653	(1,111)
(Increase) decrease in deferred outflows of resources	19,616	(287,217)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	20,833	(6,928)
Compensated absences	11,745	17,619
Post-employment health insurance benefits	(150,652)	289,132
Net pension asset/liability - proportionate share	(103,782)	(254,237)
Increase in deferred inflows of resources	331,124	395,194
Total adjustments	162,295	124,496
Net cash provided by operating activities	$ 368,753	$ 875,011

See notes to financial statements

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Financial reporting entity: The Town of Hempstead Industrial Development Agency (the Agency) was created in 1971 by the Town Board of the Town of Hempstead, under the provisions of the Laws of New York State. The Agency is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York, as amended and Chapter 529 of the Laws of 1971 of the State of New York to undertake projects and to lease or sell properties. The purpose of the Agency is to provide benefits that reduce costs and financial barriers to the creation and the expansion of business and to enhance the number of jobs in the Town of Hempstead.

The Agency is governed by a seven-member Board of Directors whose members are appointed by the Town of Hempstead Town Board and is considered a New York State public benefit corporation. The Agency is a component unit of the Town of Hempstead.

All governmental activities and functions performed by the Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes functions and activities over which appointed Agency directors exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designations of management and ability to significantly influence operations and accountability for fiscal matters.

Basis of accounting: The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The Agency utilizes the accrual basis of accounting and the flow of all economic resource's measurement focus. The basis of accounting and measurement focus emphasize the measurement of operating income (loss) similar to the approach used by commercial enterprises. Revenues are recorded when earned and expenses are recorded when incurred.

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued)

Deferred outflows/inflows of resources: GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resource is a consumption of net assets that applies to future period(s) and as such, will not be recognized as an outflow of resources (expense) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future periods and, as such, will not be recognized as an inflow of resources (revenue) until that time.

Cash and cash equivalents: For purposes of the Statements of Cash Flows, investments with maturities of three months or less, when purchased, are considered cash equivalents.

Receivables: Fees receivable represent amounts earned by the Agency, but not yet collected at year-end. Doubtful accounts are written off as they are deemed by management to be uncollectible. Other receivables represent amounts owed to the Agency from a related party. All receivables, as stated in the financial statements, are deemed by the Agency's management to be fully collectible and accordingly, no allowance for doubtful accounts has been recorded at December 31, 2022 and 2021.

Property and equipment: Property and equipment are stated at cost and are being depreciated using the straight-line method over the useful lives of the assets, which are 5 and 15 years.

Due to local other governments (PILOT): Effective October 1, 2018, the Agency began billing and collecting payments in lieu of taxes (PILOT) from the project properties. Payments collected are not considered revenues to the Agency and are disbursed to the appropriate taxing jurisdictions. Due to local other governments (PILOT) consists of PILOT received that have been collected, but not yet disbursed to the taxing jurisdictions. At December 31, 2022 and 2021, the balance due to local other governments (PILOT) was $47 and $1,194,055, respectively.

Compensated absences: Agency employees are granted vacation and sick leave and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation and sick leave and unused compensatory absences at various rates subject to certain maximum limitations.

Budgetary data: The Agency adopts an annual budget to facilitate budgetary control and operational evaluations.

Net position classifications: Net position is classified and displayed in three components:

1. Summary of Significant Accounting Policies (continued)

a. **Net investment in capital assets:** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. **Restricted net position:** Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation. At December 31, 2022 and 2021, the Agency has no balance in this classification.

c. **Unrestricted net position:** All other balances in net position that do not meet the definition of "restricted" or "net investment in capital assets."

Given the possibility of a lengthy period elapsing before project fees are realized, the Agency maintains a policy aimed at maintaining net position within minimum and maximum targets.

Revenue recognition: The Agency's primary sources of operating revenue are from application fees, administrative fees, and compliance fees. Administrative fees are computed as a percentage of the total project. Fees are recorded as income when earned at the time of project closing.

Advertising: Advertising costs are charged to operations when incurred. Advertising costs for the years ended December 31, 2022 and 2021, were $15,000 and $5,000, respectively.

