

HUDSON COMMUNITY DEVELOPMENT &
PLANNING AGENCY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2016

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

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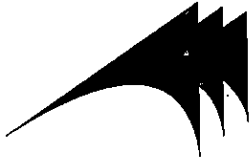
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
 Hudson Community Development & Planning Agency
 Hudson, New York

We have audited the accompanying financial statements of the Hudson Community Development & Planning Agency (the Organization) as of and for the year ended December 31, 2016, which collectively comprise the Organization's general purpose financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the reporting provisions of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by the Organization on the basis of the financial reporting provisions of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Organization, as of December 31, 2016, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Management has not listed fixed assets on its annual updated document filed with the State of New York Office of the State Comptroller, has not established a capitalization threshold for financial reporting and has not valued all items on such document. The financial reporting provisions of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, require that capital assets be accounted for in the Organization’s annual financial report which would increase the assets and fund equity in the combined balance sheet. The amount by which this departure would affect the assets and fund equity has not been determined.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the affects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraphs, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, and their respective changes in financial position and budgetary results for the year then ended, on the basis of the financial reporting provisions of the State of New York Office of State Comptroller, Division of Local Government and School Accountability, Albany, New York, as described in Note 1.

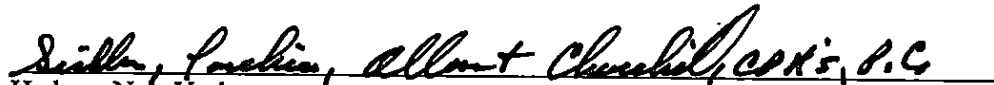
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017 on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

INDEPENDENT AUDITORS' REPORT (CONTINUED)

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in considering the Organization's internal control over financial reporting and compliance.


Hudson, New York
March 22, 2017

HUDSON COMMUNITY DEVELOPMENT PLANNING AGENCY
 COMBINED BALANCE SHEET - ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 2016

	Governmental Fund Types		Non-Current		Totals (Memo- randum Only)
	General	Reserve Fund	Governmental	Governmental	Reporting Entity
			Assets	Liabilities	
ASSETS					
Cash:					
Unrestricted	\$ 48,362	\$ -	\$ -	\$ -	\$ 48,362
Restricted	26,249	-	-	-	26,249
Receivables:					
Local Aid	61,813	-	-	-	61,813
Other, Net of Allowance	-	-	-	-	-
Other Assets					
Loans Receivable	167,426	-	-	-	167,426
Land, Building and Equipment, Net	-	-	523,552	-	523,552
Total Assets	<u>\$ 303,850</u>	<u>\$ -</u>	<u>\$ 523,552</u>	<u>\$ -</u>	<u>\$ 827,402</u>
LIABILITIES					
Payables:					
Accounts Payable	\$ 10,775	\$ -	\$ -	\$ -	\$ 10,775
Deferred Revenue:					
Deferred Revenue - Real Estate Sales	25,003	-	-	-	25,003
Deferred Revenue - Revolving Loans	132,181	-	-	-	132,181
Long-Term Liabilities:					
Other Liabilities	-	-	-	-	-
Total Liabilities	<u>167,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>167,959</u>
FUND EQUITY					
Investment in General Fixed Assets	-	-	523,552	-	523,552
Non-Spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	26,249	-	-	-	26,249
Unassigned	109,642	-	-	-	109,642
Total Fund Equity	<u>135,891</u>	<u>-</u>	<u>523,552</u>	<u>-</u>	<u>659,443</u>
Total Liabilities and Fund Equity	<u>\$ 303,850</u>	<u>\$ -</u>	<u>\$ 523,552</u>	<u>\$ -</u>	<u>\$ 827,402</u>

See independent auditor's report and notes to the financial statements.

