

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Financial Statements

Year Ended June 30, 2022

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Financial Statements

Year Ended June 30, 2022

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Independent Auditor's Report

Board of Directors
Town of Islip Community Development Agency
Bay Shore, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Islip Community Development Agency (Agency), a component unit of the Town of Islip, New York, as of and for the year ended June 30, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2022, and the respective changes in financial position thereof 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 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 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 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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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 the management's discussion and analysis and the information listed under Required Supplementary Information in the accompanying table of contents 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 opinions on the financial statements that collectively comprise the Agency's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 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.

BST+Co.CPAs, LLP

Latham, New York
March 9, 2023



Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

As management of the Town of Islip Community Development Agency (the Agency), we offer readers of the financial statements this narrative overview of the Agency's financial activities and an analysis of the Agency's financial performance for the fiscal year ended June 30, 2022.

This discussion and analysis includes comparative data for the fiscal years ended June 30, 2022 and 2021. This section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

Overview of the Town of Islip Community Development Agency

The Agency was organized in 1976 as a body corporate and a public benefit corporation under the Urban Renewal Law. The Agency is the successor to the Town of Islip Urban Renewal Agency, which was established in 1974. The Urban Renewal Law grants to the Agency broad community development and urban renewal powers, including the ability to issue negotiable bonds and notes to achieve its corporate purposes. The Agency does not have the power to levy taxes or impose assessments or charges against real property.

The Board of Directors of the Agency is composed of a chairperson and four directors who are appointed by the Town of Islip's Town Council and serve five-year terms. The Executive Director of the Agency is the Chief Executive Officer and is appointed by the Agency Board.

The primary objectives of the Agency are to assist low and moderate income residents of the Town of Islip through housing and public service programs to eliminate blighted and deteriorated conditions in the Town of Islip's neighborhoods and commercial districts.

Financial Highlights

- The Agency acquired three new properties for a total cost of \$819,296 and incurred capitalized costs added to property held for sale net of impairments of \$297,394.
- The Agency sold two properties for a total sales price of \$785,000.
- The Agency issued \$780,000 in new mortgages, of which \$100,000 was considered a soft subsidized mortgage to be forgiven if the borrower resides in their home for a minimum of fifteen years.
- The Agency's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,359,368 (net position). Of this amount, \$1,439,617 represents unrestricted net position, which may be used to meet the Agency's purpose to assist with affordable housing and related programs.
- The Agency's net position increased by \$938,025, or 3.30%.
- At the close of the current fiscal year, the Agency's governmental funds reported combined fund balances of \$13,032,888, an increase of \$1,626,747, or 14.26% in comparison with the prior year.

Overview of the Basic Financial Statements

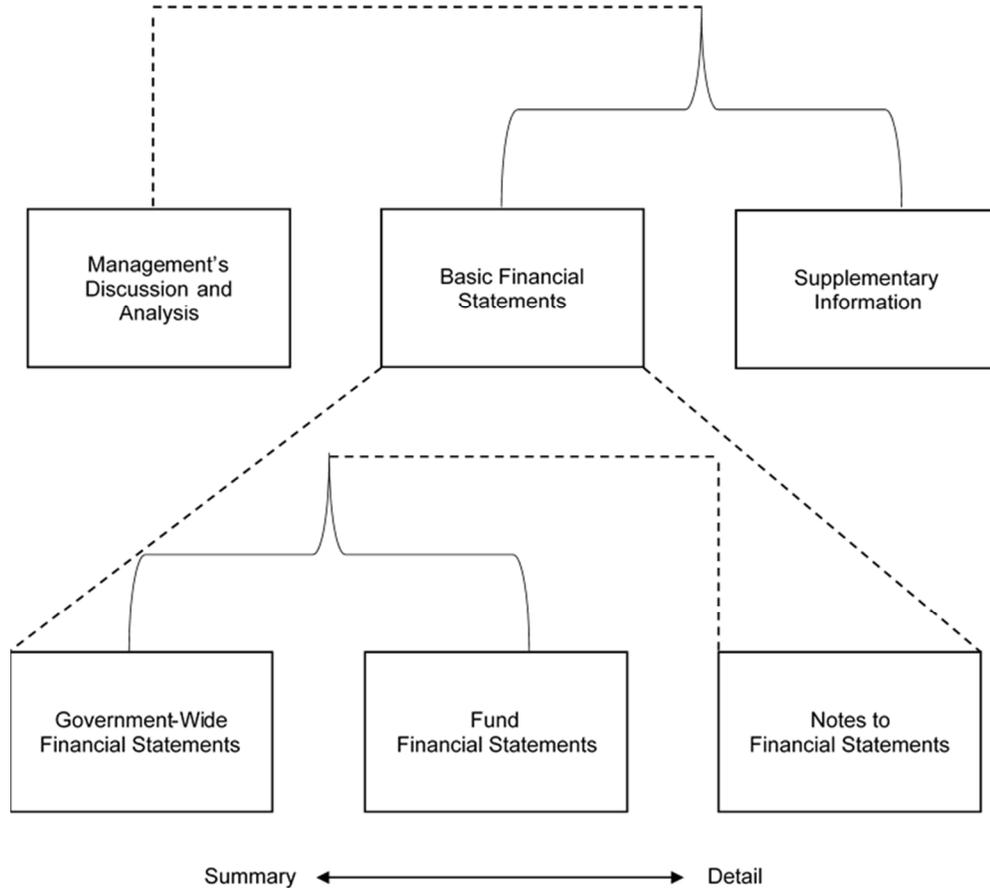
This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Components of the Annual Financial Report



Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Agency finances, in a manner similar to a private-sector business. The intent of the government-wide financial statements is to give the reader a long-term view of the Agency's financial condition.

The statement of net position presents financial information on all of the Agency's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave). This method is known as the accrual basis of accounting and is different from the modified accrual basis of accounting used in the Agency's governmental fund financial statements.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Government-wide Financial Statements - Continued

Both of the government-wide financial statements comprehend all the functions of the Agency which are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the Agency include residential and commercial rehabilitation, public service, public facilities improvement, code enforcement, emergency assistance, and general administration. The government-wide financial statements are presented on pages 13 and 14.

Fund Financial Statements

The fund financial statements focus on current available resources and are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Agency are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

During the year ended June 30, 2022, the Agency maintained thirteen individual governmental funds:

- General Fund;
- Community Development Block Grant Fund (CDBG), Community Development Block Grant – CARES Act (CDBG-CV)
- Home Investment Partnership Program Fund (HOME), Home Investment Partnership Program – American Rescue Plan Act (HOME-ARP);
- Housing Opportunities for Persons with AIDS Fund (HOPWA);
- Neighborhood Stabilization Fund (NSP), Neighborhood Stabilization 3 Fund (NSP3);
- Emergency Solutions Program Funds (ESG), Emergency Solutions Program – CARES Act (ESG-CV)
- Emergency Rental Assistance Program – CARES Act (ERAP1), Emergency Rental Assistance Program – ARPA (ERAP2); and
- Downtown Revitalization Initiative (DRI).

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Fund Financial Statements - Continued

The Agency has classified the General, CDBG, HOME, ERAP1, and ERAP2 as major funds. Information for each fund is presented separately in the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances. The information for the other governmental (non-major) funds, CDBG-CV, NSP, NSP3, ESG, ESG-CV, HOME-ARP, HOPWA, and DRI, are combined into a single aggregated presentation on the balance sheet and statement of revenues, expenditures, and changes in fund balances.

The fund financial statements are presented on pages 15 to 18 of this report.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 to 40 of this report.

Required Supplementary Information

The Agency has prepared certain supplementary information that is required to accompany the basic financial statements in accordance with U.S. GAAP. This information includes schedules for other postemployment benefits and net pension liabilities (pages 41 to 43).

Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents combining schedules for the Community Development Block Grant sub funds and combining schedules for non-major funds as supplementary information (pages 44 to 47).

Government-Wide Financial Analysis

Summary of Net Position

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Agency, assets exceeded liabilities by \$29,359,368, at the close of the most recent fiscal year.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Government-Wide Financial Analysis - Continued

Summary of Net Position - Continued

	June 30,		\$ Change	% Change
	2022	2021		
Assets				
Current assets	\$ 15,133,308	\$ 25,163,811	\$ (10,030,503)	-39.9%
Non-current assets	21,151,296	21,483,476	(332,180)	-1.5%
Total assets	36,284,604	46,647,287	(10,362,683)	-22.2%
Deferred outflows of resources	442,966	865,250	(422,284)	-48.8%
Liabilities				
Current liabilities	1,567,639	13,223,382	(11,655,743)	-88.1%
Non-current liabilities	5,074,273	5,170,276	(96,003)	-1.9%
Total liabilities	6,641,912	18,393,658	(11,751,746)	-63.9%
Deferred inflows of resources	726,290	697,536	28,754	4.1%
Net position				
Investment in capital assets	1,514,475	1,574,423	(59,948)	-3.8%
Restricted for federal programs	26,405,276	25,398,491	1,006,785	4.0%
Unrestricted	1,439,617	1,448,429	(8,812)	-0.6%
Total net position	\$ 29,359,368	\$ 28,421,343	\$ 938,025	3.3%

The Agency's total assets and total liabilities decreased as of June 30, 2022 compared to prior year primarily related to the disbursement of ERAP1 and ERAP2 grant funds in the current year. These grant funds were received in advance and accordingly are reported as cash and deferred revenues until the time the grant is disbursed. Deferred outflows of resources decreased due to a change in the Agency's other postemployment benefits obligation. Deferred inflows of resources remained relatively consistent compared to the prior year.