Recent accounting pronouncements: The Agency has adopted all of the current standards of the GASB that are applicable. The Agency adopted the provisions of GASB Statement No. 87, *Leases*, and GASB Statement No. 91, *Conduit Debt Obligations*, during 2022. Neither of these pronouncements had a significant impact on the Agency's financial statements.

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

2. Conduit Debt Obligations, Industrial Revenue Bond Transactions

The Agency issues Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, recreational, and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying transfers to the private-sector entity served by the bond issuance. The Agency has not provided any additional or voluntary commitments to support this debt service beyond the collateral, the payments from the private-sector entities, and the maintenance of the tax-exempt status of the conduit debt. Neither the Agency, the State, nor any political sub-division thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2022 and 2021, outstanding debt induced by the Agency and issued by other entities amounted to $58,225,000 and $59,605,000, respectively. Debt service is paid directly to the lender by the entity that incurred the supplemental debt. The Agency has no liability or contingent liability for payment.

3. Payments in Lieu of Taxes (PILOT) and Funds due to Municipalities

Effective October 1, 2018, the Agency began directly receiving PILOT from the borrowing companies. These receipts are deposited into a separate Agency bank account and subsequently disbursed to the appropriate taxing jurisdictions. PILOT payments are not considered revenue by the Agency.

4. Cash and Cash Equivalents

The statutes of the State of New York govern the Agency's investment policies. Agency monies must be deposited in bank and trust companies authorized for the deposit of monies by the Town of Hempstead. The Agency's Board of Director's responsibility for administration of the investment program is delegated to the Chief Executive Officer pursuant to resolution.

The Chief Executive Officer is authorized to invest monies not required for immediate expenditure. Permissible investments include special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America and obligations of New York State. All deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be secured by a pledge of eligible securities, which may include irrevocable letters of credit or surety bonds, as well as those securities as authorized pursuant to the General Municipal Law with an aggregate market value or provided by General Municipal Law. Eligible securities used for collateralizing deposits are to be held by the bank or trust company pursuant to security and custodial agreements.

4. Cash and Cash Equivalents (continued)

GASB Statement No. 40, *Deposit, and Investment Risk Disclosures - An Amendment of GASB Statement No. 3,* directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- Uncollateralized;
- Collateralized with securities held by the pledging financial institution in the Agency's name; or
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Agency's name.

At December 31, 2022, the Agency's bank balances totaled $16,553,681. This amount was exclusive of petty cash of $64. Of the bank balances, $500,000 was covered by federal deposit insurance and $16,053,681 was secured by collateral held by the pledging financial institution's agent, a third-party financial institution, but not in the Agency's name or covered by an irrevocable stand-by letter of credit issued by Federal Home Loan Bank of New York, which is held by the pledging financial institution.

At December 31, 2021, the Agency's bank balances totaled $7,951,093. This amount was exclusive of petty cash of $64. Of the bank balances, $500,000 was covered by federal deposit insurance and $7,451,093 was secured by collateral held by the pledging financial institution's agent, a third-party financial institution, but not in the Agency's name or covered by an irrevocable stand-by letter of credit issued by Federal Home Loan Bank of New York, which is held by the pledging financial institution.

5. Property and Equipment

Activity for property and equipment for the year ended December 31, 2022 is summarized as follows:

	Balance December 31, 2021	Additions	Deletions	Balance December 31, 2022
Equipment	$ 19,807	$ -	$ -	$ 19,807
Furniture and fixtures	26,703	-	-	26,703
Leasehold improvements	98,414	-	-	98,414
	144,924	-	-	144,924
Less accumulated depreciation	(131,842)	(5,618)	-	(137,460)
Property and equipment, net	$ 13,082	$(5,618)	$ -	$ 7,464

5. Property and Equipment (continued)

Activity for property and equipment for the year ended December 31, 2021 is summarized as follows:

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Equipment	$ 19,807	$ -	$ -	$ 19,807
Furniture and fixtures	26,703	-	-	26,703
Leasehold improvements	98,414	-	-	98,414
	144,924	-	-	144,924
Less accumulated depreciation	(126,224)	(5,618)	-	(131,842)
Property and equipment, net	$ 18,700	$ (5,618)	$ -	$ 13,082

Depreciation expense was $5,618 for both years ending December 31, 2022 and 2021.

