

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



COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended December 31, 2010

Prepared by:
Anne L. LaMorte
Financial Manager

THE CITY OF GLEN COVE
INDUSTRIAL DEVELOPMENT AGENCY
GLEN COVE, NEW YORK

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

*COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2010*



Prepared by:
ANNE L. LAMORTE
FINANCIAL MANAGER

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(A Component Unit of the City of Glen Cove, New York)
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INTRODUCTORY SECTION



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Chairman

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K. Kelly Morris
Executive Director

GLEN



COVE

COMMUNITY DEVELOPMENT AGENCY

City Hall, 9 Glen Street, Room 311, Glen Cove, NY 11452

March 31, 2011

Board of Directors of
Glen Cove Industrial Development Agency
Glen Cove, NY

State Law requires the Glen Cove Industrial Development Agency (“IDA”, the “Agency”) publish a complete set of financial statements presented in conformity with the accounting principles generally accepted in the United States of America (GAAP) applied to governmental entities. The financial statements are to be audited by a certified public accountant in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Pursuant to that requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the Agency for the fiscal year ended December 31, 2010.

In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, and employees, financial institutions, intergovernmental agencies, creditors, partners and Glen Cove Industrial Development Agency’s Board of Directors.

This Agency has produced the CAFR in conformance with the Governmental Accounting Standards Board (GASB) Statement 34. This report consists of management’s representations concerning the finances of the Agency. Consequently, management assumes full responsibility for

the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Glen Cove Industrial Development Agency has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Agency’s financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Agency’s comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Glen Cove Industrial Development Agency for its comprehensive annual financial report for the fiscal year ended December 31, 2009. In order to be awarded a Certificate of Achievement a government must publish an easily readable and efficiently organized comprehensive annual financial report. This

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report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Agency's financial statements have been audited by Tabriztchi & Co., CPA, P.C., a licensed certified public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended December 31, 2010 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Agency's financial statements for the year ended December 31, 2010 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report, which can be found on pages 13 and 14.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found in the financial

section of this report immediately following the report of the independent auditors. The Agency's MD&A can be found in pages 15 to 20.

To assist the clarity and usefulness of the Statistical Section of the CAFR, additional schedules and information are included, as required by GAAP, by presenting financial trends information, revenue capacity information, debt capacity information, demographic and economic information, and operating information. These schedules can be found beginning on page 51.

PROFILE OF THE AGENCY

The Agency is a public benefit corporation, which was created by New York State legislation on May 17, 1974 at the request of the City of Glen Cove (the "City"). The Glen Cove IDA has the authority to help not-for-profit and qualified businesses to relocate, expand and build in the City of Glen Cove. Although the Agency is an entity independent of the City of Glen Cove government, the Mayor is the Chairman of the Agency and appoints all members of the Agency's Board of Directors. He and the Executive Director annually direct the Agency to implement development projects on the City's behalf.

The Agency's Board of Directors is comprised of five members appointed by the Mayor. The Agency's Board is responsible for hiring the Agency's Executive Director, whose responsibility it is to carry out the policies of the Board, to oversee the day-to-day operations of the agency, and to hire the heads of the various departments.

The Agency is considered a discretely presented component unit of the City of Glen Cove, because the City of Glen Cove Mayor appoints the Agency's Board of Directors, the

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City of Glen Cove is obligated for the indebtedness of the Agency.

The Agency’s mission is to improve economic conditions in the City of Glen Cove. The Agency operates to attract, retain and expand businesses within its jurisdiction through the provision of financial incentives to private entities. The Agency is legally empowered to buy, sell or lease property and to provide tax exempt financing for approved projects. Real property owned or controlled by IDA is exempt from property and mortgage recording taxes, and the value of these exemptions can be passed through to assisted businesses. Moreover, purchases related to IDA projects can be exempt from State and local sales taxes. While IDA properties are tax exempt, businesses occupying IDA-owned properties typically make payments in-lieu-of-taxes (PILOTs) that are paid to the City of Glen Cove.

FACTORS AFFECTING FINANCIAL CONDITIONS

The City of Glen Cove is located in Nassau County, between Hempstead Harbor and Oyster Bay and faces the Long Island Sound. Glen Cove is accessible by the Long Island Expressway and Northern State Parkway via State Route 107 (Arterial Highway) and Glen Cove Road. The Long Island Rail Road and the Metropolitan Transportation Authority Long Island Bus System provide accessible public transportation to Glen Cove’s residents. Glen Cove is an attractive waterfront community with a variety of housing opportunities and excellent natural resources.

Population

The following table presents population trends for the City of Glen Cove and other cities and towns in the Nassau County:

NASSAU COUNTY POPULATION TRENDS			
	2010	2000	1990
City of Glen Cove	26,964	26,622	24,149
City of Long Beach	33,275	35,462	33,510
Town of Hempstead	759,757	755,923	725,605
Town of North Hempstead	226,322	221,132	211,393
Town of Oyster Bay	<u>293,214</u>	<u>295,405</u>	<u>292,691</u>
Total Nassau	<u>1,339,532</u>	<u>1,334,544</u>	<u>1,287,348</u>
County			

The population data is based upon the US Census data.

The population of the City increased by 342 (1%) and 2,473 (10%), from the 2000 to 2010 and 1990 to 2000, respectively. The population increases for the entire county were 4,988 (.3%) and 47,196 (4%), from the 2000 to 2010 and 1990 to 2000, respectively. The City had relatively more rapid population increase than the City of Long Beach and the towns of Hempstead and Oyster Bay located in the County.

A new wave of migration has made Glen Cove’s population increasingly diverse. Racially and ethnically, 74% of Glen Cove’s residents are White, 28% Hispanic, 7% Black, and 5% Asian and the balance is other, according to 2010 Population Census. At 28%, the proportion of Glen Cove’s Hispanic population to its total population is almost two times greater than the proportion in Nassau County in general. Regionally, roughly one-half of new immigrants to the United States are moving directly to the suburbs, rather than the traditional mode of moving first to the inner city. This is spurred by the fact that the suburbs are now major employment centers in their own right.

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School enrollment can be used to indicate how Glen Cove’s demographic profile is evolving. As of November 2007, there were slightly more than 2,900 Glen Cove youngsters enrolled in the Glen Cove school system (excluding pre-kindergarten, out-of-district, and Special Education students). Of these students, 400 students were born outside of the United States, representing 14 percent of the total. These figures would be higher if the American-born children of immigrants were also numerated.

Income

According to the US Census, in 2000, the number of households, persons per household, median household income, per capita income and percentage of persons below the poverty line for the City of Glen Cove, Nassau County and New York State, were as follows:

NEW YORK STATE AND GLENCOVE DEMOGRAPHIC COMPARISON		
	Glen Cove	State of New York
Households	9,461	7,056,860
Persons per household	2.72	2.61
Median household income	\$55,503	\$43,393
Per capita money income	\$26,627	\$23,389
Persons below poverty, percent	9.1%	14.6%

The median income for a household in the Census Designated area of the City was \$55,503. Median family income was \$63,021 and the per capita income for the City was \$26,627. About 6.2% of families and 9.2% of the population were below the poverty line, and 9.1% of individuals and 12.4% of the population were below poverty level.

The Glen Cove median family income and per capita income were 28% and 13% higher

than those for the State as a whole in 2000, respectively.

Economy of the City of Glen Cove

The City has been attracting retail tenants, particularly in the downtown business district. A wide variety of national and regional retailers and service providers are represented. In 2007, St. Christopher-Ottillie moved its headquarters to Glen Cove. This not-for-profit agency specializes in foster care, adoption and residential care for children and young adults. The organization employs over 2,500 employees in the metro New York area. The main office staffs totals 104 employees.

The School for Language and Communication Development has purchased and relocated to the old South School. The School serves as an international interactive school specializing in educating children with communication disorders in a mainstream school setting. The facility also includes a daycare center.

In June 2007, Photocircuits, one of the City’s largest taxpayers, closed its factory located in the City. As a result of this closing, Photocircuits terminated approximately 740 employees working at its facilities. The Agency, the City and County officials are working closely with the management team from Photocircuits to identify new tenants and new uses for that facility.

The Agency has considered the national market trends in various industries and has acted proactively to protect and bolster Glen Cove’s economic base. Mindful that industry will not return to the heyday of the Industrial Revolution, the Agency has also recognized the need to embrace the rebirth of the Glen Cove Creek waterfront with new forms of development.

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The Glen Cove Industrial Development Agency, the City of Glen Cove and the Glen Cove Community Development Agency have worked to promote mixed-use development on the north side of Glen Cove Creek, mindful that luxury housing can provide and support significant public parks and amenities.

Tourism is stimulated by the use of Glen Cove Creek and Hempstead Harbor for pleasure crafts. Several estates have been re-envisioned as bases for institutions and a conference center. Industry and offices have flourished in the south of Glen Cove, which is

accessible to the major highways. The land at Glen Cove Creek is undergoing remediation at vacant and contaminated industrial sites in preparation for mixed-use redevelopment.

Industry in that area has proven durable and includes public maintenance yards and the sewage treatment plant.

The 2000 Census job and income statistics indicate that Glen Cove's average and median household income levels (\$71,950 and \$55,500, respectively) are substantially lower

EMPLOYMENT STATISTICS FOR VARIOUS AREAS IN LONG ISLAND								
Area	February 2011				February 2010			
	Civilian Labor Force	Number Employed	Unemployed		Civilian Labor Force	Number Employed	Unemployed	
			Number	Rate			Number	Rate
Nassau-Suffolk	1,451,419	1,338,661	112,758	7.80%	1,473,320	1,356,270	117,050	7.90%
Nassau County	674,895	626,061	48,834	7.20%	685,725	634,242	51,483	7.50%
Freeport Village	22,197	20,119	2,078	9.40%	22,600	20,444	2,156	9.50%
Glen Cove City	13,186	11,937	1,249	9.50%	13,400	12,126	1,274	9.50%
Hempstead Town	379,946	350,932	29,014	7.60%	385,697	355,233	30,464	7.90%
Hempstead Village	25,792	22,897	2,895	11.20%	26,252	23,272	2,980	11.40%
Long Beach City	19,157	17,741	1,416	7.40%	19,395	17,955	1,440	7.40%
North Hempstead Town	111,253	103,999	7,254	6.50%	113,099	105,530	7,569	6.70%
Oyster Bay Town	151,347	141,452	9,895	6.50%	154,122	143,397	10,725	7.00%
Rockville Centre Village	12,247	11,726	721	5.80%	12,705	11,902	803	6.30%
Valley Stream Village	18,492	17,085	1,407	7.60%	18,659	17,238	1,421	7.60%

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than those of Nassau County (\$95,000 and \$72,000, respectively). The number of service workers in Glen Cove exceeds that of Nassau County (20 percent and 13 percent), which is also indicative of the percentage of white collar workers Glen Cove and Nassau County (61 percent and 71 percent). The State of New York Department of labor provides the following information concerning impact of the recession on employment and unemployment in the City of Glen Cove, Nassau County and Nassau and Suffolk Counties.

The average unemployment rate in the City was 9.5% in 2009 and 2010. The number of employed persons were 11,937 and 12,126, in 2010 and 2009, respectively.

Prices

The annual rate of increase in consumer price index in New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, not seasonally adjusted was as follows:

INCREASE IN CONSUMER PRICE INDEX (CPI)	
Year	Average Percentage Increase
2001	2.8
2002	2.1
2003	2.8
2004	3.5
2005	3.6
2006	3.6
2007	2.6
2008	4.0
2009	2.0
2010	2.0

Housing

According to March 21, 2011 report of Association of realtors the US existing home sales which are completed transactions that include single-family, townhomes, co-ops, and condominiums dropped 9.6 percent to a seasonally adjusted annual rate of 4.88 million in February from an upwardly revised 5.40 million in January, and are 2.8 percent below the 5.02 million pace in February 2010.

In the Northeast region, existing-home sales in the Northeast fell 7.2 percent to an annual pace of 770,000 in February and are 8.3 percent below February 2010. The median price in the Northeast was \$230,200, down 9.5 percent from a year ago.

Glen Cove’s landscape is suburban with over 90 percent of the dwelling units in detached housing. Glen Cove shows greater diversity than Nassau County does (where over 75 percent of the units are single-family detached homes). The scale of housing is low, with a preponderance of two-family dwellings (20 percent) and three-family dwellings (18 percent), as opposed to apartment buildings of four or more units (7 percent). In comparison to Nassau County, Glen Cove contains a smaller percentage of owner-occupied units (58 percent and 80 percent) and a larger percentage of renter-occupied units (41 percent and 19 percent).

Though the rental formats are generally in low density two- and three-family formats, there appears to be a significant absence of owners on premises. Currently, there is 58 percent owner occupancy, whereas the total owner occupancy would have been 71 percent, if all of the single-family homes were owner-occupied, one-half of the two-family units were owner-occupied and one-third of the three-family units were owner occupied.

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While Glen Cove's economic and racial diversity are reflected in population and housing data, home valuation numbers point to the wealth of some Glen Cove residents, as well as the potential difficulties many Glen Cove residents face in finding affordable housing. In 2000, the median value of owner-occupied housing units in Glen Cove exceeded that of Nassau County (\$260,000 and \$250,000).

While the market value of housing in Glen Cove may be out of reach for a number of residents, Glen Cove also happens to contain a larger share of affordable units than other communities on the North Shore. Glen Cove is currently home to 340 federally subsidized (Section 8) units and 250 affordable units administered by the City of Glen Cove Housing Authority; there are a total of 590 units. Plans are in development to complete a mixed-income development on former Housing Authority property. This development will provide an additional 20 Section 8 home ownership units and 20 workforce housing units. After completion, the total inventory of affordable housing will be 630 units, representing approximately 6 percent of all units in Glen Cove.

MAJOR INITIATIVES

Glen Cove Waterfront Revitalization Project

The City, the Glen Cove CDA, and the IDA have been working together to reclaim the properties surrounding Glen Cove Creek and restore them for enhanced uses. The Glen Cove Waterfront is located in Glen Cove's Urban Renewal Area and in a Nassau County Empire Zone.

The City and its federal, state and local partners have remediated over 40 acres along Glen Cove Creek including the Captain's Cove Superfund site and a portion of the LI Tungsten Superfund site. Special economic

development funding is a necessary component for the completion of this Urban Renewal Project. CDA manages the activities which prepare the redevelopment area for disposition and redevelopment. Such activities include further site investigation and cleanup support, surveying, professional engineering, appraisal services, legal services, and payment of interest on a Section 108 Loan used to purchase the properties along the waterfront.

In 2003, the Glen Cove IDA signed a Land Disposition Agreement with a private developer for the redevelopment of more than 46 acres along the north side of Glen Cove Creek. This development will reclaim the area for Glen Cove residents and allow much-needed public access to the waterfront.

Currently, the developer has designed a plan that will incorporate sound environmental practices with commercial, residential and recreational elements. This plan has been approved by the IDA and CDA boards and will be presented to the City of Glen Cove Planning Board.

ANTICIPATED ACCOMPLISHMENTS

Waterfront Development Project

The environmental review of the Waterfront Project began when the IDA and CDA approved an amended conceptual site plan and submitted same to the Glen Cove Planning Board in October 2008. In 2009, the Planning Board approved the Final Scope for the Draft Generic Environmental Impact Statement ("DGEIS"), which is now the Draft Environmental Impact Statement ("DEIS") that governs this billion dollar effort. The revised plan was the result of several months of joint efforts of the redeveloper and the City's Community Development Agency and Industrial Development Agency in

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addressing the inherent concerns in such a development.

The DEIS proposes a redevelopment program that includes 860 residential units, including 180 rental apartments, and 86 units of workforce housing; a 250 suite luxury hotel including banquet and meeting facilities, a luxury spa, and restaurant; 50,000 Sq. of office space; 25,000 Sq. of retail and restaurants, including outdoor dining at the head of the creek overlooking Hempstead Harbor; 85 new boat slips; and nearly 20 acres of accessible public open space along the waterfront and adjacent to the Garvies Point Preserve. Upon completion, the Final Environmental Impact Statement, ("FEIS") will thoroughly answer all questions raised on environmental and other impacts of the proposed project including traffic, utilities, municipal services, and fiscal impacts of the CDA and IDA approved Conceptual Site Plan. This report is expected to be completed by June 2012.