Net position increased approximately \$938,000, or 3.30% compared to the prior year. At the end of the current fiscal year, the Agency is able to report positive balances in all reported categories of net position. The same situation held true for the prior fiscal year.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Government-Wide Financial Analysis - Continued

Changes in Net Position

A summary of the changes in net position is presented below:

	Years Ended June 30,		\$ Change	% Change
	2022	2021		
Revenues				
Charges for services	\$ 2,291,856	\$3,177,010	\$ (885,154)	-27.9%
Operating grants and contributions	15,796,488	3,984,713	11,811,775	296.4%
Investments earnings	691	2,300	(1,609)	-70.0%
Total revenue	<u>18,089,035</u>	<u>7,164,023</u>	<u>10,925,012</u>	<u>152.5%</u>
Expenses				
Residential rehabilitation	2,623,370	2,280,079	343,291	15.06%
Other programs	569,815	732,058	(162,243)	-22.16%
Emergency assistance	12,301,217	2,211,813	10,089,404	100.00%
General and administration	1,656,608	1,172,101	484,507	41.34%
Total expenses	<u>17,151,010</u>	<u>6,396,051</u>	<u>10,754,959</u>	<u>168.15%</u>
Increase in net position	938,025	767,972	170,053	22.1%
NET POSITION, beginning of year	<u>28,421,343</u>	<u>27,653,371</u>	<u>767,972</u>	<u>2.78%</u>
NET POSITION, end of year	<u>\$ 29,359,368</u>	<u>\$ 28,421,343</u>	<u>\$ 938,025</u>	<u>3.30%</u>

The grant revenues of the Agency are expenditure driven. During the year ended June 30, 2022, total operating grants and contributions increased by \$11,811,774 (296.4%), as compared to the previous year. This is primarily a result of the recognition of additional ERAP1 and ERAP2 grant income in the amount of \$10,349,947 compared to the prior year. These grants were established to assist renters with COVID-19 related hardships. In addition, the Agency's ESG-CV and CDBG grant revenue increased by \$992,529 and \$883,310, respectively.

Charges for services are dependent upon the timing of property sales, including gains or losses. There was a significant increase in 2021 due to proceeds from sales of properties funded through HOPWA as well as additional mortgages payments from new mortgages. The charges for services for the year ended June 30, 2022 are back in line with prior year revenues.

Total program expenses increased primarily due to the increase in ERAP1 and ERAP2 grants awarded which increased by \$10,349,947 compared to prior year. Program expenses will vary from year to year due to the timing of grant awards and residential rehabilitation projects.

Financial Analysis of the Agency's Funds

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unrestricted fund balances may serve as a useful measure of the Agency's net resources available for spending at the end of the year.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Financial Analysis of the Agency's Funds - Continued

On June 30, 2022, the Agency's governmental funds reported combined ending fund balances of \$13,032,888, an increase of \$1,626,747 (14.3%) from the prior year. The increase was related to the program income due to a sale of a property funded through HOPWA, an increase in HOME fund balance as a result of higher repayment of mortgage principal and interest and rental income, as well as increases in CDBG fund balance due to timing of when departmental income is received and disbursed.

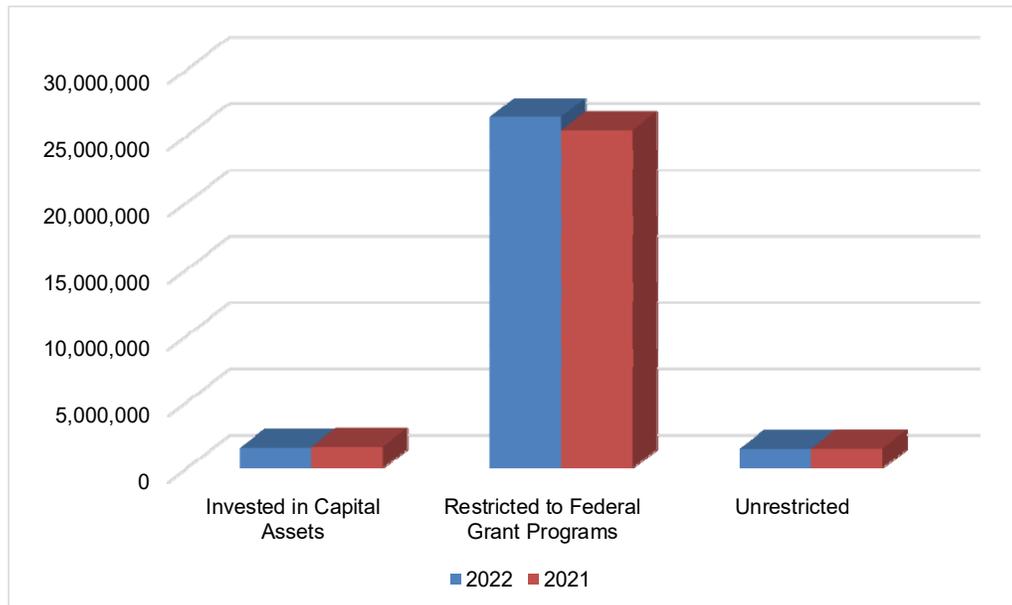
The nonspendable fund balance, which relates to the prepaid expenditures and properties held for sale, was \$5,671,885 on June 30, 2022, as compared to \$5,327,875, on June 30, 2021. The restricted fund balances of the various funds increased by \$1,300,324 (25.1%) from \$5,189,148, on June 30, 2021, to \$6,489,472, on June 30, 2022.

The Agency's unassigned fund balance decreased by \$17,587 (2.0%) to \$871,531 at June 30, 2022; unassigned fund balance is not subject to Federal restrictions, and therefore, may be used for discretionary expenditures within the Agency's mission.

Of the Agency's total expenditures, \$17,604,459, residential rehabilitation and development expenditures accounted for \$3,029,878 (17.2%), emergency assistance expenses accounted for \$12,301,217 (69.9%), general and administrative expenses accounted for \$1,766,245 (10.0%), and remaining program expense accounted for \$507,119 (2.9%).

The Agency's General Fund is used to account for all financial resources except those that are required to be accounted for in another fund. The General Fund revenues are all from non-federal sources.

Components of Fund Balance



Town of Islip Community Development Agency

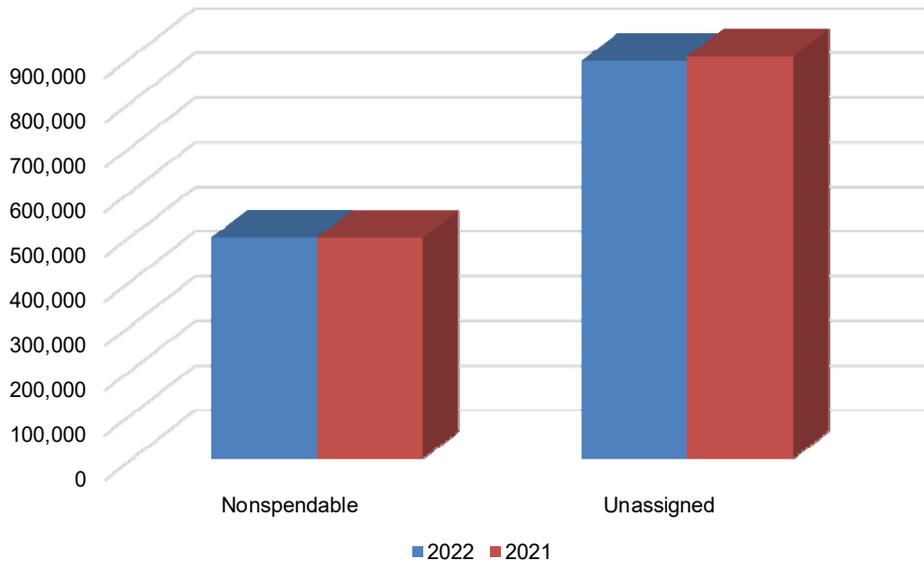
(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Financial Analysis of the Agency's Funds - Continued

Components of Fund Balance - Continued

At June 30, 2022, the General Fund had a fund balance of \$1,383,712, which represents 10.6% of all governmental fund balances. Of this amount, \$493,971 relates to prepaid items and properties held for sale and are nonspendable. The remaining \$899,741 is unassigned.



The CDBG Fund accounts for the receipt and expenditure of restricted grant proceeds under the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant program. The CDBG fund has a fund balance at year-end of \$7,423,284, \$3,864,070 of which is restricted to eligible CDBG expenditures, and the remainder of which is related to prepaid expenditures and property held for sale. This is an expenditure driven grant; revenues are only recognized when qualifying grant expenditures are made.

During the current year, total CDBG federal aid, program income, and interest income was \$3,806,128 while total expenditures were \$3,250,790. The result was a \$555,338 increase in the fund balance.