6. Pension Plan

Plan description: The Agency participates in the New York State and Local Employees' Retirement System (ERS) which is part of the New York State and Local Retirement System (the System). This is a cost-sharing, multiple-employer defined benefit retirement system. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in fiduciary net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System.

System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Benefits provided: The System provides retirement benefits as well as death and disability benefits.

6. Pension Plan (continued)

Benefits provided (continued):

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 for Tier 1 members. 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 is 55 and the full benefit age for Tier 2 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 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 NYSRSSL, Tier 1 and Tier 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: Tiers 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 10 years of service and be at least age 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 10 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.

6. **Pension Plan (continued)**

Benefits provided (continued):

Tiers 3, 4 and 5 (continued)

Benefit calculation (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 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

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 10 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.

Ordinary Disability Benefits

Generally, ordinary disability benefits, usually one-third of salary, are provided to eligible members after 10 years of service; in some cases, they are provided after five years of service.

Accidental Disability Benefits

For all eligible Tier 1 and Tier 2 ERS members, the accidental disability benefit is a pension of 75% of final average salary, with an offset for any Workers' Compensation benefits received. The benefit for eligible Tiers 3, 4, 5 and 6 members is the ordinary disability benefit with the years-of-service eligibility requirement dropped.

6. Pension Plan (continued)

Benefits provided (continued):

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: (i) all pensioners who have attained age 62 and have been retired for five years; (ii) all pensioners who have attained age 55 and have been retired for 10 years; (iii) all disability pensioners, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) 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. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible member as computed on a base benefit amount not to exceed $18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50% of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1% or exceed 3%.

Contributions: The System is non-contributory except for employees who joined the ERS after July 27, 1976, who contribute 3% of their salary for the first 10 years of membership and employees who joined on or after January 1, 2010, who generally contribute 3% of their salary for their entire length of service. 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. Contributions made during the current year and two preceding years were equal to 100% of the contributions required and were as follows:

6. Pension Plan (continued)

Contributions (continued):

Year Ended December 31:	Amount
2022	$ 49,142
2021	40,833
2020	51,886

The Agency's 2023 invoice to the System for $53,481 is due February 1, 2023, and was paid subsequent to year-end. In accordance with the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* those contributions are not recognized as pension expense in the accompanying financial statements and will be reflected as a reduction of the Agency's proportionate share of the net pension liability in 2023.

Chapter 57 of the Laws of 2013 of the State of New York, Part BB, amending several sections of the Retirement and Social Security Law, was enacted that allows local employers to amortize a portion of their retirement bill for up to 12 years in accordance with the following stipulations:

- The maximum amount an employer can amortize is the difference between the normal annual contribution (total bill, excluding payments for deficiency, group life, previous amortizations, incentive costs, and prior year adjustments) and the graded contribution.
- For subsequent State Fiscal Years (SFYs), the graded rate will increase or decrease by up to one-half of 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- The interest rate will be set annually and will be comparable to a 12-year U.S. Treasury Bond plus 1%.
- For subsequent SFYs in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations and then any excess will be deposited into a reserve account and will be used to offset future increases in contribution rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the local employer opts to participate in the program.

6. Pension Plan (continued)

Pension liabilities (assets), pension expense and deferred outflows of resources and deferred inflows of resources related to pensions: At December 31, 2022 and 2021, the Agency reported an (asset) and liability of $(102,540) and $1,242, respectively, for its proportionate share of the net pension (asset)/liability. The net pension (asset)/liability was measured as of March 31, 2022 and 2021, respectively, and the total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of those dates. The Agency's proportion of the net pension (asset)/liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

On March 31, 2022 and 2021, the Agency's proportion was .0012495% and .0012497% respectively.

