

TOWN OF NORTH HEMPSTEAD
COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Single Audit Report
December 31, 2009
(With Independent Auditors' Report Thereon)

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

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Town of North Hempstead
Community Development Agency:

Compliance

We have audited the compliance of the Town of North Hempstead Community Development Agency (the Agency), a component unit of the Town of North Hempstead, New York, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. The Agency's major federal program is identified in the summary of auditors' 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 Town of North Hempstead Community Development Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The 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 in order to determine our 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 an entity's 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, 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Hempstead Community Development Agency, a component unit of the Town of North Hempstead, New York, as of and for the year ended December 31, 2009, and have issued our report thereon dated April 2, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Agency's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the Agency Board of Directors, management and 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.

Toski, Schaefer & Co., P.C.

Williamsville, New York
April 2, 2010

TOWN OF NORTH HEMPSTEAD COMMUNITY DEVELOPMENT AGENCY
 (A Component Unit of the Town of North Hempstead, New York)
 Schedule of Expenditures of Federal Awards
 Year ended December 31, 2009

<u>Program Title</u>	<u>CFDA Federal</u>	Pass-through entity identifying <u>Grant Number</u>	<u>Expenditures</u>
Department of Housing and Urban Development - Passed-through Nassau County, New York - Community Development Block Grant	14.218	N/A	<u>\$ 1,582,277</u>

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, 2009

(1) Basis of Presentation

(a) Reporting Entity

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance programs administered by the Town of North Hempstead Community Development Agency (the Agency), an entity as defined in the notes to the basic financial statements.

(b) Pass-Through Programs

Where the Agency receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than CFDA numbers, which may be assigned by pass-through grantors are not maintained in the Agency's financial management system.

(2) Basis of Accounting

The schedule of expenditures of federal awards is presented on the modified accrual basis of accounting and the amounts presented are derived from the Agency's records.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent such costs are included in the Federal financial reports used as the source for the data presented.

(4) Matching Costs

Matching costs (i.e., the Agency's share of certain program costs) are not included in the schedule of expenditures of federal awards.

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, 2009

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

- Type of auditors' report issued: Unqualified
- Internal control over financial reporting:
1. Material weakness(es) identified? Yes No
 2. Significant deficiency(ies) identified not considered to be material weakness(es)? Yes None Reported
 3. Noncompliance material to financial statements noted? Yes None Reported

Federal Awards:

- Internal control over major programs:
4. Material weakness(es) identified? Yes No
 5. Significant deficiency(ies) identified not considered to be material weakness(es)? Yes None Reported
- Type of auditors' report issued on compliance for major programs: Unqualified
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? Yes No
 7. The Agency's major program audited was the Community Development Block Grant, CFDA No. 14.218.
 8. Dollar threshold used to distinguish between Type A and Type B programs? \$300,000
 9. Auditee qualified as low-risk auditee? Yes No

TOWN OF NORTH HEMPSTEAD COMMUNITY DEVELOPMENT AGENCY
(A Component Unit of the Town of North Hempstead, New York)
Schedule of Findings and Questioned Costs, Continued

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings.

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

Status of Prior Audit Findings

Year ended December 31, 2009

There were no reportable findings in the prior year financial statements (December 31, 2008).

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

The Board of Directors
Town of North Hempstead
Community Development Agency:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of North Hempstead Community Development Agency, (the Agency), a component unit of the Town of North Hempstead, New York, as of and for the year ended December 31, 2009, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated April 2, 2010. 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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

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

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

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 a opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of the Agency in a separate letter dated April 2, 2010.

This report is intended solely for the information and use of the Agency's Board of Directors, management and 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.

Toski, Schaefer & Co. P.C.

Williamsville, New York
April 2, 2010