Other Projects

The Agency is currently working with GCVS, LLC on the redevelopment of the Downtown Village Square known as the "Piazza". This \$60 million dollar project will require the issuance of bonds for financing. The project will bring additional revenues for the Agency and also improvement in employment conditions and the City tax basis.

Budgetary Controls

The objective of budgetary controls maintained by the Agency is to ensure compliance with the budgets approved by the Board of Directors. Activities of the Agency are included in the Agency's annual budgeting process. The annual budget is proposed by the Executive Director and submitted to the Board of Directors for approval.

The budgets can be amended during the year. The Executive Director is authorized to make transfers within administrative budget lines. All other amendments require approval from the Agency's Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

The Agency's Board of Directors also adopts and uses program budgets, which in total comprise the Agency's financial plan. The program budgets do not expire at the year end and are extended until the programs are completed. The completion of the programs may require several years. The Board may amend the budget as necessary.

Award and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the IDA for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the second year that the agency has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to commend the staff of the Agency for their efficient and dedicated service in helping to prepare this report. We would also like to thank the Board of

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Directors and Executive Director for their support in planning and conducting the financial operations of the Agency in a responsible and progressive manner. We would like to express our thanks to our auditors, Tabriztchi and Co., CPA, P.C., for their most valuable assistance in preparation of this report.

Respectfully submitted,

Anne LaMorte,

Financial Manager
Glen Cove Industrial Development Agency

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Glen Cove Industrial
Development Agency
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

BOARD MEMBERS

CHAIRMAN

Hon. Mayor Ralph V. Suozzi



BOARD OF DIRECTORS

Vincent Hartley, CPA
Vice Chairman/Treasurer
Carmine Filippone
Martin Carmody
Patricia Bourne

GOVERNANCE COMMITTEE

Chairman Ralph V. Suozzi
Martin Carmody
Patricia Bourne

AUDIT /FINANCE COMMITTEE

Vincent Hartley, CPA- Chairman
Carmine Filippone
Martin Carmody

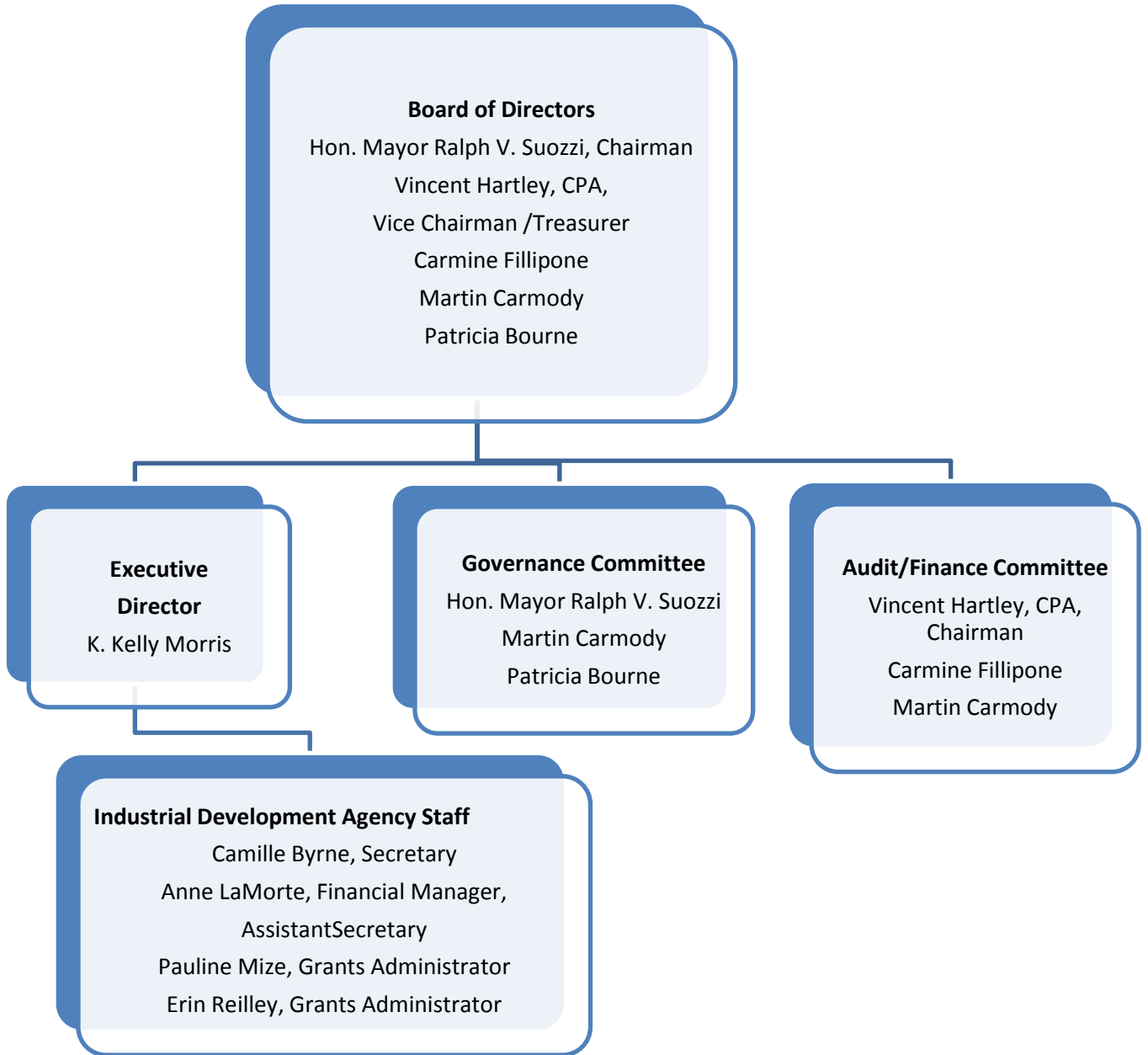
EXECUTIVE DIRECTOR

K. Kelly Morris

INDUSTRIAL DEVELOPMENT AGENCY STAFF

Camille Byrne, Secretary
Anne LaMorte, Financial Manager/Assistant Secretary
Pauline Mize, Grants Administrator
Erin Reilley, Grants Administrator

CITY OF GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
ORGANIZATIONAL CHART



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor Ralph Suozzi,
Board of Directors and Members
Glen Cove Industrial Development Agency
Glen Cove, New York

We have audited the accompanying balance sheets of the Glen Cove Industrial Development Agency (IDA), a component unit of the City of Glen Cove, New York, as of December 31, 2010 and 2009 and the related statements of revenues, expenses and changes in net assets and cash flows for the two years then ended. These financial statements are the responsibility of the IDA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the Industrial Development Agency, a component unit of the City of Glen Cove, as of December 31, 2010 and 2009, and the related statements of revenues, expenses and changes in net assets and cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 28, 2011 on our consideration of the IDA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 15 to 20 is not a required part of the financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the Glen Cove Industrial Development Agency's financial statements. The statistical tables, pages 51-74 and the supplementary Schedule of Revenues, Expenses and Changes in Net assets, Budget and Actual, pages 40-41 and the supplementary

information required for statutory filing, pages 42-50, under General Municipal Law 859 including: Straight-lease agreements; all bonds and notes issued, outstanding or retired during the fiscal year; the name of each project financed with proceeds with of each issue; the name and address of each owner of each project; the amount of tax exemptions authorized for each project; the purpose for which each bond or note was issued; date of issue, interest rate, maturity date, federal tax status, payments in lieu of taxes and an estimate of the number full time equivalent jobs created and retained by each project are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary Schedule of Revenues, Expenses and Changes in Net assets-Budget and Actual supplemental information for statutory filing under General Municipal Law 859 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

TABRIZCHI & Co., CPA, P.C.

Garden City, NY
March 28, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Glen Cove Industrial Development Agency, we offer readers of the Agency's basic financial statements this narrative analysis of the Agency's financial performance and an overview of the Agency's financial activities for the years ended December 31, 2010 and 2009. Please read this information in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Management believes that the Agency's financial condition is strong. The following are financial highlights:

- Total assets as of December 31, 2010 were \$18,886,566 and exceeded liabilities in the amount of \$1,651,500 (i.e. net assets.) Net assets are comprised of Invested in Capital Assets of \$3,516, restricted net assets of \$1,562,869 and \$85,115 of unrestricted assets. Total assets increased by \$1,077,544 (6%) from December 31, 2009 to 2010.
- The reduction in net assets of \$226,646 (12%) was primarily due to an excess of operating expenses over revenues. The utilization of the net assets that will be received from sale of the Waterfront land is restricted for the contingent reimbursement of the amounts owed to the CDA, the City and the Environmental Protection Agency (EPA) for its remediation expenditures.
- Operating revenues increased by \$13,400 (335%) from \$4,000 in 2009 to \$17,400 in 2010. The increase is due to the collection of bid deposits and the Regency legal fee. The \$4,000 revenue in 2009 was for administrative fees.
- Total operating expenses decreased by \$243,260 (50%) from \$487,508 in 2009 to \$244,248 in 2010. The decrease was

primarily due to fewer contractual expenses for the Waterfront Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The financial statements report information about the Agency. The Agency 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 balance sheets; statement of revenues, expenses and changes in net assets; statements of cash flows and notes to the financial statements. The balance sheets include all of the Agency's assets and liabilities and provides information about the nature and amount of investments.

The statement of revenues, expenses and changes in net assets presents the results of the business activities over the course of the year and information as to how the net assets changed during the year. All changes in net assets 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 Agency has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statements of cash flows presents changes in cash and cash equivalents resulting from operating, financing 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 the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Agency'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 AGENCY

One of the most important objectives of the financial analysis is to determine if the Agency as a whole is better or worse off as a result of the year's activities. The balance sheets and the statement of revenues, expenses and changes in net assets provide useful information in this regard. The statements report the net assets of the Agency and changes in these net assets. The amount of net assets, the difference between total assets and liabilities, is a significant measure of the financial health or financial position. Over time, increases or decreases in the Agency's net assets 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 conditions of the Agency.

The following comparative condensed financial statements and other selected information serve as the financial data and

indicators for management's monitoring and planning.

NET ASSETS

A summary of the Agency's balance sheets at December 31, 2010 and 2009 are presented in the following table and Charts 1 and 2 on the following page.

NET ASSETS December 31,			
	2010	2009	2008
Assets			
Current and other assets	\$ 18,883,050	\$17,804,745	\$ 16,959,951
Capital assets, net	3,516	4,277	3,833
Total assets	18,886,566	17,809,022	16,963,784
Liabilities			
Long-term liabilities	17,179,621	15,890,955	14,558,195
Other liabilities	55,445	39,881	44,755
Total liabilities	17,235,066	15,930,876	14,602,950
Net Assets			
Invested in capital assets, net of related debt	3,516	4,277	3,833
Restricted net assets	1,562,869	1,769,438	2,187,884
Unrestricted net assets	85,115	104,431	169,117
Total net assets	\$1,651,500	\$1,878,146	\$2,360,834

The land held for sale is the major asset owned by the Agency and accounts for \$18,780,116 (99.4%) of the total assets. The costs incurred in redevelopment of the land increased in 2010 by \$1,094,768 (6%), as compared to \$906,102 (5.4%) in 2009. The principal reason for the increase in land held for sale was the capitalization of interest, planning and legal fees related to the development of the Waterfront Property. The decrease relates to additional costs of the Doxey property during 2009.

The amount of current assets decreased by \$19,316 (18.5%) from 2009 to 2010 compared to a decrease of \$64,686 (38.2%)

from \$169,117 in 2008 to \$104,431 in 2009, the decrease is due to payment of project costs and interest on the waterfront property.

Total liabilities increased by \$1,304,190 (8.2%) and \$1,327,926 (9.1%), as of December 31, 2010 and 2009, respectively. Expenditures to develop the Waterfront Property increased the current liabilities by \$15,654, (39.2%) from \$39,881, on December 31, 2009, to \$55,445, on December 31, 2010. The non-current liabilities increased by \$1,288,626 (8.1%), from \$15,890,995, on December 31, 2009, to \$17,179,621, on December 31, 2010. The increase represents the additional funds owed to the City and the CDA for additional waterfront interest and planning expenses, and legal fees. The amount of increase in liabilities to the City and CDA for the reimbursable Waterfront Development expenses were \$1,072,391 in 2010 and \$1,103,860 in 2009.

In 2007, the IDA entered into an agreement with the City regarding the interest on the amounts it owed to the City. The agreement provided for a payment of annual interest on the net amount “due to the City” at the end of each year. All amounts due to the CDA and the City have to be reimbursed upon the sale of the Waterfront Property. The amount of accrued interest during the Waterfront Project development, for the years ended December 31, 2010 and 2009 was \$134,802 and \$170,716, respectively at the annual interest rates of 3.86% and 5.46%.

On September 9, 2008, the CDA, HUD and Nassau County, closed on a new Section 108 loan of \$1.5 million. The proceeds of the loan are being used to purchase and remediate the Doxey property included in the Waterfront Development. This agreement was further increased on October 13, 2009 to include an additional \$850,000 for an aggregate 108 loan amount of \$7,095,000.

CHART 1

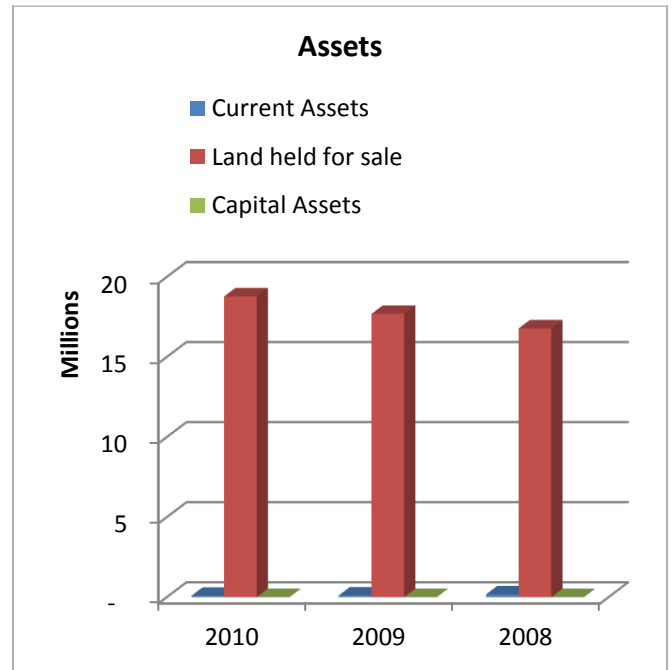
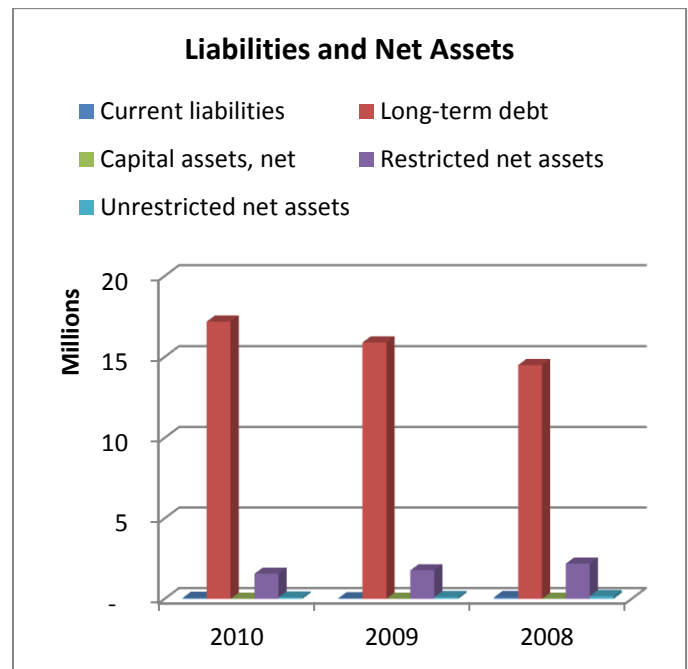


CHART 2



OPERATING RESULTS

The Agency's condensed statements of revenues, expenses and changes in net assets are presented in the table below and Chart 3.