For the year ended December 31, 2022, the Agency recognized pension expense of $31,907. At December 31, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 7,735	$ 10,033
Changes of assumptions	170,462	2,876
Net difference between projected and actual earnings on pension plan investments	-	334,468
Changes in proportion and differences between Agency contributions and proportionate share of contributions	35,477	13,824
Total	$ 213,674	$ 361,201

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year Ended March 31:	Amount
2023	$ (10,881)
2024	(32,578)
2025	(84,303)
2026	(19,766)

6. Pension Plan (continued)

Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued):

For the year ended December 31, 2021, the Agency recognized pension expense of $66,665. At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,197	$ -
Changes of assumptions	228,801	4,315
Net difference between projected and actual earnings on pension plan investments	-	357,458
Changes in proportion and differences between Agency contributions and proportionate share of contributions	67,822	11,027
Total	$ 311,820	$ 372,800

Actuarial assumptions: The total pension liability on March 31, 2022, was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuations used the following actuarial assumptions:

	2022	2021
Inflation	2.7%	2.7%
Salary increases	4.4%	4.4%
Investment rate of return (net of investment expense, including. inflation)	5.9%	5.9%
Cost of living adjustments	1.4%	1.4%

Annuitant mortality rates for 2022 and 2021 are based on April 1, 2015, through March 31, 2020, System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. The previous actuarial valuation as of April 1, 2020, used the same assumptions to measure the total pension liability.

6. Pension plan (continued)

Actuarial assumptions (continued):

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period 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.

The target allocations and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2022 is summarized below:

Asset Class	Long-term Expected Real Rate of Return	Target Allocations
Domestic equity	3.30%	32.00%
International equity	5.85%	15.00%
Private equity	6.50%	10.00%
Real estate	5.00%	9.00%
Opportunistic/Absolute Return Strategy	4.10%	3.00%
Credit	3.78%	4.00%
Real assets	5.80%	3.00%
Fixed income	0.00%	23.00%
Cash	(1.00)%	1.00%
		100.00%

The target allocations and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2021 is summarized below:

Asset Class	Long-term Expected Real Rate of Return	Target Allocations
Domestic equity	4.05%	32.00%
International equity	6.30%	15.00%
Private equity	6.75%	10.00%
Real estate	4.95%	9.00%
Opportunistic/ARS portfolio	4.50%	3.00%
Credit	3.63%	4.00%
Real assets	5.95%	3.00%
Fixed income	0.00%	23.00%
Cash	0.50%	1.00%
		100.00%

6. Pension Plan (continued)

Actuarial assumptions (continued):

The real rate of return is net of the long-term inflation assumption of 2.5% and 2.0% as of March 31, 2022, and 2021, respectively.

Discount rate: The discount rate used to calculate the total pension liability in 2022 and 2021 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to the discount rate assumption: The following presents the Agency's proportionate share of the 2022 and 2021 net pension liability calculated using the discount rate of 5.9%, as well as what the Agency's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.9%)	Assumption (5.9%)	1% Increase (6.9%)
Agency's proportionate share of the net pension liability (asset):			
2022:	$262,909	$(102,540)	$(407,488)
2021:	$345,391	$ 1,242	$(316,139)

6. Pension Plan (continued)

Pension plan fiduciary net position: The components of the net pension (asset) liability of the employers as of March 31, 2022 and 2021, were as follows:

	(Dollars in Thousands) Employees' Retirement System	
	2022	**2021**
Employers' total pension liability	$ 223,874,888	$ 220,680,157
Plan net position	(232,049,473)	(220,580,583)
Employers' net pension (asset) liability	$ (8,174,585)	$ 99,574
Ratio of plan net position to the employers' total pension liability	103.7%	99.9%

7. Liability for Compensated Absences

The Agency, in conformity with the Town of Hempstead collective bargaining agreement, maintains a policy which permits employees to accumulate a limited amount of earned but unused vacation leave and sick time, which will be used in future years or paid upon separation from the Agency's service. Upon termination, an employee hired before January 1, 2013, will be paid for a maximum of 800 hours of vacation time. An employee hired after January 1, 2013, will be paid for a maximum of 400 hours of vacation time, upon termination.