HUDSON COMMUNITY DEVELOPMENT PLANNING AGENCY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES CHANGES IN FUND EQUITY
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Fund Types		Totals (Memo- randum Only)
	General	General Fund- Reserves	Reporting Entity
REVENUES			
Use of Money and Property:			
Interest	\$ 1,697	\$ -	\$ 1,697
Rentals	-	-	-
Sale of Property and Compensation for Loss	-	-	-
Miscellaneous:			
Donations	-	-	-
Principle Reductions in Revolving Loans	11,381	-	11,381
Local Aid	27,604	-	27,604
Total Revenues	<u>40,682</u>	<u>-</u>	<u>40,682</u>
EXPENDITURES			
Insurance	1,025	-	1,025
Professional Fees	11,908	-	11,908
Management Fees	46,969	-	46,969
Property Maintenance	3,500	-	3,500
Community Service Expense	-	-	-
Grant Program Expenses:			
Greenway Grant	2,628	-	2,628
DEC Grant	4,586	-	4,586
Dunn Warehouse Project	-	-	-
Kayak Grant	20,390	-	20,390
Employee Benefits	(29)	-	(29)
Operating Expense	1,047	-	1,047
Total Expenditures	<u>92,024</u>	<u>-</u>	<u>92,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(51,342)</u>	<u>-</u>	<u>(51,342)</u>
OTHER FINANCING SOURCES AND USES			
Operating Transfers In	-	-	-
Operating Transfers Out to Fixed Assets	-	-	-
Rounding	-	-	-
Total Other Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(51,342)</u>	<u>-</u>	<u>(51,342)</u>
Fund Equity - Beginning of Year	<u>187,233</u>	<u>-</u>	<u>187,233</u>
Fund Equity - End of Year	<u>\$ 135,891</u>	<u>\$ -</u>	<u>\$ 135,891</u>

See independent auditor's report and notes to the financial statements.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET BASIS AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Operating Revenues	\$ -	\$ -	\$ -	\$ -
Investment Earnings	-	-	1,697	1,697
State Subsidiaries / Grants	15,000	15,000	27,604	12,604
Federal Subsidiaries / Grants	-	-	-	-
Municipal Subsidiaries / Grants	-	-	-	-
Other Nonoperating Revenues	40,000	40,000	11,381	(28,619)
 Total Revenues	 55,000	 55,000	 40,682	 (14,318)
 OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Reserves	-	-	-	-
Designated Fund Balance and Encumbrances	-	-	-	-
Carried Forward From Prior Year	-	-	-	-
 Total Revenues and Other Financing Sources	 \$ 55,000	 \$ 55,000	 \$ 40,682	 \$ (14,318)

See independent auditor's report and notes to the financial statements.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET BASIS AND ACTUAL - GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances
EXPENDITURES					
Salaries & Wages	\$ 58,000	\$ 58,000	\$ -	\$ -	\$ 58,000
Other Employee Benefits	-	-	(29)	-	29
Professional Services Contracts	25,000	25,000	63,402	-	(38,402)
Supplies & Materials	-	-	-	-	-
Other Operating Expenditures	-	-	1,047	-	(1,047)
Other Nonoperating Expenditures	10,000	10,000	27,604	-	(17,604)
Total Expenditures	<u>93,000</u>	<u>93,000</u>	<u>92,024</u>	<u>-</u>	<u>976</u>
OTHER USES					
Operating Transfers Out	-	-	-	-	-
Total Expenditures and Other Uses	<u>\$ 93,000</u>	<u>\$ 93,000</u>	<u>\$ 92,024</u>	<u>\$ -</u>	<u>\$ 976</u>

See independent auditor's report and notes to the financial statements.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basis of presentation is a special purpose framework of accounting other than generally accepted accounting principles in the United States of America as applied to government units. The Board of Directors and the City Council of the City of Hudson, for which Hudson Community Development & Planning Agency (the Organization) is considered a component unit of, has authorized the presentation of financial information in accordance with the regulatory basis of accounting as prescribed by the Office of the State Comptroller (OSC), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Generally accepted accounting principles prescribe a reporting model as described in GASB Statement No. 34, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments.