REVENUES, EXPENSES AND CHANGES IN NET ASSETS			
	2010	2009	2008
Operating Revenues			
Revenues- City of Glen Cove	\$ --	\$ --	\$ --
Fees and other income	17,400	4,000	4,000
Non-operating revenues			
Interest	202	820	3,511
Total revenues	17,602	4,820	7,511
Operating Expenses			
Salaries and benefits	187,327	217,745	137,023
Contractual and other	56,921	269,763	116,028
Total operating expenses	244,248	487,508	253,051
Non-operating Expenditures	--	--	--
Total expenditures	244,248	487,508	253,051
Increase (decrease) in net assets	(226,646)	(482,688)	(245,540)
Net assets, January 1	1,878,146	2,360,834	2,606,374
Net assets, December 31	<u>\$1,651,500</u>	<u>\$1,878,146</u>	<u>\$2,360,834</u>

The majority of the Agency's revenues are derived from one time administrative fees on taxable bonds funded through the Agency, and a straight lease fee. Additionally, the Agency imposes a counsel fee and a closing fee.

The Agency's revenues increased by \$13,400, (335%) from \$4,000 in 2009 to \$17,400 in 2010 due to obtaining bid deposits, administrative fees, and a legal fee from the

Regency. The Agency's revenue of \$4,000 remained the same in 2009 and 2008.

CHART 3

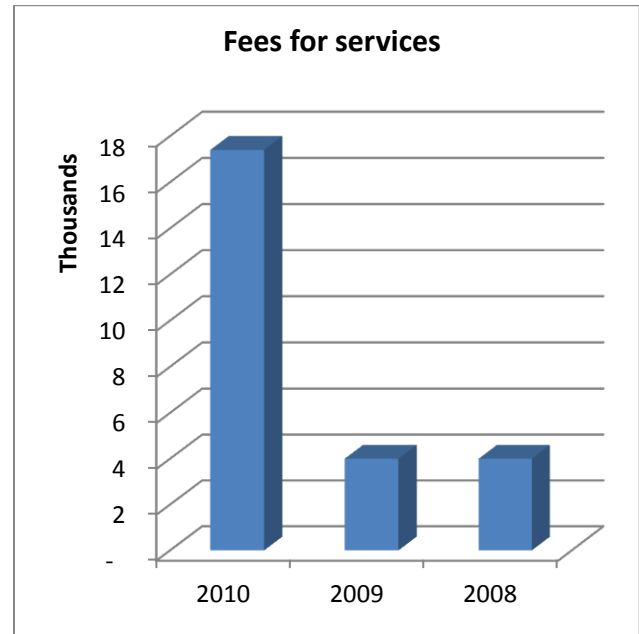
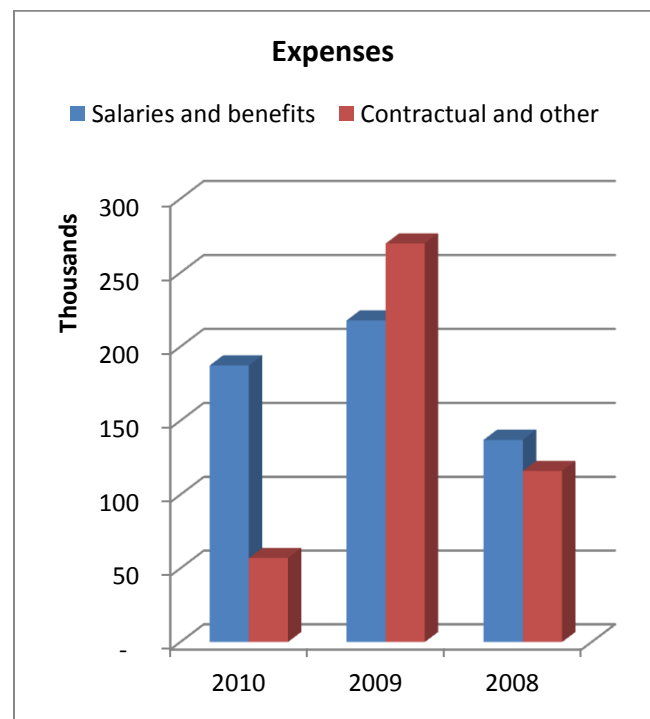


CHART 4



The increase in revenues was due to the increase in program income recorded from the City for reimbursement of expenses paid by the CDA on behalf of the City and charged to IDA, per the Tri-Party Agreement dated August 24, 2004.

As a result of expenditures exceeding the revenues, net assets decreased by \$226,646 (12.1%) from \$1,878,146 in 2009 to \$1,651,500 in 2010 and by \$482,688 (20.4%) in 2009.

Debt Management

At the year end the Agency had \$18,232,401 of industrial development revenue bonds that are secured by property, which is leased to companies who had received the bond proceeds. The bonds are retired by lease payments collected from these companies.

The bonds are not obligations of the Agency and the Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts. Its primary function is to arrange financing between the borrowing companies and the bond and note holders. Trustees or banks acting as fiscal agents control funds arising from these transactions. The Agency monitors the compliance of the organizations with the provisions of the bond contracts.

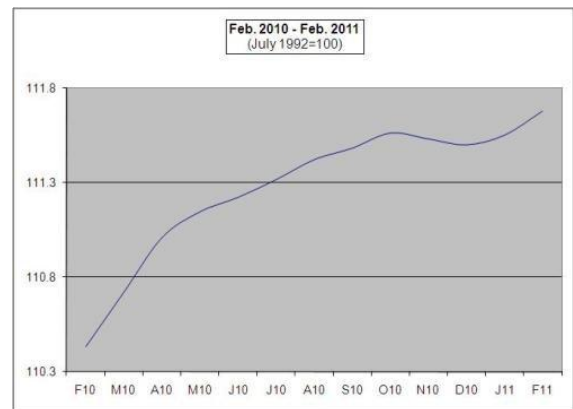
At the year end the Agency owed \$13,029,625 to the CDA and \$3,627,070 to the City of Glen Cove. The CDA pays payroll expenses on behalf of the Agency Waterfront Development Project Costs and then charges the Agency. The CDA funds are obtained from Community Development Block Grant (CDBG) and Section 108 loans. Also, the City provides loans to the Agency and pays and charges the Agency for personnel and interest expenses pertaining to the waterfront.

The indebtedness to the City and CDA will be paid from the proceeds of the sale of Waterfront properties. More information on

long-term debt activity can be found in Note 6, page 35-38, "Amounts due to or from the City and CDA."

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

In February 2011, the New York State Department of Labor's Index of Coincident Economic Indicators (ICEI) for New York State increased at an annual rate of 1.4%. This follows an annual rate of increase of 0.5% in January 2011. Over the past year, the ICEI has increased by 1.1%.



The ICEI model combines and weights four key indicators of statewide economic activity, which have historically moved in conjunction with the state's business cycles that are private sector employment; unemployment rate; average weekly hours of manufacturing workers; and sales tax collections.

Currently, Glen Cove has been experiencing the effects of the deepening nationwide recession, disinflation and resultant excess capacity. Since 1970, there have been seven distinct recessions in the U.S. and New York State. Recessions in New York have tended to be significantly longer than their national counterparts. This trend has become more pronounced over the past 30 years. The last four recessions in New York State (dating back to 1981) have averaged just less than 2½ years in length, while the last four national recessions have averaged just over one year in duration.

The unemployment rate in the City of Glen Cove was 9.5% as compared to 7.2% in the Nassau County, 8.6% in New York State and 9.6% nationally, at December 31, 2010. During 2010, the price increases in the Northeastern United States, as measured by the Consumer Price Index for all urban consumers, was 2%.

have questions about this report or need additional financial information, contact the Community Development Agency, Executive Director at (516) 676-1625.

Dates in U. S. (Peak-Trough)	Length (months)	Dates in NYS (Peak Trough)	Length (months)	NYS Change in Jobs	
				Net (in 1000s)	Percent
Dec.69-Nov.70	11	Oct.69-Nov.71	25	-318.8	-5.3%
Nov.73-Mar.75	16	Mar.73-Nov.75	32	-396.1	-6.7%
Jan.80-Jul.80	6	Feb.80-Jul.80	5	-67.1	-1.1%
Jul.81-Nov. '82	16	Sep.81-Jan.83	16	-88.5	-1.5%
Jul.90-Mar.'91	8	Mar.89-Nov.92	44	-544.7	-8.0%
Mar.01-Nov.01	8	Dec.00-Jul.03	31	-329.6	-4.6%
Dec.07-June 09	22	April 08-Dec. 09	28	-352.7	-4.8%

Sources: National Bureau of Economic Research (U.S. dates) and New York State Department of Labor, Division of Research and Statistics (New York dates).

The Agency has considered the above and other factors in developing its plan for the next year. The IDA, in cooperation with the City of Glen Cove and the Glen Cove Community Development Agency, plans to continue its efforts in redevelopment of the Waterfront Property. In addition, the IDA plans to expand its assistance to the businesses located in the City through federal tax exempt revenue bonds, local property tax abatement, sales tax exemptions for construction materials and mortgage recording tax exemptions.

Contacting the CDA's Financial Management

This financial report is designed to provide the reader with a general overview of the IDA's finances and to demonstrate the IDA's accountability for the money it receives. If you

BASIC FINANCIAL STATEMENTS



GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 49,690	\$ 93,661
Accounts receivable	<u>35,425</u>	<u>10,770</u>
Total current assets	85,115	104,431
Noncurrent assets		
Land held for resale	18,780,116	17,685,348
Deferred loan costs	17,819	14,966
Equipment, net	<u>3,516</u>	<u>4,277</u>
Total non-current assets	<u>18,801,451</u>	<u>17,704,591</u>
Total assets	\$ <u>18,886,566</u>	\$ <u>17,809,022</u>
LIABILITIES AND FUND EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 52,996	\$ 38,118
Deferred compensation – current	<u>2,449</u>	<u>1,763</u>
Total current liabilities	55,445	39,881
Noncurrent liabilities		
Deferred compensation	9,798	7,052
Other post-retirement benefits	105,294	54,305
Due to Developer	407,834	245,334
Due to the City of Glen Cove		
Community Development Agency	13,029,625	12,286,920
Due to the City of Glen Cove	<u>3,627,070</u>	<u>3,297,384</u>
Total non-current liabilities	<u>17,179,621</u>	<u>15,890,995</u>
Total liabilities	17,235,066	15,930,876
Net Assets		
Capital assets, net of related debt	3,516	4,277
Restricted net assets- for repayment of debt	1,562,869	1,769,438
Unrestricted net assets	<u>85,115</u>	<u>104,431</u>
Total net assets	<u>1,651,500</u>	<u>1,878,146</u>
Total liabilities and net assets	\$ <u>18,886,566</u>	\$ <u>17,809,022</u>
The notes to the financial statements are an integral part of this statement.		

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Operating Revenues		
Fees and other income	\$ <u>17,400</u>	\$ <u>4,000</u>
Total operating revenues	17,400	4,000
Operating Expenses		
Salaries and benefits	187,327	217,745
Contractual expenses	56,159	268,899
Depreciation expense	<u>762</u>	<u>864</u>
Total operating expenditures	<u>244,248</u>	<u>487,508</u>
Operating income or (loss)	(226,848)	(483,508)
Non-operating income (expense)		
Interest	<u>202</u>	<u>820</u>
Total non-operating income (loss)	<u>202</u>	<u>820</u>
Changes in net assets	(226,646)	(482,688)
Net assets, January 1	<u>1,878,146</u>	<u>2,360,834</u>
Net assets, December 31	\$ <u>1,651,500</u>	\$ <u>1,878,146</u>

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

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Fees received for services and other income	\$ 17,400	\$ 4,000
Payment of salaries and benefits	(30,000)	--
Cash payments to suppliers of goods and services	<u>(191,220)</u>	<u>(293,179)</u>
Net cash used in operating activities	(203,820)	(289,179)
Cash flows from capital and related financing activities:		
Sale of capital assets	--	--
Purchase capital assets	<u> --</u>	<u>(1,308)</u>
Cash provided by capital and related financing activities	--	(1,308)
Cash flows from noncapital financing activities:		
Advance from developer	162,500	211,568
Deferred loan costs	(2,853)	(3,378)
Loan from the Community Development Agency	<u> --</u>	<u>35,000</u>
Cash provided by noncapital financing activities	159,647	243,190
Cash flows from investing activities:		
Interest	<u> 202</u>	<u> 820</u>
Net cash provided by investing activities	<u> 202</u>	<u> 820</u>
Net change in cash and cash equivalents	(43,971)	(46,477)
Cash and cash equivalents, beginning of year	<u>93,661</u>	<u>140,138</u>
Cash and cash equivalents, end of year	\$ <u>49,690</u>	\$ <u>93,661</u>

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

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(CONTINUED)

	<u>2010</u>	<u>2009</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities:		
Operating profit of (loss)	\$ (226,848)	\$ (483,508)
<i>Adjustments to reconcile operating income to net cash used by operating activities:</i>		
Depreciation	762	864
Accounts receivable	(24,655)	18,209
Accounts payable and accrued expense	14,878	(4,636)
Other post-employment benefits	50,989	28,590
Deferred compensation	3,432	(11,455)
Due to component unit of City-CDA	742,704	381,177
Property held for sale	(1,094,768)	(906,102)
Due to the City of Glen Cove	<u>329,686</u>	<u>687,682</u>
Net cash provided by (used in) operating activities	\$ <u>(203,820)</u>	\$ <u>(289,179)</u>

SUPPLEMENTARY SCHEDULE OF NON - CASH TRANSACTIONS

None

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

NOTES TO FINANCIAL STATEMENTS
GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Glen Cove Industrial Development Agency's (the "IDA, "Agency") accompanying financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles, as set forth by the Governmental Accounting Standards Board (GASB). Revenues and expenses are recognized when earned and incurred, not when received or paid.

Capital assets, except land and construction in process, are depreciated over their useful lives. (See the notes to the financial statements for significant accounting policies).

A. Reporting Entity

The Agency was created by a special act of the New York State Legislature on May 17, 1974. Under the provisions of Chapter 374 of the 1974 Laws of New York State, the purpose of the Agency is to encourage economic growth in the City of Glen Cove. The Agency is exempt from federal, state and local income taxes. The Agency's principal activity and source of revenue has been the issuance of Industrial and Civic Revenue Bonds and Straight Lease Agreements. The fees received from the issuance of the bonds and straight lease agreements have been expended for legal services, the development of the Glen Cove Waterfront, and infrastructure.

All significant activities have been included in the Agency's general-purpose financial statements for the year ended December 31, 2010. The City of Glen Cove exercises oversight responsibility over the Agency and the Agency is a component unit of the City of Glen Cove. The following criteria regarding the manifestation of oversight were

considered by the Agency in its evaluation of the Agency activities:

- Financial interdependency - The Agency is responsible for its debts and is entitled to surpluses. The City of Glen Cove is not responsible for the Agency's debt or entitled to surplus. The Agency does not receive financial benefit nor does it impose financial burden on the City of Glen Cove with the exception that the IDA is covered against personal injury, workers' compensation and other risks under the City's self-insurance program.
- Appointment of Government Authority - the City of Glen Cove, the primary government, appoints all members of the organization's governing body, the Board of Directors. The governing board is exclusively responsible for all decisions.
- Appointment of management - The officers of the Agency are appointed by the Board of Directors. The activities under the purview of the management are within the scope of the reporting entity and the management is responsible to the Board of Directors.
- Ability to significantly influence operations - The City of Glen Cove can significantly influence the Agency's operations. This authority includes, but is not limited to, adoption of the program budgets, control over assets, including facilities and properties, short term borrowing, signing contracts, and developing new programs.
- Accountability for fiscal matters - The responsibility and accountability over the Agency's fund is vested in the Agency's management.

B. Basis of Accounting and Measurement Focus

The Glen Cove Industrial Development Agency uses the enterprise fund (proprietary fund) to account for its activities. The measurement focus of the proprietary fund is the flow of economic resources. With this measurement focus, all assets and liabilities associated with the operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

As a proprietary fund, the Agency uses the accrual basis of accounting, and economic resources measurement focus. Under this method, revenues are recognized when earned and expenses are recognized when incurred. The Agency's unbilled receivables are recognized as revenues at year-end.