Sick time will be paid in accordance with a schedule based upon years of completed service, up to 1,600 hours if hired before January 1, 2013. If hired after this date, the maximum paid sick time will be up to 800 hours. The cost of accumulated vacation and sick leave, as well as an amount for salary related payments (i.e., Social Security and Medicare taxes), is recorded as a liability and expense when accrued.

The liability for compensated absences as of December 31, 2022 and 2021 is as follows:

	2022	**2021**
Balance, January 1	$ 92,079	$ 74,460
Additions	11,745	17,619
Balance, December 31	$ 103,824	$ 92,079

Additions and deletions to compensated absences are shown net, since it is impractical to determine these amounts separately.

8. Expenses and Fees for Bonds and Straight Leases

All expenses incurred by the Agency for notices, court recorders, meeting rooms, underwriting, trustees, legal, issuance of bonds and notes and straight leases are for the account of and reimbursed by the applicant.

The Agency's minimum fees are as follows:

1. **Application fee:** The Agency charges a non-refundable fee of $3,000 at the time of receiving a formal application for assistance, plus a $500 expense deposit for Cost Benefit Analysis.

2. **Administrative fee:** The Agency charges one-time administrative fees as follows:

	Percentage of Value
Tax exempt bonds, taxable bonds and straight lease fee:	
Up to $25,000,000	0.6%
$25,000,000 and over	0.1%

A transaction less than $1,500,000 in total (all project costs) may be considered for a special straight lease which would have an agency fee of $7,000 or less.

For taxable bonds and straight-lease transactions, the minimum fee is based on the amount of bonds, the amount of the total project costs or the amount of the increased value of the assets under a straight-lease plus the amount of all anticipated capital improvements and/or equipment to be purchased for which the applicant receives benefits from the Agency.

In addition to the late fees assessed for late PILOT payments that are payable to the taxing jurisdictions, the Agency will charge an additional 1.5% administrative late fee per month on the total amount due.

3. **Bond Counsel fee:** The applicant pays the Bond Counsel fee.

4. **Annual compliance fees:** The Agency charges an initial compliance fee of $3,000 and an annual compliance fee of $1,500 for the term of bonds or straight-lease. This non-refundable annual fee is paid in advance on the first day of each year. The fee covers the cost of annual reporting and monitoring of the transaction. The fee is subject to periodic review and can be adjusted at the discretion of the Agency.

8. Expenses and Fees for Bonds and Straight Leases (continued)

5. **Agency Counsel's fee:** The fee for the Agency Counsel is approximately 0.1% of the amount of the bonds, the amount of the total project costs or the amount of the increased value of the assets under a straight-lease plus the amount of all anticipated capital improvements and/or equipment to be purchased for which the applicant will receive benefits from the Agency. The applicant pays the Agency Counsel's fee. The fee structure may be adjusted for a special straight-lease only. For terminations, consents, second mortgages and other financings, the Agency Counsel shall bill at the prevailing hourly rate.

6. **Miscellaneous fees:**

	Minimum Amount
Extension of inducement	$500
Document processing	$1,000 - $2,000
*Amendments, waivers, subordinate and collateral mortgage assignments, leases and sub-leases, etc.	$750 - $1,500
Termination fee	$2,000
Consent, 2nd mortgages and other financings	Set by Board on a case to case basis
Tenant Agency Compliance Agreements and Non-Disturbance Agreements	$1,000
Cost benefit analysis	$500 per application
Basic cost benefit analysis	$2,500
Comprehensive cost benefit analysis	$7,000
Sales tax exemption extension	$500

Percentage of value

*Refinance bonds	0.600% plus applicable administrative fee
*Assumption of outstanding bonds	0.125% plus applicable administrative fee

* These fees are subject to adjustment at the discretion of the Agency, based on the complexity of the transaction involved.

The Agency recognizes its fees for services as operating revenues. Non-operating income results from activities not related to these transactions.

9. Post-Employment Health Insurance Benefit (OPEB) Plan

General information about the OPEB plan:

Plan description: During 2008, the Agency established a post-employment health insurance benefit plan (the Plan) for retired employees of the Agency. The plan is a single-employer defined benefit health insurance plan administered by the Agency. Financial activities of the plan are included in the financial statements of the Agency. The plan does not issue a separate financial report. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

***Benefits provided*:** All employees of the Agency are eligible. Health, dental, and vision insurance are provided. Benefits are provided at the later of retirement and attainment of age 55. The Plan is secondary to Medicare for participants on attainment of age 65. Spouses are covered for health insurance for the lifetime of the participant.