The HOME Fund accounts for the receipt and expenditure of the Home Investment and Partnership Funds. Fund balance of the HOME Fund at year-end was \$1,717,872, all of which is considered nonspendable or restricted to eligible HOME program expenditures. This is an expenditure driven grant; revenues are only recognized when qualifying grant expenditures are made. Fund balance increased by \$616,925 from the previous year.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Management's Discussion and Analysis June 30, 2022

Financial Analysis of the Agency's Funds - Continued

Components of Fund Balance - Continued

CDBG-CV and ERAP1 and ERAP2 are expenditure driven grants to assist renters with COVID-19 related hardships. Due to the nature of these grants, the funds operated at a breakeven for the year ended June 30, 2022.

The HOPWA Fund accounts for the receipt and expenditure of HOPWA program funds to address the specific needs of persons living with HIV/AIDS and their families. The HOPWA Fund had a fund balance at year-end of \$1,389,959, all of which is considered nonspendable or restricted to eligible HOPWA program expenditures. This is also an expenditure driven grant; revenues are only recognized when qualifying grant expenditures are made. Fund balance increased by \$312,317 from the previous year primarily related to program income recognized in the amount of \$550,592.

Capital Assets

As of June 30, 2022, the Agency's investment in capital assets amounts to \$1,514,475 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. Depreciation charges totaled \$59,948 during the current year.

Additional information on the Agency's Capital Assets can be found in Note 5 of the Notes to the Financial Statements on page 30. Capital assets as of June 30, 2022 and 2021 were as follows:

	June 30,	
	2022	2021
Land	\$ 625,505	\$ 625,505
Buildings and improvements	4,050,706	4,050,706
Machinery and equipment	181,069	181,069
	<u>4,857,280</u>	<u>4,857,280</u>
Less accumulated depreciation	<u>(3,342,805)</u>	<u>(3,282,857)</u>
Total capital assets, net	<u>\$ 1,514,475</u>	<u>\$ 1,574,423</u>

Economic Factors

Federal appropriation levels, particularly funding for the CDBG continue to have a major impact on the Agency's economic position. This federal funding represents a significant portion of total revenues. Federal revenues are anticipated to be relatively stable in the next budget period. However, as the Agency's fiscal year runs over two federal years, it is difficult to anticipate what total federal funding will be. Should federal funding be less than anticipated, this could have a negative impact on Agency operation.

Contacting the Agency's Financial Management

This financial report is designed to provide the Agency's citizens, taxpayers, 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 questions about this report or need additional financial information please contact:

Town of Islip Community Development Agency
Finance Department
(631) 665-1185

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Government-Wide Financial Statements Statement of Net Position

	June 30, 2022
ASSETS	
Cash and cash equivalents	\$ 7,962,926
Escrow cash	267,648
Prepaid expenses	119,395
Due from other governments	510,083
Due from related parties	2,688
Accounts and mortgages receivable, net, current portion	684,757
Other receivables	33,321
Property held for sale	5,552,490
Accounts and mortgages receivable, net, long-term portion	19,505,712
Long-term assets	
Net pension asset	131,109
Capital assets	
Non-depreciable	625,505
Depreciable, net	888,970
Total assets	<u>36,284,604</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources, pensions	342,076
Deferred outflows of resources, OPEB	100,890
Total deferred outflows of resources	<u>442,966</u>
LIABILITIES	
Accounts payable and accrued expenses	555,130
Escrow liability	267,648
Compensated absences due in one year	151,976
Deferred revenue	592,885
Long-term liabilities	
Other postemployment benefits	4,695,081
Compensated absences, due in more than one year	379,192
Total liabilities	<u>6,641,912</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources, pensions	462,719
Deferred inflows of resources, OPEB	263,571
Total deferred inflows of resources	<u>726,290</u>
NET POSITION	
Investment in capital assets	1,514,475
Restricted for federal programs	26,405,276
Unrestricted	1,439,617
Total net position	<u><u>\$ 29,359,368</u></u>

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Government-Wide Financial Statements Statement of Activities

Functions/Programs	Year Ended June 30, 2022			Net Revenue (Expense) and Change in Net Position Governmental Activities
	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	
Home and community functions				
Residential rehabilitation	\$ 2,623,370	\$ 2,291,856	\$ 1,334,029	\$ 1,002,515
Commercial rehabilitation	114,376	-	62,522	(51,854)
Public service programs	83,186	-	45,472	(37,714)
Public facilities improvement	272,253	-	148,823	(123,430)
Code enforcement	100,000	-	100,000	-
Emergency assistance	12,301,217	-	13,186,581	885,364
General and administration	1,656,608	-	919,061	(737,547)
Total home and community functions	\$ 17,151,010	\$ 2,291,856	\$ 15,796,488	937,334
	GENERAL REVENUES			
				691
				938,025
				NET POSITION, beginning of year
				28,421,343
				\$ 29,359,368

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Fund Financial Statements Balance Sheet - Governmental Funds

	June 30, 2022						Total Governmental Funds
	General Fund	Home Investment Partnership Program	Community Development Block Grant	Emergency Rental Assistance Program 1	Emergency Rental Assistance Program 2	Other Governmental	
ASSETS							
Cash and cash equivalents	\$ 759,554	\$ 793,167	\$ 3,914,027	\$ 188,226	\$ 465,567	\$ 1,842,385	\$ 7,962,926
Escrow cash	142,726	59,363	42,597	-	-	22,962	267,648
Due from other governments	-	173,148	242,549	-	-	94,386	510,083
Accounts and mortgages receivable, net	55,905	6,203,125	11,249,576	-	-	2,681,863	20,190,469
Other receivables	680	27,955	-	-	-	4,686	33,321
Property held for sale	493,421	882,614	3,479,863	-	-	696,592	5,552,490
Prepaid expenditures	550	14,136	79,351	14,535	3,675	7,148	119,395
Due from other funds	129,867	-	98,894	-	-	-	228,761
Due from related parties	-	-	2,688	-	-	-	2,688
Total assets	\$ 1,582,703	\$ 8,153,508	\$ 19,109,545	\$ 202,761	\$ 469,242	\$ 5,350,022	\$ 34,867,781
LIABILITIES							
Accounts payable	\$ 298	\$ 124,623	\$ 278,417	\$ 2,474	\$ 36,996	\$ 74,981	\$ 517,789
Pension plan payable	62	5,517	14,725	8,073	4,124	4,840	37,341
Due to other funds	-	43,008	100,946	26,830	621	57,356	228,761
Liability for client escrow deposits	142,726	59,363	42,597	-	-	22,962	267,648
Deferred revenue	-	-	-	165,384	427,501	-	592,885
Total liabilities	143,086	232,511	436,685	202,761	469,242	160,139	1,644,424
DEFERRED INFLOWS							
Unavailable resources	55,905	6,203,125	11,249,576	-	-	2,681,863	20,190,469
FUND BALANCES (DEFICIT)							
Nonspendable	493,971	896,750	3,559,214	14,535	3,675	703,740	5,671,885
Restricted for federal programs	-	821,122	3,864,070	-	-	1,804,280	6,489,472
Unassigned (deficit)	889,741	-	-	(14,535)	(3,675)	-	871,531
Total fund balances	1,383,712	1,717,872	7,423,284	-	-	2,508,020	13,032,888
Total liabilities, deferred inflows and fund balances (deficit)	\$ 1,582,703	\$ 8,153,508	\$ 19,109,545	\$ 202,761	\$ 469,242	\$ 5,350,022	\$ 34,867,781

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Fund Financial Statements Reconciliation of the Total Fund Balances in the Governmental Funds to the Government-Wide Statement of Net Position

	June 30, 2022
Total Governmental Fund Balances	\$ 13,032,888
<i>Amounts reported for Governmental Activities in the statement of net position are different because</i>	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,514,475
Accounts and mortgages receivable, net that are not available to pay the current-period expenditures are deferred inflows in the funds.	20,190,469
Pension and OPEB related deferred outflows and inflows of resources are not current period expenditures and are therefore excluded from the governmental funds.	
Deferred outflows - Pension	342,076
Deferred outflows - OPEB	100,890
Deferred inflows - Pension	(462,719)
Deferred inflows - OPEB	(263,571)
Some liabilities and assets (listed below) are not due and payable or available, respectively, in the current period and, therefore, are not reported in the funds	
Other postemployment benefits liability	(4,695,081)
Net pension asset	131,109
Compensated absences	(531,168)
Net position of Governmental Activities	<u>\$ 29,359,368</u>

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Fund Financial Statements Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