Following the recommendation of GASB 20, the Agency has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, including amendments to the statements that are issued after that date. Also, in accordance with the Statement of the Governmental Accounting Standards Board (GASB) Number 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, the City applies all applicable interpretations issued on or before November 30, 1989 that do not conflict with GASB pronouncements. After November 30, 1989, the City exclusively applies all applicable GASB pronouncements.

C. Cash and Cash equivalents

In 1992, the Agency adopted GASB statement 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust funds and Governmental Entities that Use Proprietary Fund Accounting*. For purposes of reporting cash flows, all liquid investments (including restricted assets) with original maturity of three months or less are considered cash equivalents.

D. Accounts Receivable

Accounts receivable balances are reflected net of allowance for doubtful accounts. The allowance for doubtful accounts is the Agency's best estimate of the probable losses in the existing accounts receivable balance. The Agency did not have any doubtful account on December 31, 2010 and 2009.

E. Capital Assets and Long-Term Liabilities

Capital Assets

As a proprietary fund, the capital assets and long-term liabilities of the Agency are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with its activities are included on the balance sheet. As a proprietary fund, the operating statements of the Agency present increases (revenues) and decreases (expenses) in net assets.

Property, plant, and equipment acquired by the Agency are stated at cost (or estimated historical cost) including interest capitalized during construction, where applicable. Contributed assets are recorded at fair market value at the date received. There are no reversionary interests by the grantor in any of the assets, the date of donation in the case of gifts. The Agency capitalizes assets whose cost exceeds \$500.

Depreciation of all exhaustible fixed assets used by the Agency is charged as an expense against its operations. Accumulated depreciation is reported on the balance sheet. Depreciation is provided over the estimated useful life of the assets.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 25-40 years for buildings, 10-17 years for improvements other than buildings, and 5-12 years for equipment.

The Agency's measurement focus on income determination and capital maintenance requires the net amount of interest cost for qualifying assets to be capitalized during the construction. The Agency has capitalized the interest expenses of the amounts owed to the City of Glen Cove for the Waterfront Development Project.

F. Net Assets

Restricted Net Assets

Restricted Net Assets represent only the amounts with externally imposed restrictions (e.g. through debt covenants or by grantors) or restrictions imposed by the law. The Agency's restricted net assets include the net excess of the cost of land held for sale over the agencies long term debt and other liabilities of the Agency. The agreements with the Environmental Protection Agency, the City, and the CDA restrict the use of these funds (Note 7).

Unrestricted Net Assets

Unrestricted Net Assets represent the Agency's cash and accounts receivable.

G. Operating and Non-operating Revenues and Expenses

Operating revenues generally result from providing goods and services to individuals or entities separate from the Agency. 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 Agency includes administrative fees charged by the Agency 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 gifts, 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. Operating expenses include depreciation on all fixed assets.

H. Compensated Absences - Accumulated Unpaid Vacation and Sick Pay

Accumulated unpaid vacation, sick pay, and other employee benefit amounts are accrued, when incurred, using accrual basis of accounting. On December 31, 2010, the Agency had a deferred compensation liability for accumulated unpaid vacation and sick pay of \$12,247. During 2010, the changes in liabilities for compensated absences were as follows:

COMPENSATED ABSENCES	
Liability for compensated absences, January 1	8,815
Additions	8,668
Reductions	<u>(5,236)</u>
Liability for compensated absences, December 31	<u>12,247</u>

I. Land held for Development and Resale

The Agency has acquired several parcels of land as part of its primary purpose to develop or redevelop properties. The property is being carried in the Community Development Capital Projects Fund at the lower of cost or estimated net realizable value.

J. Debt Issuance costs

Original issuance costs on long-term indebtedness are deferred and amortized using the straight-line basis over the life of the debt to which it relates.

The debt issuance costs consist of \$17,819 legal fees expended in obtaining a Section 108 loan for the CDA, \$2,853 in 2010 and \$3,378 in 2009. The CDA used and additional \$397,173 of the Section 108 loan to pay the Waterfront Project development costs of the IDA. The IDA has recorded the \$1,692,770 as

a long-term debt from the CDA with associated issuance costs.

I. Application of Restricted and unrestricted Resources:

The Agency's policy is to first apply an expense against restricted resources then towards unrestricted resources, when both restricted and unrestricted resources are available to pay an expense.

J. Post-Retirement Benefits

In addition to providing pension benefits, the Agency provides health insurance coverage and survivor benefits for 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. The Agency does not have any retired employees. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year.

During the year, the Agency paid premium for four active employees covered under the City of Glen Cove Community Development Agency; they are recorded as expenditures in the General Fund and Special Revenue Funds.

Prior to the issuance of the Government Accounting Standards Board Statement 45 (GASB 45), the Agency followed a "pay-as-you-go" accounting approach in which the cost of benefits is not reported until after employees retire. However, this approach is not comprehensive—only revealing a limited amount of data and failing to account for costs and obligations incurred as the Agency receives employee services each year for which they have promised future benefit payments in exchange.

In the year ended December 31, 2008, the Agency implemented the Statement 45, and has reported, annual other than pension postemployment benefits (OPEB) cost and its unfunded actuarial accrued liabilities for past

service costs. This will foster improved accountability and a better foundation for informed policy decisions about, for example, the level and types of benefits provided and potential methods of financing those benefits

Statement 45 does not require immediate recognition of the unfunded actuarial accrued liability (UAAL) as a financial-statement liability. The Agency will accumulate a liability called the *net OPEB obligation*, if and to the extent its actual OPEB contributions are less than its annual OPEB cost, or expense. The net OPEB obligation (not the same as the UAAL) may increase rapidly over time if, for example, a government's OPEB financing policy is pay-as-you-go, and the amounts paid for current premiums are much less than the annual OPEB cost.

Statement 45 requires the *disclosure* of information about the *funded status* of the plan, including the UAAL, in the notes to the financial statements—and the presentation of multi-year funding progress trend information as a required supplementary schedule

K. Accounting Pronouncements

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with inventories. This Statement

also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. *Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure

of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Early implementation is encouraged. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented.

In March 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

The GASB is responsible for establishing GAAP for state and local governments. However, the current GAAP hierarchy is set forth in the American Institute of Certified

Public Accountants' (AICPA) Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*, rather than in the authoritative literature of the GASB. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all GAAP for state and local governments so that they derive from a single source. The Board concluded that the GAAP hierarchy should reside in the accounting literature established by the GASB and is issuing this Statement to accomplish that objective. This Statement will make it easier for preparers of state and local government financial statements to identify and apply all relevant guidance. The Board does not expect that this Statement will result in a change in current practice.

In March 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes *accounting principles*—related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the *preparation* of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

This Statement does not establish new accounting standards but rather incorporates the existing guidance (to the extent appropriate in a governmental environment) into the GASB standards. The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally

accepted accounting principles for state and local governments so that they derive from a single source. This effort is important from the perspective of bringing the authoritative accounting and financial reporting literature together in one place, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users.

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this Statement clarifies that when actuarially determined OPEB measures are

reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements. The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting. As a result of this change, the cost of compliance with the requirements of Statement 45 for eligible agent employers may be reduced while achieving an appropriate balance between the goals of reliable measurement of reported information and reasonable cost. In addition, the clarification that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date will improve the consistency of reporting with regard to funded status and funding progress information.

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan.

For accounts payable, notes, debentures and bonds, and related interest payable, this Statement requires governments to base re-measurement on the new payment plan. Reductions in future interest payments would result in lower interest costs reported in future periods. Reductions to principal or to accrued interest payable may result in gains reported at the time of the reduction. If the new payment plan does not indicate whether it reduces principal payments or future

interest payments that have not been accrued, the debt should be re-measured at the present value of the future payments using the original discount rate, and a gain should be reported at the time of the reduction.

For leases, pollution remediation liabilities, and liabilities for pension and other postemployment benefit plans, this Statement requires re-measurement based on existing authoritative guidance. However, if a benefit plan is rejected in bankruptcy and becomes general unsecured debt, this Statement requires the existing liability to be removed and a new approved payment plan to be recognized as a judgment, with a gain or loss recognized for the difference.

For governments that are not expected to emerge from bankruptcy as going concerns, this Statement requires re-measurement of assets to a value that represents the amount expected to be received. This Statement classifies gains or losses resulting from re-measurement of liabilities and assets as an extraordinary item. Governments that have filed for bankruptcy are required to disclose information regarding, among other things, the pertinent conditions and events giving rise to the petition for bankruptcy, the expected gain, and the effects upon services. This Statement is effective for reporting periods beginning after June 15, 2009. Management has determined that the adoption of this statement does not have a material effect on the financial statements of the Agency.

December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

This Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following

pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions.
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

November 2010, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. This Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

November 2010, GASB issued the Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement improves the financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties.

The provisions of this Statement are effective for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods.

June 2010, GASB issued the Statement No. 59, *Financial Instruments Omnibus*. This Statement updates existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice.

This Statement is effective for periods beginning after June 15, 2010. Earlier application is encouraged.

NOTE 2. CASH AND CASH EQUIVALENTS

At December 31, 2010 and 2009, the carrying amount of the Agency's deposits with financial institutions was \$49,690 and \$93,661, and the bank balance were \$68,609 and \$130,207, respectively.

The bank balance are covered 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 Agency's name.

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy that incorporate the State regulations. Agency 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 Agency manages its exposure to declines in fair values by investing its excess cash in money market accounts or certificate of deposits with maturity of less than one year.

www.GlenCoveIDA.org, "Disclosures."

Custodial and credit risk. The Agency'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 Agency's name.

The collateral amounts are as required to be held according to the Agency's custodial bank agreement at 102.0%. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Periodically, the Agency determines that the collateral or underlying securities

have an adequate market value and have been segregated.

NOTE 3. LAND HELD FOR SALE

The IDA acquired certain waterfront land for commercial development. The City and the US Environmental Protection Agency incurred substantial expenditures to decontaminate the waterfront land. The IDA has incurred liabilities for legal costs, planning and interest on loans incurred for land improvements. As of December 31, 2010, the cost of the waterfront land and improvements, net of impairment reserve of \$14,131,643, was \$18,780,116.

The amounts of interest capitalized for construction costs paid by the City at December 31, 2010 and 2009 were \$339,925 and \$285,636, respectively. An aggregate of \$1,765,961 in interest cost has been capitalized at December 31, 2010. The interest on the Waterfront Project Section 108 loan of \$28,658 and \$45,746, for the years ended December 31, 2010 and December 31, 2009, respectively, were also capitalized.

The principal source of funds for the development of the Waterfront Property was a Section 108 loan. In October 1999, the City, the CDA, the IDA and the County of Nassau ("the County") entered into agreements for a \$6,000,000 loan, pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974. The purpose of the loan was to develop the waterfront properties. The agreements included the following provisions:

1. The County and the United States Department of Housing and Urban Development ("HUD") agreed to make the Section 108 loan to the CDA based on guarantees from the City, the CDA, and the IDA regarding the repayment of the loan and indemnification for all hazardous materials.

2. The CDA agreed to sign a \$6,000,000 note (“the Note”) payable to the County and advance the loan proceeds to the IDA for the acquisition and improvement of the waterfront properties. The Note is secured by a mortgage on the properties being developed. Interest rate for each advance was set on the date of such advance and was equal to 0.2% above the three-month London Interbank Offered Rate (LIBOR). Interest was paid quarterly and the maturity date of the loan was August 1, 2004. This date was extended to August 1, 2010 and is currently in the process of another extension to 2012. The IDA will seek a further extension if the sale of the Waterfront properties is delayed.
3. The IDA agreed to use the program income that will be obtained from the sale of properties to repay the Section 108 loan.
4. In 2001, proceeds of a loan of \$1,255,000 from Environmental Facilities Corporation were used to pay-down a portion of the \$6,000,000 Section 108 loan. The outstanding balance of the Section 108 loan was \$4,745,000, as of December 31, 2009.

Initial interest payments on the loan were made from the funds obtained from Brownfield Economic Development Initiative Grant (Grant No. B-98-BD-36-0020) in the amount of \$500,000. The CDA has been paying the interest on Section 108 loan and recording related receivables from the IDA. The interest is added to the land improvement cost and recorded as a liability due to CDA.

On September 9, 2008, the City, the CDA, the IDA and the County executed an agreement to borrow an additional \$2,350,000, 108 loans, pursuant to Section 108 of Title I of the Housing and Community Development Act of 1974. The Agency closed on \$1,500,000 on October 2, 2008 and closed on the additional

\$850,000 on November 18, 2009. The purpose of the loan is to purchase, develop and remediate the Doxey Property. The agreements included the following provisions:

1. The County and the United States Department of Housing and Urban Development (“HUD”) agreed to make the Section 108 loan to the CDA based on guarantees from the City, the CDA, and the IDA regarding the repayment of the loan and indemnification for all hazardous materials.
2. The CDA agreed to sign a \$2,350,000 note (“the Note”) payable to the County and advance the loan proceeds to the IDA for the acquisition and improvement of the waterfront properties. The Note is secured by a mortgage on the properties being developed. Interest rate for each advance was set on the date of such advance and was equal to 0.2% above the three-month London Interbank Offered Rate (LIBOR). Interest is to be paid quarterly and the maturity date of the loan is July 31, 2011.
3. The IDA agreed to use the program income that will be obtained from the sale of properties to repay the Section 108 loan. As of December 31, 2010, the IDA has borrowed \$1,692,770 from the CDA on the Section 108 loan.

On May 25, 2006, the Agency was awarded a petition by the Supreme Court of Nassau County, to acquire the Doxey Property by Eminent Domain. Three appraisals were conducted. The Agency selected the highest appraisal of \$980,000. On September 9, 2008, an entry was made to add the Doxey property to the Agency’s assets with a corresponding entry to accounts payable. At the date of this report, the Agency is waiting for Doxey to vacate the property so it may begin assessment studies for remediation and cleanup of the property.

In addition to the Waterfront Property, the Agency owns sidewalks, driveways, parking lots, walkways, and a landscaped area located in the Village Square, Section 31, Block 85, and Lot 35. In 1994, the value of the land was appraised at \$31,650.

NOTE 4. CAPITAL ASSETS

As of December 31, 2010 and 2009, the capital assets of the IDA were as follows:

CAPITAL ASSETS		
	<u>2010</u>	<u>2009</u>
Equipment	\$ 7,721	\$ 7,721
Less: accumulated depreciation	(4,205)	(3,444)
Total capital assets	\$ <u>3,516</u>	\$ <u>4,277</u>

NOTE 5. LOAN FROM DEVELOPER

Glen Isle Development Company, LLC (Glen Isle) loaned IDA the amount of \$33,766 to pay the Nassau County Tax liens on the waterfront properties. The IDA paid the tax lien and accepted to reimburse Glen Isle from the proceeds of the sale of waterfront properties.

During the year ended December 31, 2010, the Redeveloper advanced the Agency \$162,500 according to the terms of the amendment to the Contract for Sale of Land for Private Development dated October 13, 2009 (see Note 7). The advance was to enable the Agency to pay a portion of professional fees and other costs that were related to the project.

NOTE 6. AMOUNTS DUE TO OR FROM THE CITY AND CDA

On August 25, 2004, the City of Glen Cove, CDA and IDA had entered a Tri-party Municipal Cooperation Agreement, regarding sharing of resources and revitalization of the

Waterfront properties, (Garvies point Urban Renewal Area). The Agreement that formalized the long standing understanding among the parties included the following provisions:

1. The City agreed to provide office space to CDA and IDA in return for rental payments that did not exceed the market rents.
2. IDA agreed to reimburse the City for costs incurred for revitalization of the Waterfront Property.
3. The reimbursements among the parties were to be made either periodically or at prescheduled times or upon the sale of Waterfront Property as the parties decided.

