

**GLEN COVE LOCAL ECONOMIC  
ASSISTANCE CORPORATION**  
*(A Component Unit of the City of Glen Cove, New York)*

**BASIC FINANCIAL STATEMENTS**  
*Year Ended December 31, 2018*



Prepared by:  
Anne L. LaMorte  
Financial Manager, CFO

**Glen Cove Local Economic Assistance Corporation**  
**(A Component Unit of the City of Glen Cove, New York)**  
Basic Financial Statements  
Year Ended December 31, 2018

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## **BOARD MEMBERS**

### **CHAIRMAN**

Mayor Timothy Tenke



### **BOARD OF DIRECTORS**

Vincent Hartley, CPA  
Vice Chairman/Treasurer  
James J. Cappiello  
Joseph Gioino  
John Tetta

### **GOVERNANCE COMMITTEE**

Chairman Timothy Tenke  
James J. Cipiello  
Joseph Gioino

### **AUDIT /FINANCE COMMITTEE**

Vincent Hartley, CPA- Vice Chairman  
James J. Cipiello  
John Tetta

### **CHIEF EXECUTIVE OFFICER**

Ann S. Fangmann

### **LOCAL ECONOMIC ASSISTANCE CORPORATION STAFF**

Camille Byrne, Secretary  
Anne LaMorte, Financial Manager, CFO/Assistant Secretary

# GLEN COVE LOCAL ECONOMIC ASSISTANCE CORPORATION ORGANIZATIONAL CHART



## INDEPENDENT AUDITORS' REPORT

Board of Directors and Members  
Glen Cove Local Economic Assistance Corporation  
Glen Cove, New York:

### Report on the Financial Statements

We have audited the accompanying financial statements of the Glen Cove Local Economic Assistance Corporation (the Corporation), a component unit of the City of Glen Cove, New York, as of and for the years ended December 31, 2018 and 2017, and the related notes to financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Glen Cove Local Economic Assistance Corporation as of December 31, 2018 and 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

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

#### Other Reporting Required by Government Auditing Standards

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 27, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS



## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Glen Cove Local Economic Assistance Corporation (the Corporation), we offer readers of the Corporation's basic financial statements this narrative analysis of the Corporation's financial performance and an overview of the Corporation's financial activities for the year ended December 31, 2018. Please read this information in conjunction with the basic financial statements.

### FINANCIAL HIGHLIGHTS AND PROJECTS

On April 19, 2016, the Corporation entered into a Bond Purchase and Loan Agreement with NHI Holdings LLC, "The Regency at Glen Cove" and issued \$24M of tax exempt bonds to NHI Holdings LLC. The bond proceeds were used to restructure the company's debt and undertake new construction of a Alzheimers unit. The Corporation collected a fee of \$65,750.

On November 22, 2016, the Glen Cove Industrial Development Agency, (the IDA) sold the waterfront properties to the Redeveloper, RXR Glen Isle Partners, LLC. The Corporation issued four Revenue Bonds to assist the City of Glen Cove (the City) in its obligation to provide infrastructure and public amenities for the Garvies Point Project. As of December 31, 2018, the aggregate outstanding principal of \$134,357,239 remains outstanding. The bond trustee made interest payments of \$1,351,000 on the 2016A bond and \$202,125 on the 2016D bond in 2018 and \$821,828 on the 2016A bond and \$122,959 on the 2016D bond, in 2017. These bonds are non-recourse to the City or the Corporation.

In December 2017, the City signed an Agreement with the School for Language and Communication Development now known as the Tiegerman School, to purchase a 1.89 acre portion of the Coles School property, including the former elementary school building. The Tiegerman School closed on Series 2018

Revenue A-1, A-2 & B Bonds, in the amount of \$8,315,000.

These funds were used to purchase, renovate the current 30,990 square foot building and associated parking for use as a special education school located at 27 Cedar Swamp Road. The nonprofit serves children with language and autistic-related disorders. In June 2018, the Corporation received an admin fee of \$54,617, to provide financial assistance in the form of tax-exempt and taxable bond financing and an exemption from New York State mortgage recording tax. The construction is currently taking place with an expected move in date of July 2019. The estimated number of jobs to be created after construction completion is: Year 1, 75 jobs, year 2, 76 jobs and year 3, 77 jobs. Combined with Tiegerman's existing South School, the number of jobs is estimated to be 257 in year three.

### OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements. The MD&A represents management's examination and analysis of the Corporation's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Corporation's strategic plan, operating plan, bond covenants and other management tools were used for this analysis.

The financial statements report information about the Corporation. The Corporation applied full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information.

The financial statements include statements of net position; statements of revenues, expenses and changes in net position; statements of

cash flows and notes to financial statements. The statements of net position include all of the Corporation's assets and liabilities and provide information about the nature and amount of investments.

The statements of revenues, expenses and changes in net position presents the results of the business activities over the course of the year and information as to how the net position changed during the 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 the related cash flows. This statement also provides information about whether the Corporation has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statements of cash flows present changes in cash and cash equivalents resulting from operating and investing activities. The statements present cash receipts and cash disbursements information, without consideration of the earning events, when an obligation arises or depreciation of capital assets occurs.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of information presented in the statements. The notes present information about the Corporation's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. Supplementary information has been included as required for statutory filing under General Municipal Law 859.

## FINANCIAL ANALYSIS OF THE CORPORATION

The objective of financial analysis is to determine the financial condition of the Corporation as a whole and to see if its condition increased or decreased as a result of the year's activities. Net position and the statement of revenues, expenses and changes in net position provide useful information in this regard. The statements report the net position of the Corporation and changes in net position. The amount of net position, the difference between total assets and deferred outflows and liabilities and deferred inflows, is a significant measure of financial health or financial position. Over time, increases or decreases in the Corporation's net position are indicators of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation should be considered in evaluating the financial condition of the Corporation.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

## NET POSITION

The Corporation's net position at December 31, 2018, is \$112,339 and \$61,502 at December 31, 2017. The increase was mainly due to the admin fees for 2018 for the Tiegerman School.

## OPERATING RESULTS

The Corporation's condensed statement of revenues, expenses and change in net position are presented in the table below.

| REVENUES, EXPENSES AND<br>CHANGE IN NET POSITION |           |         |
|--|-----------|---------|
|  | 2018      | 2017    |
| Operating Revenues                               |           |         |
| Administrative fees                              | \$55,617  | 1,000   |
| Total operating revenues                         | 55,617    | 1,000   |
| Operating Expenses                               |           |         |
| Administrative expenses                          | 4,727     | 4,500   |
| Total operating expenses                         | 4,727     | 4,500   |
| Operating income (loss)                          | 50,890    | (3,500) |
| Interest income                                  | 947       | 170     |
| Changes in net position                          | 51,837    | (3,330) |
| Net position at beginning of year                | 60,502    | 63,832  |
| Net position at end of year                      | \$112,339 | 60,502  |

The majority of the Corporation's revenues are derived from one time and annual administrative fees on bonds issued through the Corporation.

## Debt Management

The Corporation may issue taxable and tax-exempt revenue bonds. The bonds are non-recourse obligations of the Corporation and the Corporation does not record the assets or liabilities resulting from completed bond and note issues in its accounts. Its primary function is to arrange conduit financing between the borrowing entities and the bond and note holders. Typically, trustees or banks acting as fiscal agents control funds arising from these transactions.

## Contacting the Corporation's Financial Management

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

## BASIC FINANCIAL STATEMENTS



**GLEN COVE LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**(A Component Unit of the City of Glen Cove)**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2018 and 2017**

|                           | <b>2018</b>      | <b>2017</b>   |
|---------------------------|------------------|---------------|
| <b>ASSETS</b>             |                  |               |
| Cash and cash equivalents | \$ 26,600        | 62,502        |
| Investments               | <u>85,739</u>    | <u>-</u>      |
| Total assets              | <u>112,339</u>   | <u>62,502</u> |
| <b>LIABILITIES</b>        |                  |               |
| Accrued expenses          | <u>-</u>         | <u>2,000</u>  |
| <b>NET POSITION</b>       |                  |               |
| Unrestricted              | <u>112,339</u>   | <u>60,502</u> |
| Total net position        | <u>\$112,339</u> | <u>60,502</u> |