Eligibility: For a retiree to be eligible, he/she should have a minimum of 10 years of service with any public employer in the State of New York and have a minimum of five full years of service in the Agency.

Employees Covered by benefit terms:

	2022	2021
Active employees fully eligible	2	2
Active employees not fully eligible	2	2
Retired participants	1	1
Total	5	5

Contributions: The plan is non-contributory for employees and retirees. The funding requirements of the plan will be met by contributions from the Agency. At December 31, 2022 and 2021, the plan was unfunded. The Agency is informally setting aside funds with the intention that they be applied toward this future liability.

Total OPEB liability:

The Agency obtained full actuarial valuations to determine the OPEB liability as of December 31, 2022, and December 31, 2021.

9. Post-Employment Health Insurance Benefit (OPEB) Plan (continued)

Assumptions and other inputs: The total OPEB liability in the December 31, 2022, and 2021 valuations was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.0% (2022 valuation) and 2.5% (2021 valuation)
Projected salary increases	3.0%
Mortality rates	2022 Valuation: Pri-2012 mortality table for employee and healthy annuitants projected generationally with scale MP-2021. 2021 Valuation: RP-2014 combined mortality tables for employees and healthy annuitants, projected generationally with scale MP-2020.
Healthcare cost trend rates	5.1% annually, grading down .067% each. year until reaching an ultimate rate of 4.7% annually.
Dental and vision cost trend rate	3.0% annually

The discount rate used to measure the total OPEB liability on December 31, 2022 and December 31, 2021 was 4.0% and 2.5%, respectively. The discount rate is based on the yields available on 20-year General Obligation AA Municipal Bonds.

Changes in the Total OPEB Liability:

	2022	2021
Balance on January 1	$ 1,450,586	$ 1,161,454
Changes for the year:		
Service cost	50,027	39,491
Interest cost	37,491	30,000
Changes in assumptions and other inputs	(236,238)	(36,273)
Benefit payments	(432)	(432)
Differences between expected. and actual experience	(1,500)	256,346
	(150,652)	289,132
Balance on December 31	$1,299,934	$1,450,586

9. Post-Employment Health Insurance Benefit (OPEB) Plan (continued)

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 OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate as of December 31:

	1% Decrease (3.0%)	Current Discount Rate (4.0%)	1% Increase (5.0%)
2022	$ 1,577,473	$ 1,299,934	$ 1,077,834

	1% Decrease (1.5%)	Current Discount Rate (2.5%)	1% Increase (3.5%)
2021	$ 1,767,179	$ 1,450,586	$ 1,192,248

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate: The following presents the total OPEB liability of the Agency, as well as what the Agency's OPEB liability would be if it was calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the baseline trend, as of December 31:

	Trend Rate -1%	Healthcare Cost Rate	Trend Rate +1%
2022	$ 1,042,448	$ 1,299,934	$ 1,640,456
2021	$ 1,135,960	$ 1,450,586	$ 1,875,363

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

For the year ended December 31, 2022, the Agency recognized OPEB expense of $115,473. In addition, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	$ 360.906	$ -
Changes in assumptions and other inputs	215,615	375,698
Total	$ 576,521	$ 375,698

9. Post-Employment Health Insurance Benefit (OPEB) Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued):

The amounts reported as deferred outflows and deferred inflows of resources will be amortized over future periods and recognized in pension expense as follows:

Year Ended December 31,	
2023	$ 27,955
2024	27,955
2025	27,955
2026	27,955
2027	27,955
Thereafter	61,048
	$200,823

For the year ended December 31, 2021, the Agency recognized OPEB expense of $118,922. In addition, the Agency reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 255,424	$ -
Changes of assumptions	242,567	32,975
Total	$ 497,991	$ 32,975

10. Related Party Transactions

The Agency shares its office space with the Town of Hempstead Local Development Corporation (the Corporation), a related party. The Agency and the Corporation have the same Chief Executive Officer and Chief Financial Officer and common Board of Director members.

