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CERTIFIED PUBLIC ACCOUNTANTS

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REPORT TO THE BOARD

June 17, 2011

Members of the Board of Directors
Town of North Hempstead Community
Development Agency
North Hempstead, New York

We have audited the financial statements of Town of North Hempstead Community Development Agency (the Agency) a component unit of the Town of North Hempstead, New York for the year ended December 31, 2010, and issued our Independent Auditors' Report thereon, to be dated June 17, 2011. Professional standards requires that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planning and timing of our audit. We communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audits.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the financial statements and reports of the Agency does not extend beyond the financial information identified in the reports themselves. We do not have an obligation to perform any procedures to corroborate other information contained in these other documents. We are not aware of any documents containing the audited financial statements which we would be required to review.

Significant Audit Findings

We are responsible for communicating significant matters related to the audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process the Agency. However, we are not required to design procedures specifically to identify such matters. In connection with our audit we have issued a management letter that communicated information relating to billing for expense reimbursement, uncollected balances, compensatory time off records, loan balances, cash disbursements, timeliness of the financial statements and ledger accounts.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used the Agency are described in the notes to the financial statements. The application of policies was not changed during the year ended December 31, 2010. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

For the year ended December 31, 2010, we have evaluated the key factors and assumptions used by management in determining that accounting estimates were reasonable in relation to the financial statements taken as a whole.

- Allocation of expenses by function to program and supporting service classifications
- Useful lives used in providing depreciation expense
- Liabilities related to Postemployment Benefits Other Than Pensions
- Allowance for uncollectible receivables

Sensitive Disclosures

The disclosures in the financial statements are consistent and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is the disclosure of contingencies found in note 3(j) to the financial statements of the Agency. That note describes that the Agency's significant dependence on federal funding and the negative impact of disallowances in claimed costs.

Additionally, note 3(e) to the financial statement provides information relating to the Agency's long-term debt obligations.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. The final production of the audited financial statement was delayed due to issues related to the preparation of the report relating to other postemployment benefits which is necessary for the statements to be prepared in conformance with generally accepted accounting standards.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such material misstatements were detected as a result of audit procedures and that required correction by management, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter. This year, certain representations related to legal matters are included that were not able to be obtained from counsel due to a health related matter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. We are not aware of any such consultations, though the Agency retains the services of an outside accounting professional for ongoing accounting support.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the Agency auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our appointment.

This report is intended solely for the use of the Town of North Hempstead Community Development Agency and management of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

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We appreciate the opportunity to serve as your auditors. We would be pleased to respond to any questions you have about the foregoing or to review any other questions that you might have.

Very truly yours,

TOSKI, SCHAEFER & CO., P.C.