

TOWN OF NORTH HEMPSTEAD  
COMMUNITY DEVELOPMENT AGENCY

Single Audit and  
Independent Auditors' Report

December 31, 2022

TOWN OF NORTH HEMPSTEAD  
COMMUNITY DEVELOPMENT AGENCY

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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, 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 governmental activities and the major fund of the Town of North Hempstead Community Development Agency (the Agency) (a component unit of the Town of North Hempstead), as of and for the year ended December 31, 2022, and the related notes to financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated July 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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, 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. 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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance 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 that 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.

EFPR Group, CPAs, PLLC

Williamsville, New York  
July 26, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of North Hempstead Community Development Agency's (the Agency) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Agency's major federal program for the year ended December 31, 2022. The Agency's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Agency's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Agency as of and for the year ended December 31, 2022, and have issued our report thereon dated July 26, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

EFPR Group, CPAs, PLLC

Williamsville, New York  
July 26, 2023

TOWN OF NORTH HEMPSTEAD  
COMMUNITY DEVELOPMENT AGENCY  
Schedule of Expenditures of Federal Awards  
Year ended December 31, 2022

| <u>Federal Grantor/Program or Cluster Title</u>  | <u>Assistance Listing Number</u> | <u>Pass-through Grantor's Number</u> | <u>Federal Expenditures</u> | <u>Expenditures to Subrecipients</u> |
|--|----------------------------------|--------------------------------------|-----------------------------|--------------------------------------|
| U.S. Department of Housing and Urban Development -<br>passed through Nassau County Office of Community<br>Development: |                                  |                                      |                             |                                      |
| Community Development Block Grants/Entitlement<br>Grant  | 14.218                           | N/A                                  | \$ 903,352                  | 6,725                                |
| Community Development Block Grants/Entitlement<br>Grant - CARES Act  | 14.218                           | N/A                                  | <u>16,846</u>               | <u>-</u>                             |
|  |                                  |                                      | <u>920,198</u>              | <u>6,725</u>                         |
| U.S. Environmental Protection Agency - Brownfields<br>Multipurpose Cleanup Cooperative Agreements                      | 66.818                           | N/A                                  | <u>12</u>                   | <u>-</u>                             |
| Total Expenditures of Federal Awards   |                                  |                                      | <u>\$ 920,210</u>           | <u>6,725</u>                         |

See accompanying notes to schedule of expenditures of federal awards.



TOWN OF NORTH HEMPSTEAD  
COMMUNITY DEVELOPMENT AGENCY

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) presents the activity of all activities in the Federal financial assistance programs of the Town of North Hempstead Community Development Agency (the Agency). All financial awards received directly from federal agencies as well as financial awards passed through other governmental agencies or not-for-profit organizations are included on the schedule.

(2) Summary of Significant Accounting Policies

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

(3) Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Agency has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

(4) Matching Costs

Matching costs, i.e., the Agency's share of certain program costs, are not included in the reported expenditures.

TOWN OF NORTH HEMPSTEAD  
 COMMUNITY DEVELOPMENT AGENCY  
 Schedule of Findings and Questioned Costs  
 December 31, 2022

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

|   |                                    |
|---|------------------------------------|
| Type of auditors' report issued on whether the basic financial statement audited were prepared in accordance with GAAP: | Unmodified                         |
| Internal control over financial reporting:  |                                    |
| 1. Material weaknesses identified?  | ___ Yes <u>  x  </u> No            |
| 2. Significant deficiencies identified?   | ___ Yes <u>  x  </u> None reported |
| 3. Noncompliance material to financial statements noted?  | ___ Yes <u>  x  </u> No            |

Federal Awards:

|   |                                    |
|---|------------------------------------|
| Internal control over major programs:   |                                    |
| 4. Material weaknesses identified?      | ___ Yes <u>  x  </u> No            |
| 5. Significant deficiencies identified? | ___ Yes <u>  x  </u> None reported |

|  |                               |
|--|-------------------------------|
| Type of auditors' report issued on compliance for major programs:  | Unmodified                    |
| 6. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (section 200.516(a))? | ___ Yes <u>  x  </u> No       |
| 7. The major programs audited were:  |                               |
| <u>Name of Federal Programs</u>  | <u>Assistance Listing No.</u> |
| Community Development Block Grant  | 14.218                        |
| 8. Dollar threshold used to distinguish between Type A and Type B programs.  | \$750,000                     |
| 9. Auditee qualified as low-risk auditee?  | ___ Yes <u>  x  </u> No       |

Part II - FINANCIAL STATEMENT FINDINGS SECTION

No reportable findings.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No reportable findings or questioned costs.

TOWN OF NORTH HEMPSTEAD  
COMMUNITY DEVELOPMENT AGENCY

Status of Prior Year Audit Findings

December 31, 2022

There were no audit findings with regard to the prior year financial statements (December 31, 2021).