The Agency is a component unit of the Town of Hempstead, New York. The Agency leases its office space from the Town of Hempstead in the building located at 350 Front Street, Suite 240, Hempstead, New York. Annual rent paid is $30,000. During the years ended December 31, 2022 and 2021, $15,000 of rent payments were reimbursed each year by the Corporation. The Agency rent expense for the years ended December 31, 2022 and 2021, was $15,000 and $15,000, respectively. The Agency pays rent on a month-to-month basis.

10. Related Party Transactions (continued)

The Agency and the Corporation have an agreement in which the Corporation reimburses the Agency for shared costs, including office space, supplies and telephone. These expenses have been reflected in the appropriate expense categories. Amounts paid to the Agency for the years ended December 31, 2022 and 2021, inclusive of rental payments, were $18,897 and $19,439, respectively. At December 31, 2022 and 2021, the Agency had a receivable of $9,446 and $10,099, respectively, for amounts owed from the Corporation, which is reflected on the Statements of Net Position as other receivable.

11. Abatements Recapture

The Agency is empowered by its enabling legislation to grant various benefits in connection with qualifying projects it agrees to help finance, including granting exemptions from the imposition of sales and use taxes on purchases of materials and equipment for use in connection with a project. However, it is the policy of the Agency to grant benefits with respect to a qualifying project only in return for a commitment from the business receiving the Agency benefits to operate and maintain the project consistent with the term of the lease agreement or the life of the bonds. Failure to do so may result in financial penalties being imposed on the business in the form of a required recapture of benefits payment. The Agency would remit any applicable sales and use taxes recaptured to New York State and retains the local portion of the recapture of benefits payments, including any real property tax and mortgage recording tax benefits recaptured pro-rata basis for distribution to the local taxing jurisdictions. During the years ended December 31, 2022 and 2021, the Agency imposed a recapture of $-0-.

12. Litigation

The Agency is subject to various actions or claims arising from the normal conduct of its affairs. The ultimate outcomes cannot be determined at this time. Management does not believe that any such litigation, individually or in the aggregate, is likely to have a material adverse effect on the Agency's financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

New York State and Local Retirement System Pension Plan
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Agency's proportion of the net pension liability (asset)	0.0012495%	0.0012497%	0.0009648%	0.0009985%	0.0010663%	0.0010977%	0.0012890%	0.0013559%
Agency's proportionate share of the net pension liability (asset)	$ (102,540)	$ 1,242	$ 255,479	$ 70,748	$ 34,412	$ 103,143	$ 206,882	$ 45,805
Agency's covered payroll	282,530	268,771	334,665	533,610	565,850	542,261	506,582	479,414
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-36.3%	0.5%	76.3%	13.3%	6.1%	19.0%	40.8%	9.6%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

* The amounts presented for each fiscal year were determined as of the System's measurement date, March 31st.

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF THE AGENCY'S CONTRIBUTIONS

New York State and Local Retirement System Pension Plan
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 49,142	$ 40,833	$ 51,886	$ 91,699	$ 104,804	$ 95,697	$ 112,269	$ 119,201
Contributions in relation to the contractually required contribution	(49,142)	(40,833)	(51,886)	(91,699)	(104,804)	(95,697)	(112,269)	(119,201)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's covered payroll	$ 282,530	$ 268,771	$ 334,665	$ 533,610	$ 565,850	$ 542,261	$ 506,582	$ 479,414
Contributions as a percentage of covered payroll	17.39%	15.19%	15.50%	17.18%	18.52%	17.65%	22.16%	24.86%

* The amounts presented for each fiscal year were determined as of the fiscal year-end.