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

**GLEN COVE LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**(A Component Unit of the City of Glen Cove)**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEARS ENDED DECEMBER 31, 2018 and 2017**

|                              | <b>2018</b>      | <b>2017</b>   |
|------------------------------|------------------|---------------|
| <b>Operating Revenues:</b>   |                  |               |
| Administrative fees          | <u>\$ 55,617</u> | <u>1,000</u>  |
| Total operating revenues     | <u>55,617</u>    | <u>1,000</u>  |
| <b>Operating Expenses:</b>   |                  |               |
| Administrative expenses      | <u>4,727</u>     | <u>4,500</u>  |
| Total operating expenditures | <u>4,727</u>     | <u>4,500</u>  |
| Operating income (loss)      | 50,890           | (3,500)       |
| Interest income              | <u>947</u>       | <u>170</u>    |
| Changes in net position      | 51,837           | (3,330)       |
| Beginning net position       | <u>60,502</u>    | <u>63,832</u> |
| Ending net position          | <u>\$112,339</u> | <u>60,502</u> |

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

**GLEN COVE LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**(A Component Unit of the City of Glen Cove)**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2018 and 2017**

|   | <b>2018</b>     | <b>2017</b>    |
|---|-----------------|----------------|
| Cash flows from operating activities:   |                 |                |
| Administrative fees   | \$55,617        | 1,000          |
| Administrative expenses   | <u>(6,727)</u>  | <u>(2,500)</u> |
| Net cash provided by (used in) operating activities   | <u>48,890</u>   | <u>(1,500)</u> |
| Cash flows from investing activities:   |                 |                |
| Interest  | 947             | 170            |
| Purchase of investments   | <u>(85,739)</u> | <u>-</u>       |
| Net cash provided by (used in) investing activities   | <u>(84,792)</u> | <u>170</u>     |
| Net change in cash and cash equivalents   | (35,902)        | (1,330)        |
| Cash and cash equivalents, beginning of year  | <u>62,502</u>   | <u>63,832</u>  |
| Cash and cash equivalents, end of year  | <u>\$26,600</u> | <u>62,502</u>  |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:                   |                 |                |
| Operating income (loss)   | \$50,890        | (3,500)        |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities - accrued expenses | <u>(2,000)</u>  | <u>2,000</u>   |
| Net cash provided by (used in) operating activities   | <u>\$48,890</u> | <u>(1,500)</u> |

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

**GLEN COVE LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**(A Component Unit of the City of Glen Cove)**  
**NOTES TO FINANCIAL STATEMENTS**

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

**A. Reporting Entity**

The Glen Cove Local Economic Assistance Corporation, (the "Corporation") was established on July 24, 2014 under the Not-for-Profit, ("N-PCL") Corporation Law and as a local development corporation pursuant to Section 1411 of the N-PCL. The City of Glen Cove is the sole member of the Corporation.

The Corporation's primary purpose is to support and promote economic development efforts in the City of Glen Cove by serving as a conduit financing entity by issuing taxable and non-taxable revenue debt for which the Corporation typically receives a fee.

The powers of the Corporation are vested in its (maximum 7-members no fewer than 3-members), Board of Directors. The Mayor serves as the Chairman of the Board of Directors. The Board Members are appointed by the City of Glen Cove Council. The officers of the Corporation are appointed by the Board of Directors and are responsible for the accountability for all fiscal matters of the Corporation. The Corporation currently has no employees. Pursuant to an Inter-Municipal Agreement, the Corporation may and does share resources of the Glen Cove Industrial Development Agency.

The Corporation is responsible for its own debts and entitled surpluses. The City of Glen Cove is not responsible for any debts of the Corporation.

**B. Basis of Accounting**

The Glen Cove Local Economic Assistance Corporation maintains its financial records on the accrual basis of accounting.

**C. Cash and Cash Equivalents**

For purposes of reporting cash flows, all liquid investments with original maturity of three months or less are considered cash equivalents.

**D. Net Position**

*Restricted Net Position*

Restricted net position represents only the amounts with externally imposed restrictions (e.g. through debt covenants or by grantors) or restrictions imposed by the law. The Corporation has no restricted net position at December 31, 2018 and 2017.

*Unrestricted Net Position*

Unrestricted net position represents the amounts available for general use.

**E. Operating and Non-operating Revenues and Expenses**

Operating revenues generally result from providing goods and services to individuals or entities separate from the Corporation. Operating revenues and expenses are related to operating transactions. The operating transactions are those other than capital and related financing activities, noncapital financing activities, investing activities and non-exchange revenues. Operating revenues of the Corporation includes administrative fees charged by the Corporation and reimbursement of operating expenses.