The more significant minimum financial reporting requirements of GASB Statement No. 34, as modified, for State and Local Governments which are not followed in the OSC prescribed format are as follows:

- Management’s Discussion and Analysis (MD&A) is a component of required supplementary information (RSI). The MD&A is an introduction to the basic financial statements and an analytical overview of the government’s financial activities.
- RSI other than the MD&A, such as the required budgetary comparison schedule for the General Fund and major Special Revenue Funds, generally is included immediately following the notes to the financial statements in the prescribed format.
- Infrastructure Reporting – Capitalization and depreciating a government’s infrastructure assets. (E.g. roads, bridges, dams, water and sewer systems, etc.).
- Entity-Wide Financial Reports – Entity-wide Statement of Net Assets, Statement of Activities and Changes in Net Assets use accrual accounting methods similar to private sector companies to report all activities of the Organization in combined statements.

A. Financial Reporting Entity:

The Hudson Community Development & Planning Agency is a public benefit corporation established by the City of Hudson, New York pursuant to Article 15B of the General Municipal Law. The purpose of Hudson Community Development & Planning Agency is to delegate the responsibility to provide safe and sanitary housing to City residents and to seek economic development opportunities. The governing board consists of five members, all of which are either elected City officials or their appointees. Accordingly, the Organization is governed by the City of Hudson, New York’s Charter, the City law and other general laws of the State of New York and various local laws.

See independent auditor’s report.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

All proprietary activities and functions performed for the Hudson Community Development & Planning Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The Organization is included in the City of Hudson, New York's financial statements as a component unit based on several criteria set forth in GASB Statements No. 14, 39 and 61 including legal standing, fiscal dependency, and financial accountability. Other reasons for its inclusion in the Government entity are:

1. Title to properties acquired by the Agency during the course of its operations vested in the name of the City.
2. Performance of financial transactions in the name of the City (e.g., Section 8 Housing Assistance Payments Annual Contributions Contracts, administered by the Organization, bear the authorizing signatures of the Mayor of Hudson and the appropriate HUD official).
3. Applications for federal grants must be approved by the Common Council.

A. Fund Accounting:

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

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The Hudson Community Development & Planning Agency records its transactions in the fund types and account groups described below.

I. Governmental Funds:

Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is based upon determination of financial position and changes in financial position. The following are the Organization's governmental fund types:

See independent auditor's report.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

a. General Fund:

This is the principal operating fund and includes all operations not required to be recorded in other funds.

b. General Fund – Reserves:

This is utilized to account for Reserve Funds established by the Organization that are legally restricted for the purpose for which the Reserve was established.

II. Non-Current Government Assets:

Non-current government assets are used to account for land, buildings, improvements other than buildings, and equipment utilized for general government purposes.

III. Non-Current Government Liabilities:

Non-current governmental liabilities are used to account for all long-term debt.

B. Fund Balances:

The Organization follows Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). GASB 54, changed the classification of fund balance to focus on the constraints imposed on resources in governmental funds, instead of the previous focus on availability for appropriation.

Fund balance is broken down into five different classifications: non-spendable, restricted, committed, assigned, and unassigned.

I. Non-Spendable:

Consists of assets that are inherently non-spendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principle of endowments.

II. Restricted:

Consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

III. Committed:

Consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint. The Board of Directors is the decision-making authority that can, by resolution prior to the end of the fiscal year, commit fund balance. The Organization has no committed fund balance as of December 31, 2016.

IV. Assigned:

Consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body of official. The purpose of the assignment must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. The Board, by resolution has authorized the Organization to assign fund balance.

V. Unassigned:

Represents the residual classification for the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

When resources are available from multiple classifications, the Agency spends funds in the following order: restricted, committed, assigned, unassigned.

C. Interfund Transactions:

The operations of the Organization include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The Organization may loan resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid with one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 3, C for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

See independent auditor's report.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Basis of Accounting/Measurement Focus:

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures.