	Year Ended June 30, 2022						
	General Fund	Home Investment Partnership Program	Community Development Block Grant	Emergency Rental Assistance Program 1	Emergency Rental Assistance Program 2	Other Governmental	Total Governmental Funds
REVENUES							
Federal aid	\$ -	\$ 429,009	\$ 2,123,131	\$ 8,197,408	\$ 3,566,459	\$ 1,466,982	\$ 15,782,989
State aid	-	-	-	-	-	13,498	13,498
Program income							
Other program income	420	1,063	4,016	-	-	551,641	557,140
Sub-recipient program income	-	-	100,000	-	-	-	100,000
Repayment of mortgages and interest	-	906,468	994,983	-	-	139,158	2,040,609
Rental income	-	152,938	583,341	-	-	-	736,279
Use of money and property							
Interest income	34	-	657	-	-	-	691
Total revenues	454	1,489,478	3,806,128	8,197,408	3,566,459	2,171,279	19,231,206
EXPENDITURES							
Residential rehabilitation	-	701,323	1,925,094	-	-	247,399	2,873,816
Commercial rehabilitation	-	-	125,295	-	-	-	125,295
Public facilities improvement	-	-	91,127	-	-	-	91,127
Public service programs	-	-	298,244	-	-	-	298,244
Code enforcement	-	-	100,000	-	-	-	100,000
Emergency assistance	-	-	-	7,614,301	3,363,140	1,323,776	12,301,217
General and administration	9,266	171,230	711,030	583,107	203,319	136,808	1,814,760
Total expenditures	9,266	872,553	3,250,790	8,197,408	3,566,459	1,707,983	17,604,459
Excess (deficiency) of revenues over expenditures	(8,812)	616,925	555,338	-	-	463,296	1,626,747
FUND BALANCES, beginning of year	1,392,524	1,100,947	6,867,946	-	-	2,044,724	11,406,141
FUND BALANCES, end of year	\$ 1,383,712	\$ 1,717,872	\$ 7,423,284	\$ -	\$ -	\$ 2,508,020	\$ 13,032,888

See accompanying Notes to Financial Statements.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Fund Financial Statements

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

	Year Ended June 30, 2022
Net change in fund balances - total governmental funds	\$ 1,626,747
<i>Amounts reported for Governmental Activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(59,948)
For governmental funds, mortgages made that are not expected to be repaid in the near future are offset with deferred inflows whereas mortgages made are considered project expenditures, and mortgages collected are considered current year revenue. However, on the statement of activities only interest earnings are reported as revenue.	
Mortgages made during the year	804,823
Uncollectible 10-year recapture mortgages	(80,000)
Mortgages collected during the year	(1,142,172)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in other postemployment benefits liability, net of deferred amounts	(317,941)
Change in net pension liability/asset, net of deferred amounts	74,162
Change in compensated absences	32,354
Change in net position of governmental activities	<u>\$ 938,025</u>

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies

The accompanying basic financial statements of the Town of Islip Community Development Agency (Agency), a component unit of the Town of Islip, New York (Town), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The basic financial statements have been prepared primarily from accounts maintained by the Agency.

a. Financial Reporting Entity

The Agency is a public benefit corporation which was created by New York State legislation in 1976 at the request of the Town of Islip. It functions as an "Urban Renewal Agency" under Articles 15, 15-A, and Section 633 of Article 15-B of the General Municipal Laws of the State of New York. While it is an independent entity from the Town of Islip government, the Town Board appoints all members of the Agency Board of Directors, and the Town Board annually directs the Agency to implement housing and community developments projects on behalf of the Town. The mission of the Agency is to assist low and moderate-income residents of the Town through housing and public service programs; and to remove blighted conditions.

The Agency has been designated by the Town to administer its federally funded programs from the U.S. Department of Housing and Urban Development. These programs include:

- Community Development Block Grant Program and related COVID-19 relief program;
- Home Investment Partnership Program and related COVID-19 relief program;
- Neighborhood Stabilization Grant Programs;
- Emergency Solutions Grant Program and related COVID-19 relief program; and
- Housing Opportunities for Persons with AIDS Program.

The Agency has also been designated to administer its federally funded program from the U.S. Department of the Treasury which includes Emergency Rental Assistance Programs as well as its New York State funded Downtown Revitalization Initiative program.

b. Basis of Presentation - Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Agency. The Agency has only governmental activities, which are primarily supported by intergovernmental revenues (Federal grants), charges for services (rental income and lending activities), and other nonexchange transactions. The Agency does not have fiduciary activities, business-type activities, or component units.

While separate government-wide and fund financial statements are presented, they are interrelated as governmental activities incorporate data from the governmental funds. The effect of interfund activity has been eliminated from the government-wide financial statements.

The fund financial statements provide information about the Agency's funds. The emphasis of financial statements is on major governmental funds. Each individual major governmental fund is reported in separate columns in the fund financial statements. The remaining governmental funds are aggregated and reported as nonmajor funds.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis* of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, the proportionate share of the net pension liability, other postretirement benefits, and claims and judgments (as applicable), are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources, if applicable.

Charges for services and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

- General Fund - The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- Special Revenue Funds - Used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Agency has the following Special Revenue Funds:

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

c. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued*

- Special Revenue Funds - Continued

- Home Investment Partnership Program Fund - This special revenue fund accounts for the receipt and disbursement of funds related to the U.S. Department of Housing and Urban Development (HUD) funded Home Investment Partnership Program Funds (HOME). HOME provides grants often in partnership with local nonprofit groups to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. The Agency supplements HOME fund expenditures with Community Development Block Grant (CDBG) funds. Rental income is used by the HOME fund or is transferred to the CDBG fund for eligible expenditures.
- Community Development Block Grant Fund - This special revenue fund accounts for the receipt and disbursement of funds related to the HUD funded CDBG program. The CDBG program works to ensure decent affordable housing, to provide services to the most vulnerable in our communities, and to create jobs through the expansion and retention of businesses. The CDBG Fund is comprised of the following five sub-funds:
 - CDBG Fund – This CDBG fund accounts for the receipt and disbursement of funds related to Community Development Block Grants from the HUD funded CDBG program and the related program incomes.
 - RUM Fund – The Rental Unit Management fund (RUM) accounts for the receipts and disbursements of funds related to eight residential units owned by the Agency in the College Woods area of the Town of Islip.
 - ATC Fund – The Applied Technology Center fund (ATC) accounts for the receipts and disbursements of funds related to the Applied Technology Center (business incubator) in Bay Shore.
 - EIC Fund – The East Islip Congregate fund (EIC) accounts for the receipts and disbursements of funds related to the 18 housing units located at Harwood Avenue in East Islip, New York. These units are rented to Section 8 Housing Voucher recipients.
 - 911 Lowell Avenue Fund – This fund accounts for the receipts and disbursements of funds related to the construction of senior citizen apartments to house six senior citizens in their own studio apartments in Central Islip.
- Emergency Rental Assistance – CARES Act Fund (ERAP1) – This special revenue fund accounts for the receipt and disbursement of funds related to the U.S. Department of Treasury funded emergency rental assistance program as established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The ERAP1 fund is used to provide emergency rental, mortgage, and utility assistance to individuals impacted by the COVID-19 pandemic.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

- Special Revenue Funds - Continued
 - Emergency Rental Assistance – ARPA Fund (ERAP2) – This special revenue fund accounts for the receipt and disbursement of funds related to the U.S. Department of Treasury funded emergency rental assistance program as expanded by the American Rescue Plan Act (APRA). The ERAP2 fund is used to provide emergency rental, mortgage, and utility assistance to individuals impacted by the COVID-19 pandemic.

Non-Major Funds

- Community Development Block Grant – CARES Act (CDBG-CV) Fund – This special revenue fund accounts for the receipt and disbursement of funds related to the HUD funded CDBG program as expanded by the CARES Act. The CDBG-CV fund is used to prevent, prepare for, and respond to the coronavirus.
- Emergency Solutions Grant (ESG) Fund – This special revenue fund accounts for the receipt and disbursement of funds related to the HUD funded Emergency Shelter Grant program. The Emergency Shelter Grants program provides homeless persons with basic shelter and essential supportive services. It can assist with the operational costs of the shelter facility and for the administration of the grant. ESG also provides short-term homeless prevention assistance to persons at imminent risk of losing their own housing due to eviction and foreclosure.
- Emergency Solutions Grant – CARES Act (ESG-CV) Fund – This special revenue fund accounts for the receipt and disbursement of funds related to the HUD funded Emergency Shelter program as expanded by the CARES Act. The ESG-CV fund is used to prevent, prepare for, and respond to the COVID-19 pandemic as it relates to homelessness.
- Home Investment Partnership Program – ARPA Fund (HOME-ARP) - This special revenue fund accounts for the receipt and disbursement of funds related to HUD funded Home Investment Partnership Program Funds (HOME). As expanded by the American Rescue Plan Act (ARPA), the fund is used to build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people impacted by the COVID-19 pandemic.
- HOPWA Program Fund - This special revenue fund accounts for the receipt and disbursement of funds related to the HUD funded Housing Opportunities for Persons with AIDS Grant (HOPWA) program. The HOPWA Program was established by HUD to address the specific needs of persons living with HIV/AIDS and their families. HOPWA makes grants to local communities, states, and nonprofit organizations for projects that benefit low-income persons medically diagnosed with HIV/AIDS and their families.
- The Neighborhood Stabilization Program (NSP) Fund – This special revenue fund accounts for the receipt and disbursement of grant funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008. The funds are provided for the purpose of stabilizing communities that have suffered from foreclosures and abandonment.
- The Neighborhood Stabilization Program 3 (NSP3) Fund – This special revenue fund accounts for receipts and expenditures of grant funds authorized under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Non-Major Funds - Continued

- Downtown Revitalization Initiative (DRI) Fund – This special revenue fund accounts for receipts and expenditures of grant funds related to the New York State DRI led by the New York State Department of State. The DRI fund is used to transform downtown neighborhoods into vibrant centers that offer a high quality of life and are magnets for redevelopment, business, job creation, and economic and housing diversity.

d. Budgetary Information

The Agency annually develops and submits its Consolidated Plan to HUD. The Consolidated Plan is the Agency's comprehensive planning document and application for funding under the CDBG, HOME, HOPWA, and ESG grants, including related COVID-19 relief programs.