Non-operating revenues - Non-operating revenues are those revenues that do not meet the definition of operating revenues. Non-operating revenues include investment income and insurance reimbursement revenue. Grants, entitlements, or shared

revenues received for operations and/or operations or capital acquisitions or construction are reported as “non-operating” revenues.

#### **F. Standards Issued Not Yet Implemented**

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

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

GASB Statement No. 87 - “Leases.” This Statement, issued in June 2017, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements

of this Statement are effective for financial statements for periods beginning after December 15, 2019, which is the fiscal year beginning January 1, 2020 for the Corporation. Management is in process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Corporation.

GASB Statement No. 88 - “Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.” This Statement, issued in April of 2018, requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The provisions of this Statement are effective for reporting periods beginning after June 15, 2018, which is the fiscal year beginning January 1, 2019 for the Corporation. Management is in the process of evaluating the potential impact of this Statement on the financial statements of the Corporation.

GASB Statement No. 89 - “Accounting for Interest Cost Incurred before the End of a Construction Period.” This Statement, issued in June 2018, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 - “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” which are superseded by this Statement. The requirements of this Statements are effective for reporting periods beginning after December 15, 2019, which is

the fiscal year beginning January 1, 2020 for the Corporation. Management is in the process of evaluating the potential impact due to the implementation of this Statement on the financial statements of the Corporation.

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

## **NOTE 2. CASH AND CASH EQUIVALENTS**

The Corporation's aggregate bank balance of \$45,704 at December 31, 2018 and \$62,502 at December 31, 2017 is secured by deposit insurance provided by the FDIC of \$250,000 for checking and money market accounts; and with securities held by the pledging financial institution's trust department or agent in the Corporation's name. Additionally, \$85,739 was invested in certificates of deposit with original terms of 12 months, and paying an interest rate of 2.00%. These securities are valued using the amortized cost method and have accumulated compounding interest of \$739 at December 31, 2018.

The Corporation's cash management and investment policy are as follows:

State statutes govern the Corporation's investment policies. In addition, the Corporation has its own written investment

policy that incorporates the State regulations. Corporation monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The investment officer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

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

*Custodial and credit risk.* The Corporation's bank balances of deposits were either entirely insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities pledged in third party custodial accounts of the pledging financial institutions in the Corporation's name.

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

## **NOTE 3. RELATED PARTY TRANSACTIONS**

### *Administrative Fee*

The operations of the Corporation are administered by the Glen Cove Industrial Development Agency (IDA). A fee amounting of \$2,000 was incurred to the IDA for the services provided in 2018 and 2017.

#### NOTE 4. SUBSEQUENT EVENTS

The Corporation has evaluated the subsequent events and transactions from December 31, 2018 through the date that the financial statements were available to be issued.

#### NOTE 5. CONDUIT DEBT OBLIGATIONS, REVENUE BONDS AND NOTE TRANSACTIONS

The Corporation issued four Revenue Bonds for the purpose of construction of certain public improvements in connection with the Garvies Point Waterfront Redevelopment Project during the year ended December 31, 2016. These funds were borrowed by the IDA to fulfill its obligations for the infrastructure,

and public amenities of the Garvies Point Project. These bonds are secured by the PILOT payments from the project and are payable solely from such payments.

Neither the Corporation, the Glen Cove Industrial Development Agency, nor the City or any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

On November 22, 2016, the Corporation issued four Series 2016 Revenue Bonds, in the amount of \$124,562,833, for the Garvies Point Public Improvement Project. Consisting of the following:

