

**TOWN OF HEMPSTEAD  
INDUSTRIAL DEVELOPMENT AGENCY**

**COMMUNICATION WITH THOSE CHARGED  
WITH GOVERNANCE**

**December 31, 2022**

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March 21, 2023

To the Board of Directors  
Town of Hempstead Industrial Development Agency  
Hempstead, New York

We have audited the financial statements of the Town of Hempstead Industrial Development Agency (the Agency), a component unit of the Town of Hempstead, New York, for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

***Significant Audit Matters***

**Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. The Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations* and GASB Statement No. 87, *Leases*, as of and for the year ended December 31, 2022. Adoption of these standards did not have a significant impact on the Agency's financial statements. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates affecting the Agency's financial statement were:

The Agency's estimate of the other post-employment benefit plan (OPEB) is based on a third-party actuarial valuation. The valuation was prepared in accordance with GASB Statement 75, *Accounting and Financial Reporting for*

*Post-employment Benefit Plans Other Than Pensions.* We evaluated the key factors and assumptions used to develop the OPEB estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The estimate of the Agency's proportionate share of the net pension liability for the New York State and Local Employees' Retirement System is based on an actuarial valuation as of March 31, 2022. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. We proposed several adjustments as a result of audit procedures, which have been submitted to management for review and approval. The attached journal entries were recorded by management.

### **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's 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 dated March 21, 2023.

### **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's financial statements 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. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

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

### ***Other Matters***

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the Agency's Proportionate Share of the Net Pension Liability, Schedule of the Agency's Contributions, and Schedule of the Changes in the Agency's Total OPEB Liability and Related Ratios, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the budgetary comparison schedule, which accompanies the financial statements but is not RSI. With respect to this other supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In connection with our audit, nothing came to our attention that causes us to believe the Agency failed to comply with its Investment Policy, the New York State Office of the State Comptroller's Investment Guidelines, Section 2925 of the New York State Public Authorities Law, or Section 201.3 of the New York State Public Authorities Law (collectively, the Investment Guidelines), insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Had we performed additional procedures, other matters may have come to our attention regarding the Agency's non-compliance with the Investment Guidelines, insofar as they relate to accounting matters.

To the Board of Directors  
Town of Hempstead Industrial Development Agency  
Page 4

***Restriction on Use***

This information is intended solely for the use of members of the Board of Directors, management of Town of Hempstead Industrial Development Agency, and the New York State Office of the State Comptroller and is not intended to be, and should not be, used by anyone other than these specified parties.

*Sheehan & Company CPA, P.C.*

Brightwaters, New York  
March 21, 2023

**Town of Hempstead Industrial Development Agency  
Adjusting Journal Entries  
December 31, 2022**

	<b>Debit</b>	<b>Credit</b>
<b><u>Adjusting Entry #1:</u></b>		
To reverse prior year deferred outflows and inflows.		
Dr: Net pension liability - proportionate share	\$ 311,820	
Dr: Deferred inflows of resources - changes in assumptions	\$ 4,315	
Dr: Deferred inflows or resources – net difference between projected and actual investment earnings	\$ 357,458	
Dr: Deferred inflows of resources - change in proportion and difference between employer contribution and proportionate share	\$ 11,027	
		\$ 372,800
Cr: Net pension liability - proportionate share		\$ 372,800
Cr: Deferred outflows of resources - change in proportion and differences between Agency contributions and proportionate share		\$ 228,801
Cr: Deferred outflows of resources - difference between expected and actual		\$ 15,197
Cr: Deferred outflows of resources - change in assumptions		\$ 67,822

**Adjusting Entry #2:**

To adjust net pension liability - proportionate share for current year contributions.

Dr: Net pension liability - proportionate share	\$49,142	
Cr: Pension expense		\$49,142

**Adjusting Entry #3:**

To record current year pension expense per the NYSLRS GASB 68 report.

Dr: Pension expense - proportionate share	\$ 31,907	
Cr: Net pension liability - proportionate share		\$ 31,907

**Town of Hempstead Industrial Development Agency**  
**Adjusting Journal Entries**  
**December 31, 2022**  
**Page 2**

	<b>Debit</b>	<b>Credit</b>
<b><u>Adjusting Entry #4:</u></b>		
To record current year deferred outflows per the NYSLRS GASB 68 report.		
Dr: Deferred outflows of resources - change in proportion and differences between Agency contributions and proportionate share	\$ 35,477	
Dr: Deferred outflows of resources - difference between expected and actual	\$ 7,735	
Dr: Deferred outflows of resources - changes in assumptions	\$ 170,462	
Cr: Net pension liability - proportionate share		\$213,674

<b><u>Adjusting Entry #5:</u></b>		
To record current year deferred inflows per the NYSLRS GASB 68 report.		
Dr: Net pension liability - proportionate share	\$ 361,201	
Cr: Deferred inflows of resources - change in assumptions		\$ 2,876
Cr: Deferred inflows of resources - change in proportion and difference between employer contribution and proportionate share		\$ 23,857
Cr: Deferred inflows of resources - difference between expected and actual		\$ 334,468

<b><u>Adjusting Entry #6:</u></b>		
To record current year deferred outflows and related expense per GASB 75.		
Dr: Post-retirement health benefits expense	\$ 115,473	
Dr: Deferred outflows of resources - difference between expected and actual (OPEB)	\$ 105,482	
Dr: Post-retirement health benefits asset	\$ 150,652	
Cr: Deferred inflows of resources - changes in assumptions		\$ 342,723
Cr: Deferred outflows of resources - changes in assumptions		\$ 26,952
Cr: Health insurance		\$ 1,932