In its Consolidated Plan, the Agency identifies its goals for these programs as well as for housing programs. The goals serve as the criteria against which HUD evaluates the Agency's Plan and its performance under the Plan. Also, the Consolidated Plan includes several required certifications, including that not less than 70% of the CDBG funds received, over a one, two, or three-year period specified by the Agency, will be used for activities that benefit low and moderate-income persons, and that the Agency will affirmatively further fair housing.

HUD has approved Consolidated Plan submissions unless the Plan (or a portion of it) is inconsistent with the purposes of the National Affordable Housing Act or is substantially incomplete. Following approval, HUD makes a full grant award.

As required by HUD, the Agency holds Public Hearings before adopting the annual plan. The Agency annual (the Program Year) budget allotment does not expire at year end. The grant contract period is for two years or until the projects included in the budget are completed. The completion of the projects could take several years.

The Agency established annual budgetary planning control for its CDBG Fund. The Agency adopts an annual budget on or before May 31 for the ensuing fiscal year. The CDBG Fund is not a legally adopted budget but is a non-appropriated budget for planning purposes that is subjected to public hearing and approved by the Agency's Board of Directors.

e. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include amounts in demand deposits, which are both interest bearing and non-interest bearing, as well as short-term investments with original maturities of three months or less from the date acquired by the Agency.

The Agency reports all investments at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date. The Agency follows State statutes, which require the Agency to invest in obligations guaranteed by the U.S. Treasury or its agencies and general obligations of the State of New York and its municipalities. The Agency did not have any investments in the year ended June 30, 2022.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

f. Prepaid Expenditures/Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures/expenses in both the fund and government-wide financial statements, respectively. Prepaid expenditures/expenses are amortized into expense over the period to which the payment covers.

g. Capital Assets

Capital assets are reported in the government-wide financial statements and include land, buildings and improvements, and machinery and equipment. The Agency capitalizes assets that have an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Assets contributed (donated) are recorded at estimated fair value at the time of acquisition plus ancillary charges, if any.

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

Land and construction in progress are not depreciated, while other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15 years
Buildings and improvements	10-40 years
Machinery and equipment	3-10 years

Management periodically reviews long-lived assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified during the year ended June 30, 2022.

h. Accounts and Mortgages Receivable, and Related Allowance

Accounts receivable represent loans made to qualifying Town of Islip property owners for repairs to their homes with construction costs up to a maximum of \$50,000. The owner's property serves as collateral for these accounts receivable. An installment plan is prepared by the Agency whereby the applicant repays 100% of the cost of improvements with no interest, over a period of five to fifteen years.

Mortgages receivable are held by the Agency in relation to properties sold. The properties sold serve as collateral for the underlying mortgages. Each mortgage may consist of three pieces:

- (1) A purchase money mortgage, repaid over the life of the loan;
- (2) An interest-free deferred mortgage owed to the Agency when the owner of the property no longer occupies the property; and
- (3) An interest-free soft subsidized mortgage, which is due only if the owner no longer occupies the property in the first 10 to 15 years of the mortgage.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

h. Accounts and Mortgages Receivable, and Related Allowance - Continued

Purchase money mortgages offered by the Agency have current interest rates of 3% to 4% with no points, no closing costs, exemption from the New York State (NYS) mortgage tax, no private mortgage insurance, and repayment terms of up to 30 years. Interest rates on the Agency's outstanding purchase money mortgages range from 3% to 7%.

An allowance is provided on accounts, purchase money, and deferred mortgage receivables based on historical collection experience. For those delinquent accounts and mortgages subject to collection proceedings, such allowance is determined on the difference between the fair value of the collateral and the outstanding principal and interest balance of the account receivable or mortgage. In addition, the Agency establishes an allowance for soft subsidized mortgages. Based on historical experience, the Agency considers it highly probable that borrowers with these types of mortgages will occupy their property for the required 10 to 15 years. Accordingly, the Agency has fully reserved for all such mortgages. The allowance for uncollectable mortgages receivable was \$1,980,000 at June 30, 2022, all of which was attributable to soft subsidized mortgages.

Accounts and mortgages receivable are considered past due after fifteen days, delinquent after thirty days, and collection proceedings begin after three months. Bad debts due to bankruptcies and foreclosures are charged to the allowance when measurable.

i. Property Held for Sale

Property acquired for rehabilitation and held for sale is valued at the lower of cost or expected net realizable value and is recorded in the General, HOME, CDBG, NSP, and NSP3 funds. Expenditures in excess of net realizable value are reported as rehabilitation expenses. Net realizable value is estimated through the comparison of historical sales activity to the historical cost of sold properties. The sale of property in excess or below cost or net realizable value is recorded as a component of other program income.

j. Deferred Outflows and Inflows of Resources and Deferred Revenues

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

The Agency reports accounts and mortgages receivable in the governmental funds as deferred inflows when the balances are not expected to be collected within the Agency's period of availability. When a property is sold, a mortgage receivable and deferred inflow is recorded, with revenue recognized as payments on the mortgages are collected.

The Agency also reports pension related deferred outflows of resources and deferred inflows of resources as described in Note 6; and other postemployment benefits (OPEB) related deferred outflows of resources as described in Note 7.

Deferred revenue arises when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when the Agency has legal claim to the resources, the liability is removed, and revenue is recognized.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

k. Compensated Absences

Vacation – The Agency's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from Agency service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave – A monetary obligation exists to employees for accumulated sick leave upon their separation from service.

Accrual of vacation and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payment becomes due.

l. Pension Benefits

The Agency is a participating employer in the New York State and Local Retirement System (ERS). Employees of the Agency have the option to enroll in ERS. ERS is a cost sharing, multiple-employer, public employee defined benefit retirement system. The Agency reflects contributions to ERS as expenditures in the governmental funds. The Agency's proportionate share of ERS's net pension liability, along with deferred outflows and inflows of resources are reported in the government-wide statement of net position. The impact on the Agency's financial position and results of operations due to its participation in ERS is disclosed in Note 6.

The Agency is the sponsor of the Town of Islip Community Development Agency Pension Accident and Health Plan, which is a defined contribution money purchase pension plan. The assets are held by John Hancock. The plan covers three (3) employees who met the eligibility requirements and were employed by the Agency prior to June 1, 1987 and who elected not to join the NYS Retirement System. The employer's annual contribution is 20% of each of the participants' compensation. The contribution payable for the plan year ended June 30, 2022 amounted to \$33,217.

m. Postemployment Benefits

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the Agency's employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. Healthcare benefits and survivor benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The Agency recognizes the financial impact of other postemployment benefits in its financial statements. The impact on the Agency's financial position and results of operations is disclosed in Note 7.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

n. Net Position and Fund Balance

Net position in the government-wide statements is classified in the following categories:

- Investment in Capital Assets - the amount of net position representing capital assets net of accumulated depreciation. The Agency did not utilize debt to acquire its capital assets.
- Restricted Net Position - The amount of net position for which external restriction has been imposed by grantors and laws or regulations, or other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position - The amount of net position that does not meet the definition of Restricted or Investment in Capital Assets.

The governmental fund financial statements may present five classifications of fund balance:

- Nonspendable – Includes amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact. The Agency's nonspendable fund balance includes prepaid expenditures and property held for sale.
- Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by grantors, creditors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. In the Special Revenue Funds, the Agency's remaining fund balance after nonspendable fund balance is fully restricted due to program guidelines for federal aid.
- Committed – Includes amounts with constraints imposed by formal action of the Agency's highest level of decision-making authority.
- Assigned – Includes amounts with constraints placed by the Agency's intent to be used for specific purposes but is not restricted or committed.
- Unassigned – Includes all other amounts that do not meet the definition of the above four classifications and are deemed to be available for general use within the general fund.

For classifications of fund balances, the Agency considers expenditures to be made from restricted resources first, then in the following order, committed, assigned, and unassigned resources.

o. Program Revenues

Amounts reported as program revenues include: 1) charges to applicants who purchase, use, or directly benefit from the property held for sale and services, or privileges provided by a given function or segment; and 2) grant and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All other internally dedicated resources are reported as general revenues rather than as program revenues.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Notes to Financial Statements

June 30, 2022

Note 1 - Summary of Significant Accounting Policies - Continued

p. Adoption of New Accounting Standard

During 2022, the Agency adopted the provisions of GASB Statement No. 87, *Leases*. Under this statement, lessors are required to recognize a lease receivable and a deferred inflow of resources for leases. Due to the short-term nature of the Agency's leases, the impact of the adoption of GASB 87 was not material.

q. Subsequent Events

The Agency has evaluated subsequent events for potential recognition or disclosure through March 9, 2023, the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

As of June 30, 2022, the reconciliation of the carrying amount of cash and cash equivalents was as follows:

Cash and cash equivalents	\$ 7,962,926
Escrow cash	<u>267,648</u>
Total cash and cash equivalents	<u>\$ 8,230,574</u>
Petty cash	\$ 200
Demand deposits	3,244,152
Money market accounts	<u>4,986,222</u>
Total cash and cash equivalents	<u>\$ 8,230,574</u>

The Agency's cash and depository policies are governed by State statutes. Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State.