| Garvies Point Project<br>Issue Date: November 22, 2016 |  |           |                      |                                      |                   |                             |              |                 |                    |  |
|--|--|-----------|----------------------|--------------------------------------|-------------------|-----------------------------|--------------|-----------------|--------------------|--|
| Bond Series  | Bond Description                               | CUISP #   | Bond Amount          | Discount Original Issue Underwriters | Accreted Interest | 12/31/18 Outstanding Amount | Intere: Rate | Due Date        | 2018 Interest Paid |  |
| 2016A  | Current Interest Revenue Bonds                 | 377450AD3 | \$27,020,000         | (731,743)                            | -                 | 26,288,257                  | 5.00%        | January 1, 2056 | 1,351,000          |  |
| 2016B  | Capital Appreciation Revenue Bonds             | 377450AE1 | 22,531,396           | (303,983)                            | 2,991,366         | 25,218,779                  | 6.00%        | January 1, 2029 | -                  |  |
| 2016C  | Convertible Capital Appreciation Revenue Bonds | 377450AF8 | 71,336,437           | (962,438)                            | 8,850,785         | 79,224,784                  | 5.63%        | January 1, 2032 | -                  |  |
| 2016D  | Current Interest Taxable Revenue Bonds         | 377450AG6 | 3,675,000            | (49,581)                             | -                 | 3,625,419                   | 5.50%        | January 1, 2056 | 202,125            |  |
|  |  |           | <u>\$124,562,833</u> | <u>(2,047,745)</u>                   | <u>11,842,151</u> | <u>134,357,239</u>          |              |                 | <u>1,553,125</u>   |  |

During the year ended December 31, 2018, the Trustee made interest payments in aggregate of \$1,553,125, \$1,351,000 on 2016A and \$202,125 on 2016D bonds.

As of December 31, 2018, the principal amount of \$134,357,239 was outstanding for the Series 2016 A, B, C and D bonds.

As of December 31, 2018 accrued interest on the Regency bonds was \$5,653,892, and no debt service is payable on these bonds until after construction is completed.

| The Regency at Glen Cove Project<br>Issue Date: April 19, 2016 |   |           |                     |                                      |                             |               |                 |  |
|--|---|-----------|---------------------|--------------------------------------|-----------------------------|---------------|-----------------|--|
| Bond Series  | Bond Description                        | CUISP #   | Bond Amount         | Discount Original Issue Underwriters | 12/31/18 Outstanding Amount | Interest Rate | Due Date        |  |
| 2016A-1  | Revenue Bond (The Regency at Glen Cove) | 377450AA9 | \$5,000,000         | -                                    | 5,000,000                   | 7.00%         | April 1, 2057   |  |
| 2016A-2  | Revenue Bond (The Regency at Glen Cove) | 377450AB7 | 14,000,000          | -                                    | 14,000,000                  | 7.75%         | April 1, 2057   |  |
| 2016A-3  | Revenue Bond (The Regency at Glen Cove) | 377450AC5 | 5,000,000           | -                                    | 5,000,000                   | 9.50%         | October 1, 2057 |  |
|  |   |           | <u>\$24,000,000</u> | <u>-</u>                             | <u>24,000,000</u>           |               |                 |  |

The Corporation issued three Series 2018 Revenue Bonds for the purpose of the acquisition, renovation and equipping of an approximate 26,000 square foot school building (Tiergerman School Project) during the year ended December 31, 2018. The three Series 2018 Revenue Bonds were issued by the Corporation on June 29, 2018, in the amount of \$8,315,000, consisting of the following:

| The Tiergerman School Project |  |           |                    |                                      |                             |               |              |
|-------------------------------|--|-----------|--------------------|--------------------------------------|-----------------------------|---------------|--------------|
| Issue Date: June 29, 2018     |  |           |                    |                                      |                             |               |              |
| Bond Series                   | Bond Description                       | CUISP #   | Bond Amount        | Discount Original Issue Underwriters | 12/31/18 Outstanding Amount | Interest Rate | Due Date     |
| 2018A-1                       | Current interest revenue bonds         | 377450AH4 | \$1,570,000        | -                                    | \$1,570,000                 | 4.75%         | July 1, 2028 |
| 2018A-2                       | Current interest revenue bonds         | 377450AJ0 | 6,460,000          | -                                    | 6,460,000                   | 5.50%         | July 1, 2044 |
| 2018B                         | Current interest taxable revenue bonds | 377450AK7 | 285,000            | -                                    | 285,000                     | 6.00%         | July 1, 2023 |
|                               |  |           | <u>\$8,315,000</u> | -                                    | <u>\$8,315,000</u>          |               |              |

During the year ended December 31, 2018, the Trustee made interest payments in aggregate of \$144,227, on the Series 2018A-1, A-2 and B bonds.

# COMPLIANCE SECTION

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



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

Board of Directors and Members  
Glen Cove Local Economic Assistance Corporation  
Glen Cove, New York:

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

**Internal Control Over Financial Reporting**

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

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

EFPR Group, CPAs, PLLC

Williamsville, New York  
March 27, 2019