-- Modified Accrual Basis:

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Material revenues that are accrued include interest receivable and grant revenue. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred except that:

- a. Expenditures for prepaid expenses and inventory-type items are recognized at the time of purchase;
- b. Principal and interest on indebtedness are not recognized as an expenditure until due;
- c. Disbursements for inventory type items are considered an expenditure at the time of purchase; and
- d. Fixed assets are recorded at the fair market value at the time received. However, accounting principles generally accepted in the United States of America required fixed assets to be recorded at actual or estimated cost or, in the case of gifts and contributions, at the fair market value at the time received. No provision for depreciation is made. Long-term debt liabilities are recorded at the par value of the principal amount. No liability is recorded for interest payable to maturity.

E. Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Organization's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

See independent auditor's report.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

F. Deferred Revenue:

Deferred revenues are reported when potential revenues do not meet the available criteria for recognition in the current period. The amounts are recorded as Deferred Inflows of Resources. In subsequent periods when the availability criterion is met the liability for deferred revenues is removed and revenues are recorded.

G. Property, Plan, and Equipment – General:

The Organization does not record non-current government assets on its books, which is at variance with Generally Accepted accounting principles and mandated requirements by the New York State Office of the State Comptroller. Accordingly, no provision for non-current government assets has been made in the accompanying financial statements.

H. Departures from Special Purpose Framework for Accounting:

At the balance sheet date, assets listed in non-current government assets had not been recorded at actual or estimated cost at the time acquired, as required by the special purpose framework of accounting followed by the Organization. The Organization does not maintain a fixed asset account group. Therefore, audit procedures could not be applied to amounts reported in this account.

I. Total Columns on the General-Purpose Financial Statements:

Total columns on the general-purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. Estimates:

The preparation of financial statements in conformity with OCBOA requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimated.

Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences and potential contingent liabilities.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

K. New Accounting Standards:

The Organization has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2016, the Organization implemented the following new standards issued by GASB:

-- GASB has issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for reporting periods beginning after June 15, 2015.

L. Future Changes in Accounting Standards:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*, effective for reporting periods beginning after June 15, 2017. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, established new accounting and financial reporting requirements for other post-employment benefits (OPEB) plans.

GASB has issued Statement No. 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, effective for reporting periods beginning after June 30, 2016. This Statement amends the blending requirements established in Paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*, as amended.

GASB has issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for reporting periods beginning after December 15, 2016. This Statement supersedes Question 7.72.11 of Implementation Guide No. 2015-1. In addition, this Statement amends Paragraph 13 of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*; Paragraph 5 of Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*; Paragraphs 16, 18, 22, 92, and 107 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; and Paragraph 24 of Statement No. 67, *Financial Reporting for Pension Plans*.

The GASB has issued Statement No. 82, *Pension Issues*, effective for reporting periods beginning after June 15, 2016, with certain exceptions. This Statement is an amendment of GASB Statements No. 67, No. 68, and No. 73, finalizes Exposure Draft (ED) No. 34E, and seeks to improve consistency in the application of financial reporting requirements to certain pension issues.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

The GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.

The Organization will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. General Budget Policies:

I. The Organization employs the following budgetary procedures:

- a. The Board submits a tentative budget for the fiscal year commencing the subsequent calendar year annually. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

II. Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the General and Reserve Funds. Encumbrances are reported as assigned fund balances since they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS:

A. Assets:

I. Cash:

The Organization's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Hudson Community Development & Planning Agency's investment policies are governed by state statutes. In addition, the Organization is subject to the City of Hudson, New York's written investment policy. The Organization's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Executive Director and the Executive Assistant are authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105 percent of all deposits not covered by federal deposit insurance. 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.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

As of December 31, 2016, \$-0- of the Organization's bank balance of \$48,362 was exposed to custodial credit risk.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute or contributor guidance to be reserved for various purposes. Restricted cash as of year-end includes \$26,249 within the governmental funds and \$0 in the fiduciary funds.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