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency's bank deposits were either entirely insured by the FDIC or collateralized with securities pledged in third-party custodial accounts of the pledging financial institutions in the Agency's name as of June 30, 2022. The collateral amounts are required by the Agency's custodial bank agreement to exceed deposits on hand. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of New York and its municipalities and school districts.

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Notes to Financial Statements
June 30, 2022

Note 3 - Accounts and Mortgages Receivable

A summary of accounts and mortgages receivable activity for the year is as follows:

Fund	Balance June 30, 2021	Additions	Reductions	Reserved for Subsidized Mortgages	Balance June 30, 2022
General	\$ 55,905	\$ -	\$ -	\$ -	\$ 55,905
CDBG	11,457,567	344,823	512,814	40,000	11,249,576
HOME	6,357,507	460,000	574,382	40,000	6,203,125
Non-major	2,736,839	-	54,976	-	2,681,863
Total	<u>\$ 20,607,818</u>	<u>\$ 804,823</u>	<u>\$ 1,142,172</u>	<u>\$ 80,000</u>	<u>\$ 20,190,469</u>

The classification of accounts and mortgages receivable and reserves is as follows:

	Fund				Total
	General	HOME	CDBG	Non-Major	
Accounts and mortgages receivable	\$ 55,905	\$ 6,823,125	\$ 12,049,576	\$ 3,241,863	\$ 22,170,469
Reserve for subsidized mortgages	-	(620,000)	(800,000)	(560,000)	(1,980,000)
Accounts and mortgages receivable, net	<u>\$ 55,905</u>	<u>\$ 6,203,125</u>	<u>\$ 11,249,576</u>	<u>\$ 2,681,863</u>	<u>\$ 20,190,469</u>

Note 4 - Property Held for Sale

During the year ended June 30, 2022, the changes in property held for sale were as follows:

Fund	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
CDBG	\$ 3,054,179	\$ 1,360,987	\$ 935,303	\$ 3,479,863
HOME	986,826	205,446	309,658	882,614
General	492,704	717	-	493,421
Non-major	687,091	12,249	2,748	696,592
Total	<u>\$ 5,220,800</u>	<u>\$ 1,579,399</u>	<u>\$ 1,247,709</u>	<u>\$ 5,552,490</u>

Town of Islip Community Development Agency

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Notes to Financial Statements June 30, 2022

Note 5 - Capital Assets

For the year ended June 30, 2022, capital assets activities were as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Non-depreciable assets, land	\$ 625,505	\$ -	\$ -	\$ 625,505
Depreciable assets				
Buildings and improvements	4,050,706	-	-	4,050,706
Machinery and equipment	181,069	-	-	181,069
Total capital assets	<u>4,231,775</u>	<u>-</u>	<u>-</u>	<u>4,231,775</u>
Less accumulated depreciation				
Building and improvements	(3,148,154)	(44,978)	-	(3,193,132)
Machinery and equipment	(134,703)	(14,970)	-	(149,673)
Total accumulated depreciation	<u>(3,282,857)</u>	<u>(59,948)</u>	<u>-</u>	<u>(3,342,805)</u>
Total depreciable assets	<u>948,918</u>	<u>(59,948)</u>	<u>-</u>	<u>888,970</u>
Total capital assets, net	<u>\$ 1,574,423</u>	<u>\$ (59,948)</u>	<u>\$ -</u>	<u>\$ 1,514,475</u>

Depreciation expense of \$59,948 for the year ended June 30, 2022 was charged to different functions as follows:

Residential rehabilitation	\$ 33,110
Commercial rehabilitation	1,050
Public facilities improvement	3,436
Public service programs	1,444
General and administration	<u>20,909</u>
Total depreciation expense	<u>\$ 59,949</u>

Note 6 - Retirement System

a. Plan Description and Benefits Provided

The Agency participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple-employer, public employee retirement system. ERS provides retirement benefits including an automatic cost of living adjustment, as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from ERS at osc.state.ny.us/retirement.

In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors. Members need five years to be 100 percent vested.

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Notes to Financial Statements

June 30, 2022

Note 6 - Retirement System – Continued

b. Contributions

Employees in ERS Tiers I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers.

The Agency's contributions for the current year and two preceding years were equal to 100% of the required contributions, and were as follows:

2022	\$	106,895
2021		90,455
2020		82,635

c. Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Agency reported an asset of \$131,109 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension asset was determined by an actuarial valuation as of April 1, 2021. The Agency's proportion of the net pension asset was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2022 measurement date, the Agency's proportionate share was 0.0016039%.

For the year ended June 30, 2022, the Agency recognized pension expense of \$30,255. At June 30, 2022, the Agency reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,929	\$ 12,879
Changes of assumptions	218,806	3,692
Net differences between projected and actual investment earnings on pension plan investments	-	429,327
Changes in proportion and differences between employer contributions and proportionate share of contributions	89,092	16,821
Agency contributions subsequent to the measurement date	24,249	-
Total	\$ 342,076	\$ 462,719

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Notes to Financial Statements

June 30, 2022

Note 6 - Retirement System – Continued

c. Pension Liabilities, Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Agency contributions subsequent to the measurement date will be recognized as an adjustment of the net pension asset in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,		
2023	\$	(12,026)
2024		(26,757)
2025		(95,484)
2026		(10,625)
		(144,892)
Total	\$	(144,892)

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2021 valuation, with updated procedures used to roll forward the total pension asset to March 31, 2022, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7 percent
Salary Scale	4.4 percent, indexed by service
Investment rate of return	5.9 percent compounded annually, net of expenses
Cost of living adjustments	1.4% annually
Mortality	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020 Mortality improvement Society of Actuaries Scale MP-2020

The long-term expected rate of return on ERS's plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major class as well as historical investment data and plan performance.

e. Investment Asset Allocation

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

Town of Islip Community Development Agency

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Notes to Financial Statements

June 30, 2022

Note 6 - Retirement System – Continued

e. Investment Asset Allocation - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022, are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	32.0%	3.30%
International equity	15.0%	5.85%
Private equity	10.0%	6.50%
Real estate	9.0%	5.00%
Absolute return strategies	3.0%	4.10%
Credit	4.0%	3.78%
Real assets	3.0%	5.58%
Bonds and mortgages	23.0%	0.00%
Cash	1.0%	-1.00%
	100.00%	

f. Discount Rate

The discount rate projection of cash flows assumes that contributions from members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the ERS'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 asset.

g. Sensitivity of the Proportionate Share of the Net Pension Asset to the Discount Rate Assumption

The following presents the Agency's proportionate share of the net pension asset calculated using the discount rate of 5.9% and the impact of using a discount rate that is 1% higher or lower than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Agency's proportionate share of the net pension liability (asset)	\$ 337,473	\$ (131,109)	\$ (523,056)

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Notes to Financial Statements

June 30, 2022

Note 6 - Retirement System – Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension asset of the New York State and Local Employees' Retirement System as of March 31, 2022 were as follows (amounts in thousands):

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

Note 7 - Postemployment Benefits

a. OPEB Benefits

The Agency provides medical benefits to its eligible retirees under a single employer defined benefit plan. The Agency's retiree medical/drug and dental insurance plans are fully insured with Empire Plan. Employees hired prior to April 27, 2010 are eligible for these benefits once they have reached the age of 55 and have 5 years of qualified employment. Employees hired after April 27, 2010 are eligible for these benefits once they have reached the age of 55 and have 10 years of qualified employment. The benefit plan is administered and accounted for as a single employer defined benefit plan. A summary of active employees and retired employees covered under this benefit plan as of January 1, 2021 is as follows:

	Actives	Inactives Not Receiving Benefits	Inactives Receiving Benefits	Total Census
Male	4	-	1	5
Female	5	-	5	10
Total	9	-	6	15

There have been no significant changes in the number of employees or type of coverage through June 30, 2022.

For those employees hired prior to April 27, 2010, the Agency has agreed to pay the full cost of coverage for such retirees and to pay the cost of coverage for the retiree's spouse during the retiree's lifetime. Employees hired on or after April 27, 2010 contribute toward their health insurance. The Agency also reimburses the retirees for payment of the Medicare Part B premium for the retiree and their spouse during the retiree's lifetime.