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

SCHEUDLE OF THE CHANGES IN THE AGENCY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Last Five Fiscal Years

	2022	2021	2020	2019**	2018**
Total OPEB Liability:					
Service cost	$ 50,027	$ 39,491	$ 21,231	$ 36,091	$ 36,091
Interest cost	37,491	30,000	32,276	30,359	22,438
Changes in assumptions and other inputs	(236,238)	(36,273)	296,471	-	-
Benefit payments	(432)	(432)	(432)	-	-
Differences between expected and actual experience	(1,500)	256,346	25,746	(3,164)	-
Net change in total OPEB liability	(150,652)	289,132	375,292	63,286	58,529
Total OPEB liability, beginning	1,450,586	1,161,454	786,162	722,876	664,347
Total OPEB liability, ending	$ 1,299,934	$ 1,450,586	$ 1,161,454	$ 786,162	$ 722,876
Agency's covered payroll	303,106	277,566	190,524	437,835 *	437,835
Total OPEB liability as a percentage of covered employee payroll	428.87%	522.61%	609.61%	179.56%	165.10%

* Information not available as valuation update procedures were performed for the year ended December 31, 2019.

** Alternative Measurement Method (AMM) without a full actuarial valuation.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPEMENT AGENCY

BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2022

	Budgetary Amounts		Actual Amounts (Budgetary	Variance With Final Budget Positive
	Original	Final	Basis)	(Negative)
Revenues:				
Fees for services	$ 831,850	$ 831,850	$ 1,043,574	$ 211,724
Interest income	5,000	5,000	25,629	20,629
Total revenues	836,850	836,850	1,069,203	232,353
Expenses:				
Salaries	396,300	396,300	407,629	(11,329)
Payroll taxes	40,000	40,000	32,020	7,980
Pension expense	55,000	55,000	31,907	23,093
Compensated absences	-	-	11,745	(11,745)
Health insurance	97,000	102,800	100,827	1,973
Post-employment health benefits	-	-	115,473	(115,473)
Contractual and professional fees	66,000	66,000	59,300	6,700
Intergovernmental compliance	80,000	67,700	-	67,700
Advertising	8,500	15,000	15,000	-
Rent	30,000	30,000	15,000	15,000
Office and related expenses	40,600	40,600	31,320	9,280
Meetings and travel	13,750	13,750	7,827	5,923
Dues and subscriptions	4,000	4,000	3,450	550
Depreciation	5,700	5,700	5,618	82
Total expenses	836,850	836,850	837,116	(266)
Excess (deficiency) of revenues over (under) expenses	$ -	$ -	$ 232,087	$ 232,087

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

BUDGETARY COMPARISON SCHEDULE
For the Year Ended December 31, 2021

	Budgetary Amounts			Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			
Revenues:					
Fees for services	$ 762,350	$ 689,270		$ 1,603,192	$ 913,922
Interest income	5,000	5,000		21,644	16,644
Total revenues	767,350	694,270		1,624,836	930,566
Expenses:					
Salaries	401,300	401,300		405,416	(4,116)
Payroll taxes	40,000	40,000		31,932	8,068
Pension expense	85,000	85,000		66,665	18,335
Compensated absences	-	-		17,619	(17,619)
Health insurance	96,000	96,000		89,231	6,769
Post-employment health benefits	-	-		118,922	(118,922)
Contractual and professional fees	62,000	58,301		57,700	601
Advertising	6,000	6,000		5,000	1,000
Rent	30,000	30,000		15,000	15,000
Office and related expenses	27,600	36,481		30,383	6,098
Meetings and travel	9,750	10,294		5,754	4,540
Dues and subscriptions	4,000	4,000		3,437	563
Depreciation	5,700	5,700		5,618	82
Total expenses	767,350	773,076		852,677	(79,601)
Excess (deficiency) of revenues over (under) expenses	$ -	$ (78,806)	(A)	$ 772,159	$ 850,965

(A): During the year the Agency's final budget reflected utilization of $78,806 of prior year unrestricted net position.

INTERNAL CONTROL

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

To the Board of Directors
Town of Hempstead Industrial Development Agency
Hempstead, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the Town of Hempstead Industrial Development Agency (the Agency), a component unit of the Town of Hempstead, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 21, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

To the Board of Directors
Town of Hempstead Industrial Development Agency
Hempstead, New York

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sheehan & Company CPA, P.C

Brightwaters, New York
March 21, 2023