As of December 31, 2010 and 2009, the following amounts were due to the City of Glen Cove and the Community Development Agency:

AMOUNTS DUE TO THE CITY AND CDA		
	<u>2010</u>	<u>2009</u>
Due to the CDA for the Waterfront development expenditures financed by:		
First Section 108 loan	\$ 4,745,000	\$4,745,000
EFC Loan	1,255,000	1,225,000
Second Section 108 Loan	1,692,770	1,295,597
CDA's CDBG and other grants	<u>5,336,855</u>	<u>4,991,323</u>
Total due to the CDA	13,029,625	12,286,920
Due to the City for the Waterfront development expenditures financed by:		
City's Environmental Facilities Corporation loan	<u>3,627,070</u>	<u>3,297,384</u>
Total due to the CDA and City	<u>\$16,656,695</u>	<u>\$15,584,304</u>

NOTE 7. COMMITMENTS AND CONTINGENCIES

Settlement Agreement

In 1999, the United States Environmental Protection Agency (USEPA) informed the City

about its potential responsibility for the cost of remediating the contamination at two parcels of land; a 26-acre parcel known as the LI Tungsten property on Herhill Road; and a 23-acre parcel of land known as the Captain's Cove property. USEPA's examination of environmental contamination indicated that waste materials from Tungsten processing and other operations had been deposited on certain parcels while the City owned them.

In 2000, USEPA responded favorably to the City's settlement proposal. The City settled its liability for \$5.2 million. Pursuant to the settlement agreement, the City obtained a \$3,000,000 loan from the Environmental Facilities Corporation (a New York State Agency) to pay part of its liability to USEPA.

Agreement Regarding Sales Proceeds

On March 30, 1999, the Glen Cove Industrial Development Agency and the United States Environmental Protection Agency- Region 2 entered a prospective purchase agreement regarding LI Tungsten Superfund and Captain's Cove sites. The Agency acquired these sites for commercial waterfront development. The EPA indemnified the Agency against existing contaminants.

A total of approximately \$74 million in encumbrances, including more than \$26 million in underlying mortgage principal, was attached to these properties. EPA has an unperfected Federal lien against the properties. Under the contract, IDA agreed:

1. To expend in excess of \$9 million for economic revitalization of the sites and surrounding area.
2. In exchange for the US covenant not to sue, to pay the EPA \$100,000.
3. Upon disposal of the sites, through sales or lease, to pay one of the following amounts to the EPA, respectively:
 - a. 50% of any amount of sales proceeds received in excess of \$9 million, up to \$12.2 million.
 - b. 40% of any amount received in excess of \$12.2 million, up to \$14.2 million, plus \$1.6 million.
 - c. 25% of the sales proceeds over \$14.2 plus \$2.4 million.

4. Not to sell the sites for less than \$13.4 million.

5. Not to reduce the sales proceeds to account for any costs including redevelopment remediation, negotiating, brokerage, and closing costs.

Development of Waterfront Properties

Pursuant to an order of consent, the City of Glen Cove had remediated the Captain's Cove State Inactive Hazardous Waste Site with the assistance and oversight of New York State Department of Environmental Conservation. The City had also contributed to the remediation of the LI Tungsten Superfund site. The City was recognized as one of the sixteen original Brownfield Showcase communities for its remediation efforts and received a Brownfield Economic Development Initiative grant.

Contract for Sale of Land for Private Redevelopment

On May 14, 2003, the IDA, the CDA, and Glen Isle Development Company, LLC, a limited liability company organized under the laws of the State of New York, entered into an agreement for IDA to sell the Waterfront Property to Glen Isle for a price to be determined upon obtaining independent appraisals. Initially, the minimum agreed upon price was \$12.5 million and the maximum is \$26 million. The projected sales price was approximately \$20.5 million dollars. The purchase price will be adjusted for any offsite infrastructure costs imposed on Glen Isle by IDA and the estimated costs of any additional environmental investigation and remediation. On April 15, 2005, the

contract was amended and the minimum purchase price was raised to \$25 million. On October 13, 2009, the agreement was amended and the Redeveloper agreed to advance \$500,000 to the IDA to be used to pay project related expenses and obtained a \$950,000 mortgage on the property.

Glen Isle has delivered \$1,000,000 good faith escrow to an escrow agent to pay engineering consulting fees expended for the review of construction plans, and advanced a refundable amount of \$150,000 for professional fees to IDA. Any interest earned on the escrow account will belong to the IDA.

Development of the Downtown Village Square

In November 2010, the IDA received a \$1,000 deposit check accompanied by an Application for Financial Assistance from GCVS, LLC for the redevelopment of the Downtown Village Square into a mixed use development.

NOTE 8. PERSONNEL COSTS AND PENSION PLAN

The Industrial Development Agency does not have any employees or retirees. The management and staff requirements of IDA are provided by the CDA on a cost reimbursable basis. The salary and benefits of the CDA personnel who work on IDA projects are recorded as expenses of the IDA and amounts due to the CDA.

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (OPEB)

The City of Glen Cove Industrial Development Agency’s retiree medical/drug and dental insurance plans are fully insured with the Empire Plan offered through New York State Health Insurance program and Group Health Incorporated. Employees are eligible for these benefits, once they have reached the age of 55 and are hires before July 1, 1973 or either have reached the age of 55 and have 5 years of qualified employment or have 30

years of qualified employment if hired after July 1, 1973. The Agency has agreed to pay the full cost of coverage for such retirees as well as the retiree’s spouse and unmarried children. Survivors are covered at full cost.

There were no premiums paid for any retirees of the IDA, as there were none.

The net OPEB obligation was calculated as follows:

OPEB OBLIGATION			
Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Ending 12/31/2010	\$68,494	28%	\$ 50,989

The Agency's annual OPEB Cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 is as follows:

ANNUAL OPEB COST AND NET OPEB OBLIGATION FISCAL YEAR ENDING December 31, 2010	
1. Normal Cost	\$41,085
2. Amortization of Unfunded AAL	26,474
3. Interest	<u>1,668</u>
4. Normal Cost (ARC)	69,227
5. Interest	2,715
6. Adjustment to Annual Required Contributions	<u>(3,448)</u>
7. Annual Required Contribution - ARC (1+2+3)	68,494
8. Less Contribution made	<u>(17,505)</u>
9. Annual OPEB Cost (Expense)	50,989
10. Net OPEB Obligation - beginning of year	<u>54,305</u>
11. Net OPEB Obligation - end of year	<u>\$105,294</u>

The funding status of other post employment benefit obligations is described in the table at the bottom of the page.

Actuarial Methods and Assumptions

The actuarial valuation was performed as of January 1, 2011 and will be performed bi-annually thereafter. In the interim years, the Actuarial service will provide the IDA with an

estimate. For the year ended December 31, 2010, the actual expense was \$50,989 and for the year ended December 31, 2009, the estimate was \$ 53,305. An Actuarial Cost Method, used herein is referred to as the projected unit credit method.

FUNDING STATUS AND FUNDING PROGRESS						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
01/01/2010	\$-0-	\$427,329	\$(427,329)	0%	\$102,421	417%

The amortization method used in the valuation is referred to as the 30-year level dollar. It develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of participants in the plan. The actuarial assumptions included: a funding interest rate of 5.0%; A 2010 Medical trend rate of 10.0%; An ultimate trend rate, estimated to be reached in 2020, of 5.0%; dental trend rate of 5.0%; and that the remaining amortization period (closed) at December 31, 2010, is 28 years. The annual amortization is computed using the discounted present value method. No salary scale assumptions were used because benefits are not dependent on participant compensation. The number of active plan participants is 6.

NOTE 10. ESCROW ACCOUNTS

Reimbursement of Consulting Costs

In March 2008, Rexcorp-Glen Isles-Partners, LLC and the IDA entered into an escrow agreement for consulting services. Rexcorp-Glen Isles-Partners, LLC agreed to give \$75,000 to the IDA to pay or reimburse the cost of its consultants on the Waterfront project for the period from March 10 thru 90 days thereafter. The date of the escrow was

extended and was used for planning services related to the Waterfront properties. The total deposits from the developer were \$253,415. On October 13, 2009, certain changes were made to the LDA and the Redeveloper agreed to advance the IDA \$500,000 in 2009. These funds are to be used for project costs and related expenses. For the years, ended December 31, 2010 and 2009, the developer made advances of \$162,500 and \$150,000, respectively for an aggregate of \$312,500.

On November 12, 2008, the Agency entered into an escrow agreement for consulting services with The Warf at Jude Thaddeus Landing, Inc. to reimburse the cost of its consultants in connection with the Gateway Project and a proposed Office/Restaurant Complex at the Warf at Jude Thaddeus Landing. For the year, ended December 31, 2010, deposit and expenses aggregated \$220, with a balance of \$0 in accounts payable.

NOTE 11. RISK FINANCING

The Agency is exposed to various risks of losses related to torts; theft of, damages to and destruction of assets; omissions; injuries to employees, and natural disasters. The Agency had no such losses in 2010 and 2009.

The potential losses in excess of the Agency's resources are covered under the City of Glen Cove policy of self-insurance. The Agency reports claims, expenditures and liabilities when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated.

NOTE 12. SUBSEQUENT EVENTS

The Agency has evaluated the subsequent events and transaction as of March 31, 2011, the date that the financial statements were issued.

On March 3, 2011, The IDA took possession of the Doxey property. This is the last piece of property to be remediated by the IDA. The Agency estimates the cleanup will be complete by the second quarter of 2012.

The Developer advanced \$25,000 to the IDA on March 15, 2011 per the Amendment #3 to the LDA for an aggregate of \$337,500.

On March 21, 2011, The School for Language and Development obtained a lower interest rate using conventional financing and paid off its civic facilities bond – Series B.

OTHER SUPPLEMENTARY INFORMATION



Supplementary Information.....38

The following are not required supplementary information (RSI), under the generally accepted accounting principles in the United States and are provided for the purpose of additional analysis as required by required for statutory filing, under State of New York General Municipal Law 859.

- Schedules of revenues, expenditures, and changes in net assets – budget and actual.
- The schedule shows the Agency’s budget as adopted and amended and actual expenses.
- The Schedule of Revenues, Expenses and Changes in Net Assets-Budget and Actual provides a comparison between the original and amended legally adopted budgets of the Agency and the actual revenues, expenses and changes in net assets.
- Other supplementary information is provided to meet the General Municipal Law 859, the disclosures regarding the Agency’s Straight-lease and industrial and civic facilities revenue bonds and notes projects.

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN
NET ASSETS – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Other Supplementary Revenues	Adopted Budget	Amended Budget	Actual	Over (Under)
Avalon Bay Admin Fees	\$4,000	\$17,400	\$17,400	--
Interest	1,000	202	202	--
Other sources	1,473,072	--	--	--
Grants	250,000	36,351	36,351	--
Total Revenues	1,728,072	53,953	53,953	--
Expenses				
Program costs				
Waterfront Debt Expenses	249,550	19,824	19,824	--
Salaries and Benefits				
Salaries	110,244	97,108	97,108	--
Benefits	35,809	90,220	90,220	--
Total Salaries and Benefits	146,053	187,327	187,327	--
Professional Fees:				
Audit services	7,450	7,450	7,450	--
Engineering and other consultants	497,500	36,351	36,351	--
Legal fees	185,000	10,068	10,068	--
Total Professional fees	689,950	53,869	53,869	--
Administrative				
Advertising	2,000	59	59	--
Publications, dues and conferences	409	1,866	1,866	--
Office expense	2,500	1,373	1,373	--
Lease - copy machine	--	--	--	--
Computer repair and equipment and website	1,000	--	--	--
Postage	100	280	280	--
Travel	1,000	1,905	1,905	--
Rent expense to the City	13,333	13,333	13,333	--
Website & email Hosting	--	--	--	--
Due to city	622,177	--	--	--
Depreciation	--	762	762	--
Total administration	642,519	19,578	19,578	--
Total Expenses	1,728,072	280,598	250,598	--
Change in net assets	--	(226,646)	(226,646)	--
Net assets, January 1, 2010	1,878,146	1,878,146	1,878,146	--
Net assets, December 31, 2009	\$1,878,146	\$1,651,500	\$1,651,500	\$ --

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO SUPPLEMENTARY INFORMATION

Budgetary Basis of Accounting

A budget comparison schedule is presented for meeting the statutory filing requirements under State of New York General Municipal Law 859. Generally accepted accounting principles serve as the basis of budgeting for the Agency's Governmental Fund.

REVENUE BONDS

Certain industrial development revenue bonds issued by the Agency are secured by property, which is leased to companies and is retired by lease payments. The bonds are not obligations of the Agency, City or State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts. Its primary function is to arrange financing between the borrowing companies and the bond and note holders. Trustees or banks acting as fiscal agents control funds arising from these transactions.

The Agency receives bond administration fees from the borrowing companies for providing this service. Such administrative fee income is recognized immediately upon the issuance of the bonds and notes.

A. School for Language and Communication Development - Bonds

On August 1, 1998, the Glen Cove Industrial Development Agency issued Civic Facility Revenue Bonds, Series 1998 (the Bonds.) The Bonds were issued to provide monies to School for Language and Communication Development (SLCD), a nonprofit organization, to: (1) acquire, renovate and equip an approximately 2.9 acre parcel of land, with a 43,000 square foot building; (2) construct a 15,000 square foot addition to the building, (3) fund SLCD's debt service fund; (4) increase SLDC's working capital; and (5) pay certain costs of issuance related to bonds. The facilities are used to offer programs for school and preschool age children.

The Bonds include 1998-Series A (Code Number 2801-98-01) \$925,000 term bonds that matured on July 1, 2008 and bear an annual interest rate of 6.875% and 1998-Series B (Code Number 2801-98-02) \$3,775,000 term bonds with a due date of July 1, 2023 and an annual interest rate of 7.375%.

The bonds are secured by a mortgage and security agreement, the corporate guarantee of the School, a debt service reserve fund of approximately \$539,000 and the facility including improvements and equipment.

1998-Series A

As of December 31, 2008, the Bond Trustee confirmed that the principal balance was fully paid off, bonds redeemed for the year were \$70,000 and interest paid was \$9,291 on the 1998-Series A Bonds.

Series B Bonds

The future principal and interest payments on Series B Bonds are as Follows:

FUTURE PRINCIPAL AND INTEREST PAYMENTS ON SERIES B BONDS

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	165,000	253,331	418,331
2012	175,000	240,978	415,978
2013	195,000	227,703	422,703
2014	205,000	213,138	418,138
2015	225,000	197,650	422,650
2016	240,000	180,688	420,688
2017	255,000	162,803	417,803
2018	275,000	143,628	418,628
2019	300,000	122,978	422,978
2020	320,000	100,484	420,484
2021	345,000	76,331	421,331
2022	375,000	50,334	425,334
2023	<u>400,000</u>	<u>22,309</u>	<u>422,309</u>
	<u>\$ 3,475,000</u>	<u>\$ 1,992,356</u>	<u>\$ 5,467,355</u>

Bond interest payment during the fiscal years ended June 30, 2010 and 2009 totaled \$264,947 and \$273,152, respectively. The Bond Trustee confirmed that the principal amount of Bonds redeemed for the year ending December 31, 2010, was \$155,000.

B. National Healthplex (Regency of Glen Cove) - Bonds

1992 Series A Bonds

The aggregate principal amount of Series A Bonds is \$17,181,850, which consists of \$1,000,000 Series A Serial Bonds,

\$14,500,000 Series A Term Bonds (Code Number 2801-92-01) and \$1,681,850 Series A Deferred Interest Bonds (2801-92-01). The Series A Serial Bonds have a stated interest rate of 9.5%, issued to yield 10%. The Series A Term Bonds have a stated interest rate of 9.5%, issued to yield 10%. The Series A Deferred Interest Bonds have a stated rate of 9% issued to yield 10.5%.

The Series A Bonds and Taxable Series C Bonds are secured by a first mortgage and have a first lien on, and security interest in, the Regency and the land. The mortgage is evidenced by a promissory note requiring the Organization to make payments to the Trustee on a monthly basis to satisfy the semi-annual obligations of the Series A Bonds.

The obligations of National Healthplex, Inc. (a.k.a. Regency of Glen Cove (Regency)) to make payments are limited obligations of the Organization, and holders of the bonds will have recourse only to the Regency, the land, pledged property and Regency equipment to satisfy the obligations of the Organization with respect to the Bonds. No other revenues or assets of the Organization will be available for payments of, or as security for, the Bonds.