The Agency is not required to fund the benefit plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the fiscal year ended June 30, 2022, the Agency paid \$120,795 on behalf of the plan members. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

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Notes to Financial Statements June 30, 2022

Note 7 - Postemployment Benefits - Continued

b. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Agency reported a liability of \$4,695,081 for its OPEB liability. The OPEB liability was measured as of January 1, 2021 by an actuarial valuation as of that date. For the year ended June 30, 2022, the Agency recognized OPEB expense of \$438,736. At June 30, 2022, 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	\$ -	\$ 78,782
Changes of assumptions	100,890	184,789
Total	\$ 100,890	\$ 263,571

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

	Governmental Activities
Year ending June 30,	
2022	\$ (37,998)
2023	(55,172)
2024	(55,172)
2025	(14,339)
Total	\$ (162,681)

Actuarial Assumptions. The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions:

Assumptions	Factor
Discount Rate	2.12%
Measurement Date	January 1, 2021
Participant salary increase	3.5%, annually
Payroll growth rate	2.5%, annually
Health care trend rate	2021 - 7.00%; 2022 - 6.50%; 2023 - 6.00%; 2024 - 5.50% 2025 and thereafter - 5.00%
Mortality	Unisex pre-retirement mortality rates and postretirement mortality rates for healthy participants (sex distinct for non-policy employees and retirees) using projection scale MP-2020.
Employer asset return	0.00%
Actuarial cost method	Entry age normal over a level percentage of pay
Participation rate	100%

Town of Islip Community Development Agency

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Notes to Financial Statements June 30, 2022

Note 7 - Postemployment Benefits - Continued

b. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

The discount rate used to measure the liability was 2.12%, based on the Bond Buyer 20-year general obligation bond index.

c. Schedule of Changes in Net OPEB Liability

The following table presents the changes in net OPEB liability as of June 30, 2022:

Balance at January 1, 2021	<u>\$</u>	4,769,941
<i>Changes for the year</i>		
Service cost		182,232
Interest		98,730
Differences between expected and actual experience		(85,270)
Changes in assumptions and other inputs		(149,757)
Benefit payments		<u>(120,795)</u>
Net changes		<u>(74,860)</u>
Balance at December 31, 2021	<u>\$</u>	<u>4,695,081</u>

d. Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate

The following presents the OPEB liability as of June 30, 2022 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using a health care cost trend rates that are 1% lower and 1% higher than the current rate:

	<u>1% Decrease</u>	(7.00% Decreasing to 5.00%)	<u>1% Increase</u>
Agency's OPEB Liability	<u>\$ 4,025,837</u>	<u>\$ 4,695,081</u>	<u>\$ 5,524,257</u>

The following presents the OPEB liability as of June 30, 2022, calculated using the discount rate of 2.12%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current rate:

	<u>1% Decrease 1.12%</u>	Current Discount 2.12%	<u>1% Increase 3.12%</u>
Agency's OPEB Liability	<u>\$ 5,435,627</u>	<u>\$ 4,695,081</u>	<u>\$ 4,093,661</u>

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Notes to Financial Statements June 30, 2022

Note 8 - Compensated Absences

A summary of changes in compensated absences for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Compensated absences	\$ 563,522	\$ 278,471	\$ 310,825	\$ 531,168	\$ 151,976

Note 9 - Related Party Transactions

Islip's Housing Development Fund Company, Inc. (Fund)

The Fund is a New York governmental not-for-profit corporation that was organized in 1990 under the Private Housing Finance Law of the State of New York, the Not-for-Profit Law of the State of New York and the Internal Revenue Code Section 501(c)(3). The Fund is a component unit of the Town of Islip.

The Agency has contracted with Fund for the construction of new homes for first-time homebuyers under HOME. Also, the Agency has contracted for the acquisition/rehabilitation of existing scattered site homes under the HOME and CDBG Programs for rental or rent-with-option to buy housing. Upon expiration of this agreement, Fund will transfer to the Agency any unexpended CDBG funds and any accounts receivable attributable to the use of CDBG funds. Amounts received for the year ended June 30, 2022 by the Fund from the Agency for contracted services was \$721,945.

Fund utilizes the employees of the Agency to perform bookkeeping, project management maintenance, and grounds keeping. Fund reimburses the cost of these expenses to the Agency. Amounts reimbursed to the Agency by the Fund for these services were \$227,085 for the year ended June 30, 2022.

Town of Islip

The Agency has an agreement with the Town in which the Town provides certain services related to code enforcement in designated areas and the Agency reimburses the Town \$100,000 annually.

Note 10 - Concentration of Credit Risk Arising from Economic Dependency

Federal grants during the year provided approximately 82.1% of all Agency revenue during the fiscal year ended June 30, 2022. This funding primarily relates to two significant ongoing programs funded by the HUD including the CDBG (11.0%) and HOME (2.2%) programs as well as short-term programs funded by the U.S. Department of the Treasury ERAP1 (42.6%) and ERAP2 (18.5%). These programs have a significant impact on the Agency's financial condition.

The Town of Brookhaven has taken over operations of the HOPWA program effective July 1, 2018. While the majority of the program revenues are passed through to subrecipients, the Agency does charge certain administrative expenses to the program. The Agency's other programs will absorb any administrative cost reimbursements lost from the HOPWA program. Prior grant funds were fully expended during 2021. The Agency will continue spending program income until it is fully expended.

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Notes to Financial Statements

June 30, 2022

Note 10 - Concentration of Credit Risk Arising from Economic Dependency - Continued

Annual funding for these programs is subject to change, and funding for new or expanded housing and redevelopment programs is not foreseeable. The Agency has accumulated accounts and mortgages receivable and property held for sale that may be used to fund program activities in the event of a decline in Federal funding.

Note 11 - Contingencies

a. Pending Litigation

The Agency is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Agency's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Agency.

b. Environmental Remediation

The Agency owns a property that was environmentally contaminated prior to the Agency's acquisition. The property and related contamination are subject to a New York State investigation. The Agency has been advised that the entire cost to remediate the property could be in excess of \$1,000,000. However, there is presently no legal mandate to remediate the property or any other reason to compel the Agency to remediate. Accordingly, the Agency has not recognized an obligation for this matter.

Note 12 - Accounting Standards Issued But Not Yet Implemented

The Agency has not implemented the following accounting pronouncements that are required for financial statements presented in accordance with U.S. GAAP:

GASB Statement No. 91, *Conduit Debt Obligations*. This statement improves financial reporting by providing a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice. This is achieved by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting for additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving note disclosures. The requirements of this statement, as delayed by GASB 95, are effective for reporting periods beginning after December 15, 2021.

GASB Statement No. 92, *Omnibus 2020*. This statement addresses a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risk pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries, and derivative instrument terminology was effective upon the issuance of the standard in January 2020. The remaining components of this standard, as delayed by GASB 95, are effective for reporting periods beginning after June 15, 2021.

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Notes to Financial Statements

June 30, 2022

Note 12 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) including the definition of a SBITA, establishment of a right-to-use subscription asset and related liability, providing capitalization criteria, and requiring note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the use of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

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Notes to Financial Statements

June 30, 2022

Note 12 - Accounting Standards Issued But Not Yet Implemented - Continued

This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Schedule of Other Postemployment Benefits Liability

	June 30,				
	2022	2021	2020	2019	2018
Beginning of Year	\$ 4,769,941	\$ 4,299,191	\$ 4,096,694	\$ 3,938,829	\$ 3,584,260
Changes for the year					
Service cost	182,232	135,536	93,619	135,461	121,330
Interest	98,730	119,798	143,736	138,181	138,237
Differences between expected and actual experience	(85,270)	(54,531)	(428,886)	-	-
Changes in assumptions and other inputs	(149,757)	395,880	504,306	-	192,906
Benefit payments	(120,795)	(125,933)	(110,278)	(115,777)	(97,904)
End of Year	<u>\$ 4,695,081</u>	<u>\$ 4,769,941</u>	<u>\$ 4,299,191</u>	<u>\$ 4,096,694</u>	<u>\$ 3,938,829</u>
Covered payroll	\$ 770,579	\$ 731,632	\$ 713,787	\$ 781,751	\$ 762,684
OPEB liability as a percentage of covered payroll	609.29%	651.96%	602.31%	524.04%	516.44%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Schedule of Proportionate Share of Net Pension Liability (Asset)

	June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Agency's proportion of the net pension liability/asset	0.0016039%	0.0012954%	0.0014678%	0.0014367%	0.0019096%	0.0019108%	0.0021311%	0.0019019%
Agency's proportionate share of the net pension liability (asset)	\$ (131,109)	\$ 1,290	\$ 388,687	\$ 101,792	\$ 61,632	\$ 179,542	\$ 342,050	\$ 64,249
Agency's covered-employee payroll	\$ 688,470	\$ 648,692	\$ 576,524	\$ 544,539	\$ 626,959	\$ 670,519	\$ 678,763	\$ 626,495
Agency's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	-19.04%	0.20%	67.42%	18.69%	9.83%	26.78%	50.39%	10.26%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Schedule of Pension Contributions

	June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 106,895	\$ 90,455	\$ 82,635	\$ 79,180	\$ 90,532	\$ 95,245	\$ 116,891	\$ 90,346	
Contributions in relation to the contractually required contribution	106,895	90,455	82,635	79,180	90,532	95,245	116,891	90,346	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	
Agency's covered-employee payroll	688,470	648,692	576,524	544,539	626,959	670,519	678,763	626,495	
Contribution as a percentage of covered-employee payroll	15.53%	13.94%	14.33%	14.54%	14.44%	14.20%	17.22%	14.42%	

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Combining Balance Sheet - Community Development Block Grant Sub-Funds

