

March 16, 2015

Audit Committee
Town of North Hempstead Community
Development Agency
51 Orchard Street
Roslyn Heights, New York 11577

Dear Members of the Committee:

We are pleased to present this report related to our audit of the financial statements of the Town of North Hempstead Community Development Agency (Agency) (a component unit of the Town of New Hempstead, New York) for the year ended December 31, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Agency's financial reporting process.

This report is intended solely for the information and use of the Audit Committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Agency.

Very truly yours,

SaxBST LLP



William C. Freitag, Partner

WCF/dmc

Town of North Hempstead Community Development Agency

(A Component Unit of the
Town of North Hempstead, New York)

Communication With Those Charged With Governance Year Ended December 31, 2014

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated January 8, 2015.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. Following is a description of accounting standards the Agency adopted during the year to comply with accounting principles generally accepted in the United States of America (U.S. GAAP):

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The adoption of these accounting standards did not impact the Agency's financial statements.

Town of North Hempstead Community Development Agency

(A Component Unit of the
Town of North Hempstead, New York)

Communication With Those Charged With Governance Year Ended December 31, 2014

Accounting Policies and Practices - Continued

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Audit Adjustments

We did not propose any audit adjustments to management.

Uncorrected Misstatements

There are no uncorrected misstatements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

**Town of North Hempstead
Community Development Agency**

(A Component Unit of the
Town of North Hempstead, New York)

Communication With Those Charged With Governance
Year Ended December 31, 2014

Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose of expressing an opinion on the financial statements, and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses or significant deficiencies.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Agency, including the representation letter to be provided to us by management, are attached as Exhibit B.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of continued service to you.

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

SaxBST LLP

Albany, New York
March 16, 2015



**Town of North Hempstead
Community Development Agency**

(A Component Unit of the
Town of North Hempstead, New York)

**Summary of Significant Accounting Estimates
Year Ended December 31, 2014**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency’s December 31, 2014 financial statements:

Estimate	Accounting Policy	Estimation Process
Allowance for Uncollectible Accounts	Allowance is based on a review of outstanding amounts on a monthly basis.	Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.
Other Postemployment Benefits	Management provides an accrual for postemployment benefits related to health insurance coverage for certain retirees. The accrual is based on an actuary’s estimate of these obligations. These estimates are subject to revision based on changes in actuarial assumptions, including retirement age, mortality, turnover, healthcare cost trends, discount rate, and/or other circumstances.	Management receives an estimate of these liabilities from an independent actuary and reviews these estimates for reasonableness.
Property Held for Redevelopment	Management capitalizes acquisition and other costs incurred necessary to bring property held for redevelopment into a ready for use state.	Management values property held for redevelopment at the lower historical cost based on actual expenditures.

We have evaluated management’s significant accounting estimates noted above as part of our audit, and concluded that management’s estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

**Town of North Hempstead
Community Development Agency**
(A Component Unit of the
Town of North Hempstead, New York)

Significant Written Communications Between
Management and Our Firm
Year Ended December 31, 2014

Representation Letter



COMMUNITY DEVELOPMENT AGENCY
51 ORCHARD STREET
ROSLYN HEIGHTS, N.Y. 11577-1326

AGENCY BOARD

LAMONT R. BAILEY, CHAIRMAN
RODNEY A. CAINES
JEFFREY M. GREILSHEIMER
HOWARD S. WEITZMAN

DERMOT F. KELLY
EXECUTIVE DIRECTOR

March 16, 2015

SaxBST LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the basic financial statements of the Town of North Hempstead Community Development Agency (Agency) which comprise the governmental activities, each major fund, and the aggregate remaining information as of December 31, 2014, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 8, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have no knowledge of any uncorrected misstatements in the financial statements.
9. We have identified for you all organizations that were evaluated for inclusion as part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, that are:
 - a. Component units.
 - b. Other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - c. Jointly governed organizations in which we participated.
10. We are a component unit of the Town of North Hempstead as this term is defined in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.
11. We have identified for you all of our funds and governmental functions.
12. We have properly classified all funds and activities.

Information Provided

13. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the members of the Board, committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of allegations of fraud or suspected fraud, affecting the Agency's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, regulators, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
20. We have disclosed to you the identity of the Agency's related parties and all related-party relationships and transactions of which we are aware.
21. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.
22. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
24. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
25. Net positions and fund balances are properly classified and, when applicable, approved.
26. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
27. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

Government Auditing Standards

28. We are responsible for compliance with laws and regulations applicable to the Agency, including the requirement of adopting, approving, and amending budgets.
29. We have identified and disclosed to you:
 - a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
 - b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
30. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported.
31. We have implemented a process to track the status of audit findings and recommendations.

32. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audits being undertaken and the corrective action taken to address significant findings and recommendations.
33. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report, if any.

Required Supplementary Information

34. With respect to management's discussion and analysis, the schedule of revenues, expenditures, and changes in fund balance - budget and actual general fund, and the schedule of funding progress - other postemployment benefits plan, presented as required by GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
35. In connection with your audit of the federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:
 - a. We are responsible for complying, and have complied, with the requirements of Circular A-133.
 - b. We are responsible for the Schedule of Expenditures of Federal Awards (Schedule), and we have prepared the Schedule in accordance with Circular A-133 Section 310.b. We have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, and property (including donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance). We further acknowledge that:
 - i. The methods of measurement or presentation have not changed from those used in the prior period.
 - ii. We are responsible for understanding and complying with the compliance requirements related to the preparation of the Schedule.
 - c. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the Agency is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
 - d. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of the Agency's federal programs and have complied, in all material respects, with those requirements.

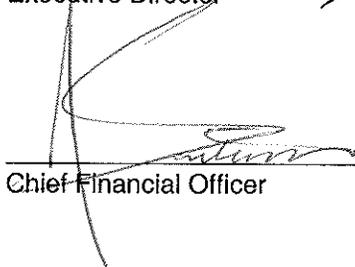
- e. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
 - f. We have provided you with our interpretations of any compliance requirements that have varying interpretations.
 - g. We have identified and disclosed to you all amounts questioned and any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.
 - h. We have charged costs to federal awards in accordance with applicable cost principles.
 - i. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
 - j. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
 - k. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
 - l. We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of Circular A-133.
 - m. We have accurately completed the appropriate sections of the data collection form.
36. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Very truly yours,

TOWN OF NORTH HEMPSTEAD COMMUNITY
DEVELOPMENT AGENCY



Executive Director



Chief Financial Officer