II. Loans Receivable:

Loans receivable at December 31, 2016 totaled \$167,426 and comprised of the following loans and promissory notes:

- a. Promissory Note originally for \$28,000, due February 1, 2011 with interest of 4.0% compounded annually. This loan was restated on February 20, 2014, requiring one hundred twenty equal payments of \$152 due on the 1st of each month beginning June 1, 2014 with interest of 4.0% compounded annually. As of December 31, 2016, \$4,570 has been received for this loan. The principal balance at December 31, 2016 is \$9,886 plus accrued interest of \$1,942.
- b. Promissory Note originating from partial sale of property on August 27, 2009 obtained through foreclosure for \$125,000. The terms of the note were modified on June 21, 2011, reducing the outstanding balance to \$106,383, requiring fourteen equal payments of \$7,599 due on July 1st and December 1st each year beginning July 1, 2011. The note was again modified on January 9, 2013, restating the note as non-interest bearing so long as the loan is not in default. In the event that default occurs, the interest rate shall continue to accrue at the rate of 10.0% per annum for the duration of the term. The revised terms of the loan require semi-annual payments of \$8,334 due July 1st and December 1st year each, commencing on December 1, 2012 and continuing until December 1, 2017 when any outstanding principal, interest, and fees shall be due and payable in full. The principal balance at December 31, 2016 is \$25,003.
- c. Revolving Loan originally for \$22,000 having no due date and no interest for funds advanced for the construction of units for the Affordable Housing Project. The Loan was restated on February 20, 2014, requiring one hundred twenty equal payments of \$330 due on the 1st of each month beginning July 1, 2014 with interest of 4.0% compounded annually. As of December 31, 2016, \$9,889 has been received for this loan. The principal balance at December 31, 2016 is \$17,294 and accrued interest of \$8,300.
- d. A Non-Interest Bearing Loan for \$105,000, for funds advanced to Housing Resources of Columbia County, Inc. (HRCC) for the rehabilitation of 43-47 North Fifth Street., Hudson, New York. These funds are due upon the property's sale to an unrelated entity.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS AND ACCOUNT GROUPS (CONTINUED):

B. Liabilities:

I. Deferred Revenue:

Total deferred revenue of \$157,184 at December 31, 2016, consists of the following:

33-35 Green Street Property Sale	25,004
HRCC 2nd Street Property Sale	9,886
HRCC Revolving Loan	17,294
HRCC 43-47 North 5th Street Sale	105,000
Total Deferred Tax Revenue	<u>\$ 157,184</u>

II. Long-Term Debt:

At December 31, 2016, the Organization had no outstanding indebtedness.

C. Interfund Balances and Activity:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ -	\$ -	\$ -	\$ -
Reserve Fund	-	-	-	-
Total Government Activities	-	-	-	-
Fiduciary Agency Fund	-	-	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In the normal course of its operations, the Organization budgets for and transfers monies between funds for these budgeted purposes.

NOTE 4 – RELATED PARTIES:

During the year ended December 31, 2016 the Organization shared administrative staff and expenses with Hudson Development Corporation (HDC). The expenses shared include: wages for the Executive Director and the Executive Assistant, related fringe benefits, payroll processing fees, telephone, office supplies and the grant writer. Amounts paid as reimbursement to HDC for such expenses are considered management fees. The total amount of HCDPA's portion of the shared expenses for the year ended December 31, 2016 is \$47,607. This agreement does not have a term and is therefore considered month-to-month.

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

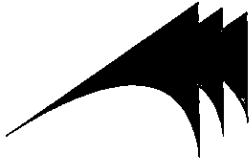
DECEMBER 31, 2016

NOTE 5 – COMMITMENTS AND CONTINGENCIES:

- A) The Organization has received grants in varying amounts, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and requests for return of funds to these governments. Based on past audits, the Organization believes disallowances, if any, will be immaterial.
- B) The Organization is subject to litigation in its normal course of operations and carries insurance related to such possibilities. Presently, the Organization is not subject to any matters that require the recognition of a liability in the financial statements.

