

**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)**

SINGLE AUDIT REPORTS

Year Ended December 31, 2011

**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)**

SINGLE AUDIT REPORTS

Year Ended December 31, 2011

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**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	CFDA Number	Pass-Through Entity Identification Number	Federal Expenditures
Department of Housing and Urban Development/ Office of Community Development, Nassau County, New York/ Community Development Block Grants - Entitlement Grant	14.218	Various	\$ 1,287,787
Home Investment Partnership Program	14.239	CQHI09000150	<u>250,000</u>
			<u>\$ 1,537,787</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards, Independent Auditor's 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*, and Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2011**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) has been prepared in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The purpose of the Schedule is to present a summary of those activities of the Town of North Hempstead Community Development Agency (Agency) funded by the federal government or pass-through entities for the year ended December 31, 2011, using the accrual basis of accounting. For purposes of the Schedule, federal awards include assistance provided by a federal agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans and loan guarantees, and other non-cash assistance.

Negative amounts, if any, on the Schedule represent adjustments or credits made to prior year expenditures in the normal course of business.

b. Relationship to Financial Statements

Federal award revenues are reported in the Agency's financial statements as government grants. The Agency's financial statements are presented using the accrual basis. The Schedule presents only a selected portion of the activities of Agency. It is not intended to, and does not, present either the financial position, statement of activities, or other changes in net assets of Agency.

c. Direct and Indirect Costs

Expenditures for direct and indirect costs are recognized as incurred using the accrual method of accounting and in accordance with OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 - LOANS AND LOAN GUARANTEES

The Agency participates in the Community Development Block Grants - Entitlement Grant Program and had \$1,093,502 in economic development and rehabilitation loans outstanding at December 31, 2011.

NOTE 3 - SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Agency provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
14.218	Community Development Block Grant	\$65,728

**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)**

**SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2011**

Financial Statement Findings

None reported.

Federal Award Findings and Questioned Costs

No findings noted.

**INDEPENDENT AUDITOR'S 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***

Audit Committee
Town of North Hempstead Community
Development Agency
Roslyn Heights, New York

We have audited the financial statements of the Town of North Hempstead Community Development Agency (Agency) (a component unit of the Town of North Hempstead, New York) as of and for the year ended December 31, 2011, and have issued our report thereon dated March 16, 2012. 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.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 11-01.

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board, others within the Agency, and federal funding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 16, 2012

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Audit Committee
Town of North Hempstead Community
Development Agency
Roslyn Heights, New York

Compliance

We have audited the Town of North Hempstead Community Development Agency's (Agency) (a component unit of the Town of North Hempstead, New York) compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2011. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Town of North Hempstead Community Development Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, the Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 16, 2012

**TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011**

Section I - Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses(s) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>Program</u>	<u>CFDA Number</u>
Community Development Block Grants - Entitlement Grant	14.218
Home Investment Partnership Program	14.239

Dollar threshold used to distinguish between Type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes _____ No

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2011**

Section II - Financial Statement Audit Findings

11-01. Audit Report Filed in the Public Authority Reporting Information System (PARIS)

Criteria: In accordance with Section 2800 of Public Authorities Law, local authorities must file an annual report with the Authority Budget Office within 90 days after the end of the fiscal year. The annual report must be approved by the Board and certified in writing by the chief executive officer and the chief financial officer.

Condition: The Agency's December 31, 2010, annual report was not filed with the ABO within 90 days after the end of the fiscal year.

Cause: The Authority did not upload and certify the report in PARIS in accordance with Section 2800 of Public Authorities Law due to a delay in the other postemployment benefits calculation.

Effect: The Authority was not in compliance with Section 2800 of Public Authorities Law.

Recommendation: We understand the Agency has taken steps to rectify this problem for future filings, but we recommend the Agency assign an individual who will be responsible for ensuring all of the required filings occur prior to the ABO deadline.

View of Responsible Officials and Planned Corrective Action: The Authority has established procedures and intends on filing all required ABO documents by the required deadlines.

Section III - Findings and Questioned Costs for Federal Awards

No findings noted.