Pursuant to the sale agreement, the Organization is required to maintain a ratio of net earnings to debt service, as defined in the Trust Agreement, on the Series A Bonds, Taxable Series C (Code Number 2801-92-01) Bonds and other indebtedness of 1.15. If a ratio deficiency exists, the Organization is required to retain a management consultant to provide recommendations regarding the operations of the Regency. In previous years, the organization failed to achieve the required ratio of net earnings to debt service and accordingly, retained a management consultant. The consultant subsequently reviewed the Organization's operations and submitted a report of their findings and recommendations.

On March 6, 2002, the Trustee declared an event of default under the Trust Indenture and installment Sale Agreement for the Regency's failure to remit full debt service payments when due to the Trustee. The Trustee also declared other events of default on September 10, 2002 and November 29, 2002. The Trustee has the right to make but has not made demand for the full payment of all outstanding bonds. In confirmation of the bonds for the year ending December 31, 2008, the Trustee reported that the Regency was in default due to failure to remit full debt service payments. The Trustee also reported that interest payments of \$919,600 were made for the same year.

In October of 2002, the Organization and certain Series A Bondholders mutually agreed that the Organization would limit its administration fee for management of the Regency to a base amount of \$5,000 per month plus a monthly incentive amount of 5% of the previous month's revenues of the Regency in excess of \$385,000.

Amendment of Original Indenture-Civic Facilities Revenue Bonds

Effective February 1, 2003, The Company requested and obtained an amendment to the original indenture and installment contract, from the IDA. The amendment is to correct the default. The holders of Series A Bonds have to consent to the amendment. The bondholders whose consent is required include (1) the holders of Series A Term Bonds and (2) Series A Deferred Interest Bonds, issued in 1992. Series A Term Bonds were issued originally in the aggregate principal amount of \$14,500,000. The principal amount of \$12,490,000 remained outstanding, as of July 1, 2002. Series A Deferred Interest Bonds were issued in the original appreciated amount of \$1,681,850. As of July 1, 2002, the appreciated amount was \$4,238,650. Deferred Interest Bonds mature at various dates, commencing on January 1, 2013, in the aggregate appreciated amount of \$14,000,000.

The amendment required the following:

1. The funds on deposit in the Debt Service Reserve Fund should be applied to partial optional redemption of series A Term Bonds and the payment of transaction costs relating to obtaining the amendment. By April 1, 2003, Bonds with the principal amount of \$1,890,000 should be redeemed at 102% and all accrued interest on those bonds should be paid. The redemption and interest payment will be funded through transfer of \$1,927,800 from Debt Service Fund to the Bond Trustee.
2. The mandatory sinking fund payments for the Series A Term Bonds will be re-amortized so that annual debt service payable will not be reduced until the Series A Bonds are paid in full.
3. As long as any series A Bonds are outstanding, no debt service reserve fund or requirement shall be established for any additional bonds without the prior written consent of the holders of majority interest of the Series A Bonds.

On March 17, 2003, the Organization redeemed by optional redemption \$1,890,000 in principal amount of the Series A Term Bonds at a redemption price of 102% of the principal amount thereof plus accrued interest to the redemption date.

The Serial and Term Bonds pay interest on a semi-annual basis and provide for principal payments in accordance with a mandatory sinking fund redemption schedule, as amended. The Deferred Interest Bonds accrue interest, compounded semi-annually, and commenced principal payments in January 2003. The final maturity date on all Series A Bonds is July 1, 2019. The interest paid on these bonds is exempt from federal and state income taxes.

On July 1, 2003, trust funds were insufficient for the Trustee to remit the entire scheduled

principal payment due certificate holders of the Series A Term Bonds. The amount of the unpaid portion of principal due Series A Term certificate holders was \$4,858,857, on June 30, 2008.

The current period and cumulative interest charges due on the Series A Deferred Interest Bonds were \$475,393 and \$5,739,572, for the year ending June 30, 2009, respectively, and the obligation for accrued interest has been classified as long-term liabilities in the financial statements.

The outstanding balance of the Series A Term Bonds as of June 30, 2010 was as follows:

OUTSTANDING BALANCE OF THE SERIES A TERM BONDS AS OF JUNE 30, 2010			
	Amount	Discount	Net
Series A Term Bonds	\$9,680,000	\$334,427	\$9,345,573
Series A Deferred Interest Bonds	<u>1,681,850</u>	<u>59,016</u>	<u>1,622,834</u>
Total	\$11,361,850	\$393,443	10,968,407
Less current maturity			<u>9,290,000</u>
Total Long term debt			<u>\$1,678,407</u>

As of July 1, 2010, \$9,290,000 of term Bonds that would otherwise be required to be redeemed under the Indenture remain outstanding under the terms of the Forbearance Agreement. Current maturities of long-term debt, net of discounts are as follows:

CURRENT MATURITIES OF LONG-TERM DEBT	
2011	\$9,290,000
2012	390,000
2013	<u>1,681,850</u>
Total	<u>\$11,361,850</u>

Note Payable - Series B Bonds

The Regency was financed by the issuance of bonds by the Glen Cove Industrial Development Agency. Specifically, Series B

Bonds were issued and secured by a second mortgage and had a second lien on, and security interest in, the Regency and the land. The Series B Bonds were subsequently defeased. The promissory note remains outstanding, however, and is secured by a mortgage subordinate to the rights of payment of the holders of the Series A Bonds, Taxable Series C Bonds, and certain other indebtedness of the Regency.

The aggregate principal amount of the Series B Note (Code Number 2801-92-01) is \$4,122,350, which accrues and compounds interest semi-annually at 13.25% until October 15, 2019 and at 0%, until their maturity on October 15, 2031. The outstanding balance of the Series B Note as of June 30, 2009, was as follows:

Series B Note

The current period and cumulative interest charges due on the Series B Note were \$291,529 and \$18,952,021, respectively, as of June 30, 2010.

Forbearance Agreement

The Trustee declared Events of Default under the Trust Indenture and Installment Sale Agreement for, among other things, the Regency's failure to remit full debt service payments when due to the Trustee. During the year, the Organization obtained a bridge loan and paid all current and unpaid interest to date and entered into a Forbearance Agreement dated February 14, 2008, with the sole Bondholder. The sole Bondholder has directed the Trustee to forbear from exercising any remedies until December 31, 2009, or the date that a refunding is consummated providing that there is no breach or violation of any term or condition imposed upon the borrower during forbearance period. The agreement was extended until the earlier of February 1, 2011 or the date of refunding or breach of any term of condition imposed on the Borrowing. Any surplus cash flow must be paid to the trustee during the term of the agreement.

STRAIGHT LEASE AGREEMENTS

A. Avalon Bay Communities, Inc.

In June 2001, the IDA and Avalon Bay Communities, Inc. ("the Company") entered a straight lease agreement (Code Number 2801-01-01). Through the lease agreement, the Agency takes title to the property and the machinery and equipment and provides property and sales tax relief to the Company. Under the lease contract, the Company agreed to acquire an approximately 3.5 acre site located at Pratt Boulevard, in the City of Glen Cove to construct an approximately 333,000 square foot luxury rental building together with 188,000 square foot enclosed parking facility. The IDA agreed to buy the building from the Company and lease it back to the Company. Thus, the Company was exempt from sales and use taxes, real property transfer taxes, and real estate taxes. The Company agreed to make payments in lieu of taxes.

The cost of the planning, development, acquisition, construction, and installation of the project facilities is estimated to be about \$50,170,000. The Company paid an administrative fee of \$303,000 to the IDA. As a part of the agreement, the Company, purchased from the City a property located at Glen Street for \$1,100,000 and paid an option premium of \$900,000. The Company has exercised the option. Nonpayment of fees, not commencing construction on or before December 31, 2003, not obtaining the Certificate of Occupancy by August 25, 2005, are among the conditions that constitute default under the agreement.

In June 2003, Avalon Bay Communities, Inc. exercised its option and purchased the Glen Street Parcel for \$2,000,000, (2801-06-1). Avalon Bay had already paid \$900,000 and agreed to pay the balance by December 31, 2003. It was further agreed that:

1. The construction plan had to be completed by March 30, 2004; construction had to commence by October 1, 2004 and be completed by June 30, 2006.
2. All building permits and other fees had to be paid by the later of June 1, 2004 or ten days after the invoices are submitted.
3. Payment in lieu of taxes should begin on January 1, 2006.
4. In lieu of \$50,000 payment required by the Preliminary Agreement, Avalon Bay shall pay the IDA, \$107,224. The Agency will use these funds in cooperation with the City of Glen Cove to upgrade Pratt Boulevard Municipal Parking lot.

In 2009, the payments made by Avalon Bay South, in lieu of taxes (PILOT) and the amount of tax exemptions were as follows:

PAYMENTS MADE BY AVALONBAY SOUTH		
	<u>PILOT</u>	<u>Exemptions</u>
County	\$162,658	\$278,733
Local	325,316	832,826
School	<u>763,241</u>	<u>1,678,163</u>
Total	<u>\$1,251,215</u>	<u>\$2,789,721</u>

Avalon Bay North's (PILOT) began January 1, 2008. The tax exemptions were as follows for 2010:

PAYMENTS MADE BY AVALONBAY NORTH		
	<u>PILOT</u>	<u>Exemptions</u>
County	\$66,283	\$97,190
Local	279,336	290,395
School	<u>127,832</u>	<u>585,154</u>
Total	<u>\$473,451</u>	<u>\$972,740</u>

The IDA receives \$4,000 each year for administration fees for both buildings.

B. Straight Lease Agreement with Safavieh – 18 School Street, LLC (“Safavieh”) – (“Swezey”)

On March 3, 2000, the Agency and Swezey entered a straight lease agreement regarding the property located at 16-24 School Street, Glen-Cove, New York. In order to finance a portion of the costs of the project Swezey obtained a mortgage loan in the amount of \$5,000,000 from the Citibank, N.A. On July 24, 2003, Swezey obtained another loan of \$1,600,000 by issuing a mortgage note payable to a subordinated lender. The Agency approved to grant exemption from mortgage recording tax in an amount not to exceed \$16,000 and Swezey accepted to reimburse the Agency for all related costs to the Agency.

On May 1, 2005, Swezey reacquired the properties located at 16-18 and 24 School Street from the Agency and conveyed it to 18 School St, LLC (“Safavieh”) (Code Number 2801-05-01). At the same time, Safavieh has conveyed the property to and entered into a lease agreement (“Pilots Agreement”) with the Agency. As of May 1, 2005, Safavieh is required under the lease contract and payments in lieu of taxes agreement to make the following future real property taxes payments:

REAL PROPERTY TAXES PAYMENTS	
<u>Year ended June 30,</u>	<u>Amount</u>
2011	\$165,910
2012	179,900
2013	194,310
2014	209,151

The lease payment for the year ended June 30, 2010 was \$152,328.

SCHEDULE OF SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES

	<u>BONDS</u>		<u>STRAIGHT LEASES</u>	
	School for Languages and Communication Development	National Healthplex Civic Facilities Regency	Safavieh	Avalon Bay (South) Avalon Bay (North)
Project Code	2801-98-01	2801-92-01	2801-05-01	2801-01-1 2801-06-1
Name of Project:	School for Languages And Communication Development	National Healthplex Civic Facilities –Regency	Safavieh	Avalon Bay
Project Address:	100 Glen Cove Ave. Glen Cove, NY 11542	94 School Street Glen Cove, NY 11542	24 School Street Glen Cove, NY 11542	135 Pine Lawn Road, Suite 1305 South Holtsville, NY 11747 1100 Avalon Square Glen Cove, NY 11542

SCHEDULE OF SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES
(Continued)

Bond and Purpose	Issue Date	Interest Rate Fixed	Outstanding Balances	Issued During The Year	Paid During The year	Outstanding 12/31/2010	Final Maturity Date
			<u>June 30, 2010</u>				
<u>School for Languages</u>							
Civic Facilities - Series B	Sep-98	7.375%	<u>3,630,000</u>		<u>155,000</u>	<u>3,475,000</u>	Jul-2023
Total			3,630,000		155,000	3,475,000	
			<u>June 30, 2010</u>				
<u>National Healthplex</u>							
Civic Facilities - Series A	Jan-92	9.50%	9,680,000		334,427	9,345,573	Jul-2019
Civic Facilities - Series A	Jan-92	9.50%	1,681,850		59,016	1,622,834	Jul-2019
* Civic Facilities - Note B	Jan-92	13.25%	4,122,350		333,356	3,788,994	Jul-2019
Total			15,484,200		726,799	14,757,401	

SCHEDULE OF SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES
(Continued)

Project Code	<u>BONDS</u>		<u>STRAIGHT LEASES</u>		
	School for Languages and Communication Development 2801-98-01	National Healthplex Civic Facilities Regency 2801-92-01	Safavieh 2801-05-01	South-Pratt Blvd. Avalon Bay 1 2801-01-1	North-Glen St. Avalon Bay 2 2801-06-1
Project Purpose:	Construction	Construction	Retail Trade	Construction	Construction
Total amount of lease	N/A	N/A	5,000,000	67,836,474	25,864,145
Benefited Project Amount:	\$4,700,000	\$21,800,000	N/A	N/A	N/A
Total Project Amount:	\$4,700,000	\$21,800,000	N/A	25,854,145	5,397,577
Original-Bond/ Note Amount:	\$4,700,000	17,181,850	N/A	N/A	N/A
Organization: Nonprofit	Yes	Yes	No	No	No
Federal tax Status	Tax exempt	Tax exempt	Taxpaying	Taxpaying	Taxpaying
New tax revenues if no Exemption granted	-0-	-0-	-0-	-0-	-0-
Method of financial assistance Other than tax exemption:					
Type	None	None	None	None	None
Amount	None	None	None	None	None
Exemptions:					
Sales tax -					
State	-0-	-0-	-0-	-0-	-0-
Local	-0-	-0-	-0-	-0-	-0-
Real property tax					
County	-0-	44,835	30,381	278,733	97,190
Local	-0-	141,159	92,121	832,826	290,395
School	-0-	284,440	185,625	1,678,163	585,154
Mortgage recording	-0-	-0-	-0-	-0-	-0-
Total exemptions	-0-	470,434	308,578	2,789,721	972,740

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

BONDS AND STRAIGHT LEASES
(Continued)

Project Code	BONDS		STRAIGHT LEASES		
	Languages and Communication Development 2801-98-01	National Healthplex Civic Facilities Regency 2801-92-01	Safavieh 2801-05-01	South-Pratt Blvd. Avalon Bay 1 2801-01-1	North-Glen St. Avalon Bay 2 2801-06-1
Payment in lieu of taxes					
To all eligible governments					
County	-0-	35,301	19,803	162,658	66,283
Local	-0-	83,437	39,605	325,316	279,336
School	-0-	<u>202,179</u>	<u>92,920</u>	<u>763,241</u>	<u>127,832</u>
Total	-0-	320,917	152,328	1,251,215	473,451
Total exemptions net of RPTI					
Section 485 Exemptions	-0-	-0-	-0-	-0-	-0-
Full-Time Equivalent Jobs Created and Retained					
Full-Time Equivalent Employees at Project Location- prior to IDA Status	-0-	42	-0-	-0-	-0-
Original estimate of jobs to be Created	170	-0-	25	25/150*	6/100*
Original estimates of jobs to be retained	-0-	40	-0-	-0-	-0-
Number of current full-time Equivalent employees	158	45	15	9	4
Number of FTE Jobs Created	-0-	-0-	4	-0-	0/75 *
Number of jobs retained during The fiscal year	158	45	15	9	4
Number of construction jobs created During the fiscal year	-0-	-0-	-0-	-0-	75

* During construction.

STATISTICAL SECTION





**GLEN COVE COMMUNITY DEVELOPMENT AGENCY
STATISTICAL INFORMATION
(Unaudited)**

Financial trends 51
 These schedules contain information to help the reader understand how the Agency’s financial performance and conditions have changed over time.

Revenue capacity..... 53
 These schedules contain information to help the reader assess the Agency’s most significant local revenue sources.

Debt capacity..... 55
 These schedules contain information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.