NOTE 6 – SUBSEQUENT EVENTS:

- A) The date to which events after December 31, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is March 22, 2017, which is the date the financial statements were available to be issued.
- B) The Promissory Note originating from partial sale of property on August 27, 2009 obtained through foreclosure for \$125,000, the principal balance for which is \$25,003 at December 31, 2016, was paid in full in January of 2017.



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

To the Board of Directors
 Hudson Community Development & Planning Agency
 Hudson, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Hudson Community Development & Planning Agency, which comprise the statements of combined balance sheet as of December 31, 2016, and the related changes in fund equity, and budgetary accounting for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 22, 2017.

Internal Control Over Financial Reporting:

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

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

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

HUDSON COMMUNITY DEVELOPMENT & PLANNING AGENCY

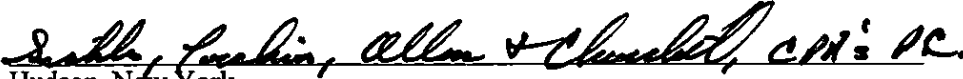
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
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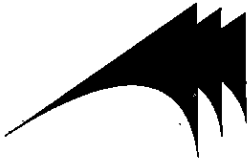
Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Hudson Community Development & Planning Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report:

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


Hudson, New York
March 22, 2017



**Sickler, Torchia
Allen & Churchill, CPA's, PC**
Your Partner When It Counts

Robert J. Allen, CPA
Victor V. Churchill, CPA
Edward J. Gower II, CPA
Craig R. Sickler, CPA
Michael A. Torchia, Jr., CPA, CVA

Joseph J. Montalto, CPA

March 22, 2017

To the Board of Directors
Hudson Community Development & Planning Agency
Hudson, New York

In planning and performing our audit of the basic financial statements of the Hudson Community Development & Planning Agency, for the year ended December 31, 2016, 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, we considered the Hudson Community Development & Planning Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hudson Community Development & Planning Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We have separately reported on the Hudson Community Development & Planning Agency's internal control in our report dated March 22, 2017. This letter does not affect our report dated March 22, 2017, on the basic financial statements of the Hudson Community Development & Planning Agency.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with the Executive Director and the Executive Assistant of the Hudson Community Development & Planning Agency and we will be pleased to discuss them in further detail at your convenience to perform any additional study of these matters, or to assist in implementing the recommendations.

Sickler, Torchia, Allen & Churchill, CPAs, P.C.
Hudson, New York

MEMORANDUM

CURRENT YEAR MEMORANDUM ITEMS

Insurance Coverage

Issue: The Agency maintained liability insurance coverage on 1 North Front Street. The Agency is not a party to the lease for this property and does not contractually have an obligation to provide liability coverage on the property. The Agency does physically operate from this site in conjunction with Hudson Development Corporation, with which it shares administrative staff and expenses.

Recommendation: We recommend the Agency review the liability insurance contract to ensure appropriate coverage over properties to which Hudson Community Development & Planning Agency is entitled to. Consideration maybe given to naming both parties utilizing the space in the insurance declarations of this coverage.

PRIOR YEAR MEMORANDUM ITEMS

Grant Disallowances

Issue: During the current year audit procedures, we noted that there was at least one incidence of a disallowance for grant expenditures which were submitted for reimbursement. Specifically, the expense noted related to the Charles Williams Park. Ultimately, the grant disallowance had no impact on the Agency's eligibility for reimbursement. However, it was noted that there is currently no policy in place regarding expense criteria. Although the board is required to approve expenditures, the board must also exercise oversight with regards to the purpose of expenditures.

Recommendation: We recommend the adoption of a policy that:

1. Ensures expenditures are in accordance with grant agreements, and
2. Ensures expenditures are in compliance with the Agency's fiduciary duties.

Status as of December 31, 2016:

A policy has not been adopted to date. The Agency continues to apply for and receive grant awards, making the above recommendation still applicable. We continue to recommend the adoption of such policy.