	June 30, 2022						
	<u>East Islip Congregate</u>	<u>Community Development Block Grant</u>	<u>Rental Unit Management</u>	<u>Applied Technology Center</u>	<u>911 Lowell Avenue</u>	<u>Eliminations</u>	<u>Total CDBG</u>
ASSETS							
Cash and cash equivalents	\$ 430,200	\$ 2,623,903	\$ 413,244	\$ 443,160	\$ 3,520	\$ -	\$ 3,914,027
Escrow cash	14,940	2,403	11,016	11,641	2,597	-	42,597
Due from other governments	-	242,549	-	-	-	-	242,549
Accounts and mortgages receivable, net	-	11,249,576	-	-	-	-	11,249,576
Property held for sale	-	3,479,863	-	-	-	-	3,479,863
Prepaid expenditures	7,826	62,438	4,969	2,100	2,018	-	79,351
Due from other funds	-	467,471	-	25,086	-	(393,663)	98,894
Due from related parties	-	2,688	-	-	-	-	2,688
Total assets	<u>\$ 452,966</u>	<u>\$ 18,130,891</u>	<u>\$ 429,229</u>	<u>\$ 481,987</u>	<u>\$ 8,135</u>	<u>\$ (393,663)</u>	<u>\$ 19,109,545</u>
LIABILITIES							
Accounts payable	\$ 13,001	\$ 249,996	\$ 3,555	\$ 10,143	\$ 1,722	\$ -	\$ 278,417
Pension plan payable	1,534	10,504	1,485	469	733	-	14,725
Due to other funds	4,428	61,746	23,564	4,031	400,840	(393,663)	100,946
Liability for client escrow deposits	14,940	2,403	11,016	11,641	2,597	-	42,597
Total liabilities	<u>33,903</u>	<u>324,649</u>	<u>39,620</u>	<u>26,284</u>	<u>405,892</u>	<u>(393,663)</u>	<u>436,685</u>
DEFERRED INFLOWS							
Unavailable resources	-	11,249,576	-	-	-	-	11,249,576
FUND BALANCES							
Nonspendable	7,826	3,542,301	4,969	2,100	2,018	-	3,559,214
Restricted for federal programs	411,237	3,014,365	384,640	453,603	(399,775)	-	3,864,070
Total fund balances	<u>419,063</u>	<u>6,556,666</u>	<u>389,609</u>	<u>455,703</u>	<u>(397,757)</u>	<u>-</u>	<u>7,423,284</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 452,966</u>	<u>\$ 18,130,891</u>	<u>\$ 429,229</u>	<u>\$ 481,987</u>	<u>\$ 8,135</u>	<u>\$ (393,663)</u>	<u>\$ 19,109,545</u>

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Community Development Block Grant Sub-Funds

June 30, 2022

	East Islip Congregate	Community Development Block Grant	Rental Unit Management	Applied Technology Center	911 Lowell Avenue	Total CDBG
REVENUES						
Federal aid	\$ -	\$ 2,123,131	\$ -	\$ -	\$ -	\$ 2,123,131
Program income						
Other program income	1,455	2,323	238	-	-	4,016
Sub-recipients program income	-	100,000	-	-	-	100,000
Repayment of mortgages and interest	-	994,983	-	-	-	994,983
Rental income	175,835	50,927	168,942	140,354	47,283	583,341
Use of money and property						
Interest income	18	600	13	16	10	657
Total revenues	<u>177,308</u>	<u>3,271,964</u>	<u>169,193</u>	<u>140,370</u>	<u>47,293</u>	<u>3,806,128</u>
EXPENDITURES						
Residential rehabilitation	204,316	1,575,636	103,118	-	42,024	1,925,094
Public facilities improvement	-	91,127	-	-	-	91,127
Public service programs	-	298,244	-	-	-	298,244
Commercial rehabilitation	-	17,748	-	107,547	-	125,295
Code enforcement	-	100,000	-	-	-	100,000
General and administration	21,159	630,316	553	26,803	32,199	711,030
Total expenditures	<u>225,475</u>	<u>2,713,071</u>	<u>103,671</u>	<u>134,350</u>	<u>74,223</u>	<u>3,250,790</u>
Excess (deficiency) of revenues over expenditures	(48,167)	558,893	65,522	6,020	(26,930)	555,338
FUND BALANCES, beginning of year	<u>467,230</u>	<u>5,997,773</u>	<u>324,087</u>	<u>449,683</u>	<u>(370,827)</u>	<u>6,867,946</u>
FUND BALANCES, end of year	<u>\$ 419,063</u>	<u>\$ 6,556,666</u>	<u>\$ 389,609</u>	<u>\$ 455,703</u>	<u>\$ (397,757)</u>	<u>\$ 7,423,284</u>

Town of Islip Community Development Agency
(A Component Unit of the Town of Islip, New York)

Combining Balance Sheet - Nonmajor Governmental Funds

	June 30, 2022								
	Community Development Block Grant - CARES Act	Emergency Shelter Program	Emergency Shelter Program - CARES Act	HOME Investment Partnership American Rescue Plan Program	Housing Opportunities For Persons With AIDS	Neighborhood Stabilization Program	Neighborhood Stabilization Program 3	Downtown Revitalization Initiative	Total Other Governmental
ASSETS									
Cash and cash equivalents	\$ -	\$ 160	\$ 27,270	\$ -	\$ 1,389,911	\$ 317,221	\$ 107,823	\$ -	\$ 1,842,385
Escrow cash	-	-	-	-	-	11,788	11,174	-	22,962
Due from other governments	28,560	20,323	11,658	4,387	20,111	-	-	9,347	94,386
Accounts and mortgages receivable, net	-	-	-	-	-	1,821,412	860,451	-	2,681,863
Other receivables	-	-	-	-	-	4,686	-	-	4,686
Property held for sale	-	-	-	-	-	605,002	91,590	-	696,592
Prepaid expenditures	1,941	172	507	105	48	2,201	1,258	916	7,148
Total assets	\$ 30,501	\$ 20,655	\$ 39,435	\$ 4,492	\$ 1,410,070	\$ 2,762,310	\$ 1,072,296	\$ 10,263	\$ 5,350,022
LIABILITIES									
Accounts payable	\$ 4,834	\$ 18,800	\$ 31,247	\$ -	\$ 20,100	\$ -	\$ -	\$ -	\$ 74,981
Pension plan payable	2,719	-	603	223	-	-	-	1,295	4,840
Due to other funds	21,007	1,522	7,078	4,164	11	12,999	2,524	8,051	57,356
Liability for client escrow deposits	-	-	-	-	-	11,788	11,174	-	22,962
Total liabilities	28,560	20,322	38,928	4,387	20,111	24,787	13,698	9,346	160,139
DEFERRED INFLOWS									
Unavailable resources	-	-	-	-	-	1,821,412	860,451	-	2,681,863
FUND BALANCES									
Nonspendable	1,941	172	507	105	48	607,203	92,848	916	703,740
Restricted for federal programs	-	161	-	-	1,389,911	308,908	105,299	1	1,804,280
Total fund balances	1,941	333	507	105	1,389,959	916,111	198,147	917	2,508,020
Total liabilities, deferred inflows and fund balances	\$ 30,501	\$ 20,655	\$ 39,435	\$ 4,492	\$ 1,410,070	\$ 2,762,310	\$ 1,072,296	\$ 10,263	\$ 5,350,022

Town of Islip Community Development Agency

(A Component Unit of the Town of Islip, New York)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

	Year Ended June 30, 2022								
	Community Development Block Grant - CARES Act	Emergency Shelter Program	Emergency Shelter Program - CARES Act	HOME Investment Partnership American Rescue Plan Program	Housing Opportunities For Persons With AIDS	Neighborhood Stabilization Program	Neighborhood Stabilization Program 3	Downtown Revitalization Initiative	Total Other Governmental
REVENUES									
Federal aid	\$ 354,380	\$ 24,157	\$ 1,063,947	\$ 4,387	\$ 20,111	\$ -	\$ -	\$ -	\$ 1,466,982
State aid	-	-	-	-	-	-	-	13,498	13,498
Program income									
Other program income	-	-	-	-	550,592	447	602	-	551,641
Repayment of mortgages and interest	-	-	-	-	-	94,988	44,170	-	139,158
Total revenues	<u>354,380</u>	<u>24,157</u>	<u>1,063,947</u>	<u>4,387</u>	<u>570,703</u>	<u>95,435</u>	<u>44,772</u>	<u>13,498</u>	<u>2,171,279</u>
EXPENDITURES									
Residential rehabilitation	-	18,800	-	-	223,482	2,566	2,551	-	247,399
General and administration	72,409	5,542	16,365	4,282	21,904	3,400	-	12,906	136,808
Emergency assistance	276,039	-	1,047,737	-	-	-	-	-	1,323,776
Total expenditures	<u>348,448</u>	<u>24,342</u>	<u>1,064,102</u>	<u>4,282</u>	<u>245,386</u>	<u>5,966</u>	<u>2,551</u>	<u>12,906</u>	<u>1,707,983</u>
Excess (deficiency) of revenues over expenditures	5,932	(185)	(155)	105	325,317	89,469	42,221	592	463,296
FUND BALANCES, beginning of year	<u>(3,991)</u>	<u>518</u>	<u>662</u>	<u>-</u>	<u>1,064,642</u>	<u>826,642</u>	<u>155,926</u>	<u>325</u>	<u>2,044,724</u>
FUND BALANCES, end of year	<u>\$ 1,941</u>	<u>\$ 333</u>	<u>\$ 507</u>	<u>\$ 105</u>	<u>\$ 1,389,959</u>	<u>\$ 916,111</u>	<u>\$ 198,147</u>	<u>\$ 917</u>	<u>\$ 2,508,020</u>