Demographic and economic information..... 60
 These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.

Operating information..... 70
 These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

The schedules present statistical data for ten years.

SCHEDULE 1
GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
BALANCE SHEETS
LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
ASSETS										
Current assets										
Cash and cash equivalents	\$ 49,690	\$ 93,661	\$ 140,138	\$ 172,915	\$ 112,586	\$ 104,422	\$ 47,683	\$ 8,793	\$ 106,166	\$ 276,335
Due from the City	-	-	-	--	--	10,000	10,000	2,000	10,000	10,000
Accounts receivable	35,425	10,770	28,979	--	36,317	--	--	--	--	--
Total current assets	85,115	104,431	169,117	172,915	148,903	114,422	57,683	10,793	116,166	286,335
Noncurrent assets										
Equipment, net	3,516	4,277	3,833	4,567	68,300	165,898	--	--	--	--
Deferred loan costs	17,819	14,966	11,588	--	--	--	--	--	--	--
Land held for resale	18,780,117	17,685,348	16,779,246	14,869,331	13,751,436	13,558,147	13,118,679	13,117,781	13,002,284	12,381,650
Total assets	<u>\$18,886,567</u>	<u>\$17,809,022</u>	<u>\$16,963,784</u>	<u>\$15,046,813</u>	<u>\$13,968,639</u>	<u>\$13,838,467</u>	<u>\$13,176,362</u>	<u>\$13,128,574</u>	<u>\$13,118,450</u>	<u>\$12,667,985</u>
LIABILITIES AND FUND EQUITY										
Current Liabilities										
Accounts payable and accrued expense	\$52,996	\$42,755	\$42,755	\$51,108	\$75,245	\$33,766	33,766	\$ --	\$ --	\$ --
Deferred comp. – current	2,450	2,000	2,000	2,000	2,000	--	--	--	--	--
Total Current Liabilities	55,446	44,755	44,755	53,108	77,245	33,766	33,766	--	--	--
Noncurrent liabilities										
Deferred compensation	115,093	18,270	18,270	23,098	28,076	--	--	--	--	--
Due to Developer	407,834	33,766	33,766	--	--	--	--	--	--	--
Due to CDA	13,029,625	11,870,742	11,870,742	10,363,525	9,913,684	9,114,821	8,864,714	8,427,156	7,508,682	6,913,392
Due to the City	3,627,070	2,609,702	2,609,702	2,000,708	1,652,853	1,861,515	1,034,239	7,500	7,500	7,500
Total liabilities	17,235,068	14,602,950	14,602,950	12,440,439	11,671,858	11,010,102	9,932,719	8,434,656	7,516,182	6,920,892
Net Assets										
Capital assets, net of related debt	3,516	3,833	3,833	4,567	68,300	165,898	--	--	--	--
Restricted	1,562,070	2,187,884	2,187,884	2,428,892	2,079,578	2,548,045	3,185,961	4,683,125	5,486,102	5,460,758
Unrestricted	85,115	169,117	169,117	172,915	148,903	114,422	57,683	10,793	116,166	286,335
Total net assets	<u>1,651,500</u>	<u>2,360,834</u>	<u>2,360,834</u>	<u>2,606,374</u>	<u>2,296,781</u>	<u>2,828,365</u>	<u>3,243,644</u>	<u>4,693,918</u>	<u>5,602,268</u>	<u>5,747,093</u>
Total liabilities & net assets	<u>\$18,886,568</u>	<u>\$16,963,784</u>	<u>\$16,963,784</u>	<u>\$15,046,813</u>	<u>\$13,968,639</u>	<u>\$13,838,467</u>	<u>\$13,176,362</u>	<u>\$13,128,574</u>	<u>\$13,118,450</u>	<u>\$12,667,985</u>

SCHEDULE 2
GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
CHANGES IN CASH AND CASH EQUIVALENTS
LAST TEN FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Cash flows from operating activities:										
Fees received for services and other income	\$ 17,000	\$ 4,000	\$ 4,000	\$ 41,474	\$ 52,109	\$116,572	\$75,570	\$110,522	\$ 500	\$401,026
Payment of salaries and benefits	(30,000)	--	--	--	--	--	--	--	--	--
Payments to suppliers of goods and services	(192,596)	(293,179)	(43,180)	(31,083)	(39,561)	(59,843)	(70,461)	(208,028)	(333,970)	(133,039)
Net cash used in operating activities	(203,820)	(289,179)	(39,180)	10,391	12,548	56,729	5,109	(97,506)	(333,470)	267,987
Cash flows from capital and related financing activities:										
Sale of capital assets	--	--	--	60,525	--	--	--	--	--	--
Purchase of capital assets	--	(1,308)	--	(12,000)	(5,000)	(5,120)	(898)	--	--	--
Cash provided (used) by capital and related financing activities	--	(1,308)	--	48,525	(5,000)	(5,120)	(898)	--	--	--
Cash Flows from Noncapital financing Activities										
Loan from Developer	162,500	211,568	--	--	--	--	33,765	--	--	--
Operating grant CDA	--	--	--	--	--	--	--	--	12,792	--
Collection of loan to CDA	--	--	--	--	--	--	--	--	--	--
Loan from CDA	--	35,000	14,480	--	--	--	--	--	150,000	115,000
Deferred loan costs	(2,853)	(3,378)	(11,588)	--	--	--	--	--	--	--
Net cash provided by noncapital financing activities	159,647	243,190	2,892	--	--	--	33,765	--	162,792	115,000
Cash Flows from investing activities:										
Interest	220	820	3,511	1,413	616	10	16	133	509	393
Net cash provided by investing activities	220	820	3,511	1,413	616	10	16	133	509	393
Net change in cash and cash equivalents	(43,971)	(46,477)	(32,777)	60,329	8,164	56,739	38,890	(97,373)	(170,169)	383,380
Cash and cash equivalents, beginning of year	95,661	140,138	172,915	112,586	104,422	47,683	6,705	106,166	276,335	7,955
Cash and cash equivalents, end of year	<u>\$49,690</u>	<u>\$ 93,661</u>	<u>\$ 140,138</u>	<u>\$ 172,915</u>	<u>\$ 112,586</u>	<u>\$ 104,422</u>	<u>\$ 47,683</u>	<u>\$ 6,705</u>	<u>\$ 106,166</u>	<u>\$ 276,335</u>

SCHEDULE 3
CHANGES IN NET ASSETS AND NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating revenues										
Fees and other income	\$ 17,400	\$ 4,000	\$ 4,000	\$ 39,317	\$ 53,999	\$ 116,572	\$ 75,570	\$ 110,522	\$ 500	\$ 401,026
Revenues from grants	--	--	--	541,697	--	--	--	--	--	--
Total operating revenues	17,400	4,000	4,000	581,014	53,999	116,572	75,570	110,522	500	401,026
Non-operating revenues										
Operating grants	--	--	--	--	--	--	--	--	--	19,683,169
Interest	220	820	3,511	1,413	616	10	16	133	509	392
Total non-operating Revenue	220	820	3,511	1,413	616	10	16	133	509	19,683,561
Total revenues	17,620	4,820	7,511	582,427	54,615	116,582	75,586	110,655	1,009	19,683,561
Operating expenses	--	--	--	--	--	--	--	--	--	--
Salaries and benefits	187,327	217,745	137,023	130,060	295,316	--	--	--	--	--
Write down, land held	--	--	--	--	--	--	--	--	--	14,131,643
Contractual exp. and dep.	56,920	269,763	116,028	128,299	190,783	531,861	1,525,860	1,019,005	145,834	133,039
Total operating expenses	244,247	487,508	253,051	258,359	486,099	531,861	1,525,860	1,019,005	145,834	14,264,682
Non-operating expense										
Write down, capital asset	--	--	--	14,475	100,000	--	--	--	--	--
Total expenses	244,247	487,508	253,051	272,834	586,099	531,861	1,525,860	1,019,005	145,834	14,264,682
Increase (decrease) in net assets	((226,646)	(482,688)	(245,540)	309,593	(531,484)	(415,279)	(1,450,274)	(908,350)	(144,825)	5,418,879
Net assets, January 1	1,878,146	2,360,834	2,606,374	2,296,781	2,828,265	3,243,644	4,693,918	5,602,268	5,747,093	328,214
Net assets, December 31	<u>\$1651,500</u>	<u>\$1,878,146</u>	<u>\$2,360,834</u>	<u>\$2,606,374</u>	<u>\$ 2,296,781</u>	<u>\$ 2,828,365</u>	<u>\$ 3,243,644</u>	<u>\$4,693,918</u>	<u>\$5,602,268</u>	<u>\$ 5,747,093</u>
Net assets, at year-end										
Invested in Capital assets, net of related debt	3,516	4,277	3,833	4,567	68,300	165,898	--	--	--	--
Restricted	1,562,869	1,769,438	2,187,884	2,428,892	2,079,578	2,548,045	3,185,961	4,683,125	5,486,102	5,460,758
Unrestricted	85,115	104,431	169,117	172,915	148,903	114,422	57,683	10,793	116,166	286,335
Total net assets	<u>\$1651,500</u>	<u>\$1,878,146</u>	<u>\$2,360,834</u>	<u>\$2,606,374</u>	<u>\$2,296,781</u>	<u>\$2,828,365</u>	<u>\$3,243,644</u>	<u>\$4,693,918</u>	<u>\$5,602,268</u>	<u>\$5,747,093</u>

SCHEDULE 4
GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
REVENUES BY SOURCE
LAST TEN FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Operating revenues										
Fees and other income	\$17,400	\$4,000	\$4,000	\$39,317	\$53,999	\$116,572	\$75,570	\$110,522	\$500	\$401,026
Revenues reimbursement	--	--	--	541,697	--	--	--	--	--	19,282,143
Total operating revenues	17,400	4,000	4,000	581,014	53,999	116,572	75,570	110,522	500	19,683,169
Percentage of total revenues	98.8%	83.0%	53.3%	99.8%	98.9%	100.0%	100.0%	99.9%	49.6%	100.0%
Non-operating revenues										
Interest	220	820	3,511	1,413	616	10	16	133	509	392
Percentage of total revenues	1.2%	17.0%	46.7%	0.2%	1.1%	0.0%	0.0%	0.1%	50.4%	0.0%
Total revenues	17,620	4,820	\$7,511	\$582,427	\$54,615	\$116,582	\$75,586	\$110,655	\$1,009	1

SCHEDULE 5
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 OUTSTANDING BALANCE OF REVENUE BONDS
 LAST TEN FISCAL YEARS

Name of Bond	Maturity Date	Interest Rate	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<u>Long Island Glass & Mirror, Inc.</u>												
Series 1984 R-1	2003	6.00%	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
<u>Spectro Lume, Inc.</u>												
Series 1986 R-1	2000	5.00%	--	--	--	--	--	--	--	--	--	--
<u>School for Languages Project -2801-98-01</u>												
Civic Facilities - Series A	2008	6.88%	--	--	--	135,000	260,000	375,000	485,000	925,000	680,000	770,000
Civic Facilities - Series B	2023	7.38%	3,475,000	3,630,000	3,775,000	3,775,000	3,775,000	3,775,000	3,775,000	3,775,000	3,775,000	3,775,000
<u>National Healthplex Project-2801-92.01</u>												
Civic Facilities - Series A	2019		9,345,573	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	9,680,000	10,120,000	16,728,650	16,876,850
Civic Facilities - Series A	2019	9.5%	1,622,834	1,681,850	1,681,850	1,681,850	1,681,850	1,681,850	5,054,840	4,837,170	--	--
* Civic Facilities - Note B	2019	13.25%	3,773,338	3,773,338	4,122,350	4,122,350	4,122,350	4,122,350	8,588,150	8,588,150	16,373,400	--
			\$18,232,401	\$18,765,188	\$19,295,200	\$19,394,200	\$19,519,200	\$19,634,200	\$28,682,990	\$29,345,320	\$38,657,050	\$22,521,850

SCHEDULE 6
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 LONG-TERM DEBT AND PERCAPITA INDEBTEDNESS
 LAST TEN FISCAL YEARS

	Due to the CDA		Due to the City		Total	Per Capita Indebtedness
	Amount	Percentage of Total	Amount	Percentage of Total		
2010	\$13,029,625	79%	\$3,627,070	22%	\$ 16,656,695	604
2009	12,286,920	78%	3,297,384	22%	15,584,304	564
2008	11,870,742	82%	2,609,702	18%	14,480,444	526
2007	10,363,525	84%	2,000,708	16%	12,364,233	452
2006	9,913,684	86%	1,652,853	14%	11,566,537	423
2005	9,114,821	83%	1,861,515	17%	10,976,336	403
2004	8,864,714	90%	1,034,239	10%	9,898,953	369
2003	8,427,156	100%	7,500	0%	8,434,656	314
2002	7,508,682	100%	7,500	0%	7,516,182	281
2001	6,913,392	100%	7,500	0%	6,920,892	259

Source: The Annual Financial Statements of the City of Glen Cove

SCHEDULE 7
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 THE CITY OF GLEN COVE - OUTSTANDING INDEBTEDNESS
 LAST FIVE FISCAL YEARS

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Bonds	\$ 49,084,648	\$ 48,097,802	\$ 57,629,050	\$ 57,629,050	\$ 34,166,400
Bond Anticipation Notes	<u>15,293,600</u>	<u>13,596,500</u>	<u>2,032,000</u>	<u>3,731,890</u>	<u>18,142,118</u>
Total	<u>\$ 64,378,248</u>	<u>\$ 61,694,302</u>	<u>\$ 59,661,050</u>	<u>\$ 61,360,640</u>	<u>\$ 52,308,518</u>

(a) Unaudited
 Source: Audited Financial Statements of the City.

Statement of Direct and Overlapping Indebtedness:

Gross Direct Indebtedness	\$ 62,718,248
Exclusions and Deductions	<u>7,989,983</u>
Net Direct Indebtedness	<u>\$ 54,728,265</u>

Source: The Annual Financial Statements of the City of Glen Cove

SCHEDULE 8
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 THE CITY OF GLEN COVE OVERLAPPING INDEBTEDNESS
 DECEMBER 31, 2010

Issuer	Outstanding	As of	Share	Amount Applicable to City
Nassau County	\$ 2,836,417,000	5/31/10	1.88%	\$53,324,640
Glen Cove City School District	7,564,938	6/30/09	100.00%	<u>7,564,938</u>
Total Net Overlapping Debt				\$ 60,889,578
Total Direct Net Debt				<u>54,728,938</u>
Total Net Direct and Overlapping Debt				<u>\$ 115,617,843</u>

Sources: Data provided by City, County and District Officials.

SCHEDULE 9
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 THE CITY OF GLEN COVE OUTSTANDING INDEBTEDNESS: PER CAPITA AND AS PERCENTAGES OF FULL VALUATION
 DECEMBER 31, 2010

	Amount		Debt per Capita (a)	Debt to Full Value (b)
Net Direct Indebtedness	\$ 54,728,265	\$	1,985	1.50%
Net Direct and Overlapping Indebtedness	\$ 115,617,843	\$	4,195	3.17%

- (a) The population of the City is 27,564 according to the 2008 LIPA Long Island population Survey.
 (b) The City's full value taxable real property for fiscal year 2011 is \$3,649,456,546.

Sources: Data provided by City, County, School District Officials and the Long Island Almanac.

SCHEDULE 10
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 YEAR ROUND HOUSEHOLDS AND AVERAGE HOUSEHOLD SIZE MAJOR NASSAU COUNTY MUNICIPALITIES
 1990, 2000, AND 2009

	<u>Year-Round Households</u>		<u>Average Household Size</u>			
	2009 Estimate	2000 Census	1990 Census	7-Jan Estimate	2000 Census	1990 Census
Nassau County				2.95	2.93	2.94
North Hempstead Town	78,097	76,628	74,587	2.86	2.84	2.80
Hempstead Town	248,787	246,828	239,234	3.03	3.02	2.99
Long Beach City	15,261	14,923	13,592	2.27	2.26	2.35
Oyster Bay Town	101,018	99,208	95,566	2.95	2.93	3.01
Glen Cove City	9,905	9,461	8,466	2.70	2.72	2.78
Total Nassau	453,068	447,048	431,445	2.79	2.78	2.81

Sources: the US Census for 1990 and 2000 and LIPA, Population Survey, 2009. (2010 information not available)

SCHEDULE 11
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 POPULATION ESTIMATES FOR MAJOR NASSAU COUNTY MUNICIPALITIES
 2003 TO 2009

	2010	2009	2008	2007	2006	2005	2004	2003
NASSAU COUNTY								
North Hempstead Town	226,322	226,109	225,291	224,774	223,870	222,836	222,042	221,968
Hempstead Town	759,757	766,878	765,234	765,111	763,822	761,944	760,675	759,535
Long Beach City	33,275	36,201	36,051	36,002	35,462	35,840	35,528	35,612
Oyster Bay Town	293,214	303,285	302,589	301,273	300,786	300,616	299,840	298,696
Glen Cove City	26,964	27,654	27,564	27,374	27,342	27,269	26,847	26,869
Total Nassau County	1,339,532	1,360,126	1,356,729	1,354,534	1,351,282	1,348,505	1,344,932	1,342,680

Source: LIPA Annual Surveys for 2003 to 2009.

SCHEDULE 12
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 CITY OF GLEN COVE MEDIAN HOUSEHOLD AND FAMILY AND PER CAPITA INCOME
 THREE YEAR ESTIMATE
 2006 TO 2008

**Median Household Income
 Three Year Estimate, 2006 to 2008**

Income	Households
Total	9,358
Less than \$10,000	619
\$10,000 to \$14,999	355
\$15,000 to \$24,999	748
\$25,000 to \$34,999	675
\$35,000 to \$49,999	906
\$50,000 to \$74,999	1,447
\$75,000 to \$99,999	1,507
\$100,000 to \$149,999	1,676
\$150,000 to \$199,999	636
\$200,000 or more	789

Per Capita, Median Family and Median Household Income

Period	Amount
Survey 3-Year estimate, 2006 to 2008 (Inflation adjusted)	
Per capita income	\$37,860
Median family income	\$79,429
Median Household income	\$73,151
Census 2000 (b)	
Per capita income	\$26,627
Median family income	\$63,021
Median Household income	\$55,503

Sources:

- (a) US Census Bureau 2006-2008 American Community Survey 3 Year Estimates
- (a) Census 2000.

SCHEDULE 13
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 THE CITY OF GLEN COVE, NASSAU COUNTY AND NEW YORK STATE EMPLOYMENT AND
 PERCENTAGES OF UNEMPLOYMENT
 2001 TO 2010

Year	<u>Employed</u>			<u>Unemployment rate</u>		
	City	County	State	City	County	State
2010	13,200	638,400	8,806,800	9.5%	7.10%	8.60%
2009	13,400	642,400	8,864,300	7.3%	7.10%	8.40%
2008	13,500	66,700	9,138,000	5.1%	4.70%	5.30%
2007	13,500	67,000	9,112,900	4.4%	3.70%	4.50%
2006	13,400	668,300	9,062,500	4.0%	3.80%	4.60%
2005	12,800	662,100	8,947,100	4.4%	4.10%	5.00%
2004	13,500	655,100	8,816,000	4.7%	4.50%	5.80%
2003	13,500	649,100	8,703,900	4.6%	4.70%	6.40%
2002	13,500	649,500	8,721,400	4.6%	4.70%	6.20%
2001	13,500	651,300	8,743,900	4.6%	3.70%	4.90%

Source: New York State Department of Labor.

SCHEDULE 14
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 CITY OF GLEN COVE PROPERTY TAX, STATE AID AND TOTAL REVENUES
 LAST EIGHT FISCAL YEARS

Fiscal Year	Real property Taxes	State Aid	Total Revenues	Property Taxes to Total Revenue	State Aid to Total Revenues
2004	\$17,930,879	\$4,307,676	\$27,236,420	65.8%	15.8%
2005	18,459,159	4,881,595	27,422,167	67.3	17.8
2006	18,518,696	4,861,070	27,993,085	66.2	17.4
2007	23,450,491	4,660,364	33,048,044	70.9	14.1
2008	24,615,529	3,063,239	34,343,355	71.7	8.9
2009	26,506,222	3,815,565	36,470,782	72.7	10.5
2010 (Adopted)	28,369,210	3,081,878	37,265,574	76.1	8.3
2011 (Adopted)	29,253,519	2,927,784	39,648,257	73.8	7.4

Source: Audited Financial Statements and Adopted Budgets of the City

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
CITY OF GLEN COVE
COMPUTATION OF MAXIMUM TAXING POWER
FISCAL YEAR ENDED DECEMBER 31, 2010

Fiscal Year Ending December 31,	Assessed Valuation	State Equalization Ratio	Full Valuation
2006	\$ 3,897,530,500	0.9445	\$ 4,126,554,261
2007	4,400,941,422	0.9275	4,744,950,320
2008	4,582,040,422	0.9007	5,087,199,314
2009	4,730,872,532	1.0000	4,730,872,532
2010	4,582,040,422	1.0000	<u>4,536,572,959</u>
Total 5 year full Valuation			<u>23,226,149,386</u>
5 year average valuation			<u>4,645,229,877</u>
1 1/2% of 5 year average valuation			<u>69,678,448</u>
Exclusions added thereto			
Debt Service			<u>9,156,109</u>
Maximum taxing power			<u>78,834,557</u>
City Tax margin			<u>\$51,127,047</u>

Sources: State Board of Real Property Services and the City of Glen Cove Controller's Office.

SCHEDULE 16

GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY

(A Component Unit of the City of Glen Cove)

CITY OF GLEN COVE ASSESSED AND FULL VALUATIONS, TAX LEVY AND TAX RATES FOR THE LAST SIX FISCAL YEARS

(In Thousand Dollars)

	2005	2006	2007	2008	2009	2010
Assessed value	\$ 2,500,121	\$ 3,897,530	\$ 4,402,203	\$ 4,582,040	\$ 4,730,872	4,536,5739
Tax Levy	18,200	18,200	23,244	24,616	25,972	27,708
Tax rate (a)	7.28	4.67	5.28	5.37	5.49	6.11

(a) Per \$1,000 assessed value

Source: City of Glen Cove Budgets.

SCHEDULE 17
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 CITY OF GLEN COVE
 (A Component Unit of the City of Glen Cove)
 ASSESSED VALUATION AND PERCENTAGE OF TOTAL ASSESSED VALUATION
 OF THE TEN LARGEST TAXPAYERS
 DECEMBER 31, 2010

Taxpayer	Nature of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Glen Cove Property, LLC	Hotel	\$16,000,000	0.44%
Walker & Walker	Real Estate	14,732,500	0.40
Martin Carey	Residential	12,563,000	0.34
Konica Imaging USA Inc.	Photo Imaging	11,421,000	0.31
Glen Cove properties, LLC	Real Estate	10,947,000	0.30
Glen Arms Group	Apartment Rental	11,066,000	0.30
Pearsall Owners Corp.	Co-ops	10,681,840	0.29
Trousdell Village	Co-ops	10,638,290	0.29
OLSL Glen Cove LLC	Senior Housing	9,780,000	0.27
Metropolitan Senior Housing	Nursing Home	9,650,000	0.26
Total		\$ 117,299,630	4.85%

Source: Annual Financial Statements of the City of Glen Cove.

SCHEDULE 18
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 CITY OF GLEN COVE BUILDING PERMITS AND ESTIMATED BUILDING COSTS
 LAST SEVEN FISCAL YEARS

Year	Number of Permits	Estimated Cost
2004	1,502	\$ 7,367,080
2005	233	20,153,800
2006	195	17,995,750
2007	176	18,298,550
2008	140	12,443,900
2009	137	9,927,000
2010	143	9,275,600

Source: The City of Glen Cove Building Department.

SCHEDULE 19
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 NUMBER OF LIS PENDENS FILED IN THE TOWN OF OYSTER BAY

City/Village	2007	2008	2009	2010
Amityville	1	1	0	0
Bayville	19	14	34	22
Bethpage	48	37	62	63
Brookville	4	2	3	2
Centre Island	1	0	0	1
Cold Spring Harbor	0	0	2	0
Cove Neck	0	0	0	0
East Norwich	9	9	10	7
Farmingdale	83	80	94	102
Glen Cove	64	71	120	89
Glen Head	10	24	20	15
Glenwood Landing	3	7	2	0
Greenvale	0	2	3	0
Hicksville	84	123	216	157
Jericho	20	22	31	37
Lattington	1	3	4	8
Laurel Hollow	2	1	6	1
Locust Valley	18	21	20	20
Massapequa	161	148	256	187
Massapequa Park	44	43	46	44
Matinecock	0	1	0	0
Mill Neck	0	3	1	3
Muttontown	1	3	4	8
Old Bethpage	12	15	17	11
Old Brookville	3	1	4	6
Old Westbury	7	1	3	3
Oyster Bay	25	26	38	11
Oyster Bay Cove	0	0	6	8
Plainview	50	55	92	63
Roslyn	0	0	0	1
Sea Cliff	4	11	28	12
Seaford	5	2	6	1
Syosset	42	60	86	57
Upper Brookville	2	4	2	2
Westbury	0	13	10	13
Woodbury	15	16	29	20
Town-wide totals	697	754	320	974

Source: LIRealEstateReport.com

SCHEDULE 20
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 STRAIGHT LEASE PROJECTS
 FISCAL YEARS 2001 TO 2005

	Swezy's Safavieh	AvalonBay I Pratt Blvd.	AvalonBay II Glen Street
Project Code:	2801-05-01	2801-01-1	2801-05-02
Project commencement	2005	2001	2005
Project Purpose:	Retail Trade	Construction	Construction
Total amount of lease	5,000,000	67,836,474	25,864,145
Total Project Amount:	N/A	25,854,145	5,397,577
Federal tax Status	Taxpaying	Taxpaying	Taxpaying

SCHEDULE 21
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 STRAIGHT LEASE PROJECTS TAX EXEMPTION AND PAYMENTS IN LIEU OF TAXES
 LAST SIX FISCAL YEARS

	2010	2009	2008	2007	2006	2005
<u>Swezy's-Safavieh</u>						
Exemptions:						
Sales tax -	--	--	--	--	--	--
Real property tax:						
County	30,831	35,810	35,810	28,346	20,023	26,023
Local	92,121	64,321	64,321	64,321	47,328	47,328
School	185,625	155,384	155,384	134,692	147,104	147,164
Mortgage recording		--	--	--	--	--
Total property tax exempted	308,578	255,515	255,515	227,359	214,455	220,515
Payment in lieu of taxes all governments						
County	19,803	17,687	17,687	12,530	13,239	13,239
Local	39,605	34,112	34,112	28,477	26,478	26,478
School	92,920	74,540	74,540	72,902	62,123	62,123
Total paid in lieu of taxes	152,328	126,339	126,339	113,909	101,840	101,840
<u>AvalonBay I-Pratt Blvd.</u>						
Exemptions:						
Sales tax -	--	--	--	--	--	--
Real property tax:						
County	278,733	305,067	305,067	253,245	447,224	267,256
Local	832,826	596,265	596,265	574,687	449,388	485,857
School	1,678,163	1,336,368	1,336,368	1,203,426	1,445,023	1,511,374
Total property tax exempted	2,789,721	2,238,240	2,238,240	2,013,358	2,341,635	2,264,487
Payment in lieu of taxes all governments:						
County	162,658	145,940	145,940	105,516	100,938	99,852
Local	325,316	281,457	281,457	239,808	267,996	178,308
School	763,241	615,035	615,035	613,908	473,633	435,072
Total paid in lieu of taxes	1,251,215	1,042,432	1,042,432	959,232	842,567	713,232
Section 485 Exemptions	--	--	--	--	--	--
<u>AvalonBay II- Glen Street</u>						
Exemptions:						
Sales tax	--	--	--	360,232	456,139	--
Real property tax:						
County	97,190	114,527	114,527	75,590	7,239	--
Local	290,395	221,732	221,732	17,154	--	--
School	585,154	496,954	496,954	35,921	--	--
Total property tax exempted	972,740	833,213	833,213	128,664	7,239	--
Payment in lieu of taxes all governments						
County	\$ 66,283	\$ 43,283	\$ 120,372	--	--	--
Local	279,336	83,564	62,415	--	--	--
School	127,832	183,913	263,035	--	--	--
Total paid in lieu of taxes	\$ 473,451	\$310,760*	\$445,822	--	--	--

*Includes a credit of \$135,062 for an overpayment made in 2008.

SCHEDULE 22
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED
 LAST EIGHT FISCAL YEARS

	2010	2009	2008	2007	2006	2005	2004	2003
Safavieh								
Jobs created and retained during	15	11	11	11	11	11	11	--
AvalonBay I-Pratt Blvd.								
Construction jobs created	--	--	--	--	--	--	--	150
Jobs created	9	9	9	9	9	--	--	--
Jobs retained	9	10	4.5	4.5	9	5	12	--
AvalonBay II- Glen Street								
Construction Jobs created	75	75	75	75	75	--	--	--
Jobs retained	4	5	5.5	5.5	5.5	--	--	--
School for languages								
Jobs created and retained	158	162	170	170	170	170	170	170
National Healthplex								
Jobs retained	45	45	45	45	45	45	45	45

SCHEDULE 23
GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the City of Glen Cove)
CAPITAL ASSETS, NET
LAST FIVE FISCAL YEARS

<u>Year</u>	<u>Cost</u>
2010	\$ 3,516
2009	4,277
2008	3,833
2007	4,567
2006	68,300
2005	165,898

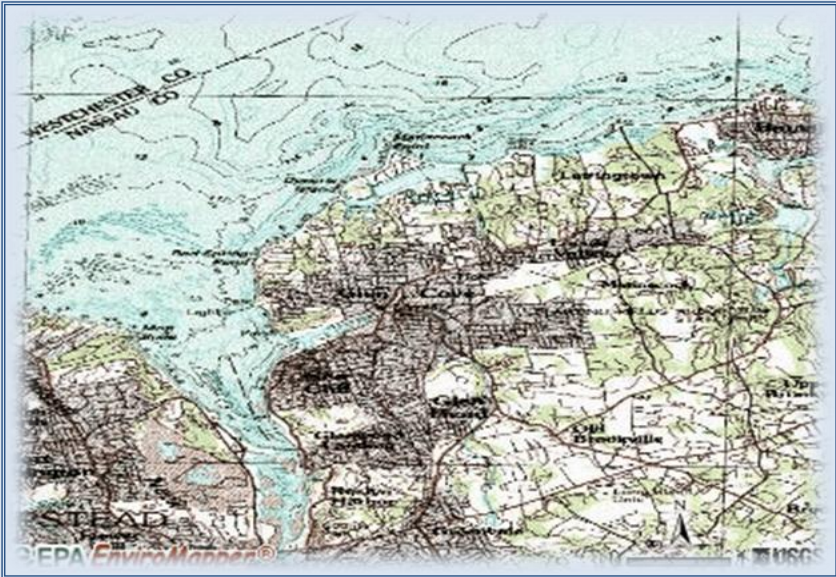
SCHEDULE 24
 GLEN COVE INDUSTRIAL DEVELOPMENT AGENCY
 (A Component Unit of the City of Glen Cove)
 FULL TIME EMPLOYEE EQUIVALENTS
 LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Executive Director	1	1	1	1	1	1	1	1	1	1
Executive Secretary	1	1	1	1	1	1	1	1	1	1
Financial Manager	1	1	1	1	1	1	1	1	1	1
Grants Administrator	1	1	1	1	1	1	1	1	1	1
Total	4	4	4	4	4	4	4	4	4	4

Source: Agency Officials.

COMPLIANCE SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
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*

Honorable Mayor Ralph Suozzi,
Board of Directors and Members
Glen Cove Industrial Development Agency
Glen Cove, New York

We have audited the financial statements of the Glen Cove Industrial Development Agency (the "Agency") as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated March 28, 2011. 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.

Internal Control over Financial Reporting

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

A *control deficiency* 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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.

This report is intended solely for the information and use of the Board of Directors and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

TABRIZCHI & Co., CPA, P.C.

Garden City, NY
March 28, 2011