

**TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF CASH, CASH EQUIVALENTS,
AND INVESTMENTS
WITH INDEPENDENT AUDITOR'S REPORT
December 31, 2023**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS:	
SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS	4
NOTES TO SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS.	5
INTERNAL CONTROL:	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	7

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Schedule of Cash, Cash Equivalents, and Investments

Opinion

We have audited the accompanying Schedule of Cash, Cash Equivalents, and Investments of the Town of Hempstead Industrial Development Agency (the "Agency"), a component unit of the Town of Hempstead, New York, as of December 31, 2023, and the related notes to the Schedule of Cash, Cash Equivalents, and Investments as listed in the table of contents.

In our opinion, the accompanying Schedule of Cash, Cash Equivalents, and Investments and related notes referred to above presents fairly, in all material respects, the cash, cash equivalents, and investments of the Agency as of December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule of Cash, Cash Equivalents, and Investments section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Responsibilities of Management for the Schedule of Cash, Cash Equivalents, and Investments

Management is responsible for the preparation and fair presentation of the Schedule of Cash, Cash Equivalents, and Investments in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule of Cash, Cash Equivalents, and Investments that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule of Cash, Cash Equivalents, and Investments, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the Schedule of Cash, Cash Equivalents, and Investments is available to be issued.

Auditor's Responsibilities for the Audit of the Schedule of Cash, Cash Equivalents, and Investments

Our objectives are to obtain reasonable assurance about whether the Schedule of Cash, Cash Equivalents, and Investments as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule of Cash, Cash Equivalents, and Investments.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule of Cash, Cash Equivalents, and Investments, 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 amounts and disclosures to the Schedule of Cash, Cash Equivalents, and Investments.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule of Cash, Cash Equivalents, and Investments.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter

We have audited, 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, the financial statements of the Agency as of and for the year ended December 31, 2023, and our report thereon, dated March 19, 2024, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters with respect to the Schedule of Cash, Cash Equivalents, and Investments. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance with respect to the Schedule of Cash, Cash Equivalents, and Investments.

Sheehan & Company CPA, P.C.

Brightwaters, New York
March 19, 2024

**SCHEDULE OF CASH, CASH EQUIVALENTS,
AND INVESTMENTS**

**TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT
AGENCY**

**SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS
December 31, 2023**

Cash and cash equivalents	<u>\$ 16,573,766</u>
Total cash and cash equivalents	<u><u>\$ 16,573,766</u></u>

The accompanying notes are an integral
part of this schedule.

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS

1. Nature of Organization

The Town of Hempstead Industrial Development Agency (the “Agency”) was created in 1971 by the Town Board of the Town of Hempstead, under the provisions of the Laws of New York State. The Agency is authorized and empowered by the provisions of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 529 of the Laws of 1971 of the State of New York to undertake projects and to lease or sell properties. The purpose of the Agency is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and to enhance the number of jobs in the Town of Hempstead.

The Agency is governed by a seven-member Board of Directors whose members are appointed by the Town of Hempstead Town Board and is considered a New York State public benefit corporation. The Agency is a component unit of the Town of Hempstead.

2. Summary of Significant Accounting Policies

Cash, cash equivalents, and investments: Cash equivalents are defined as short-term highly liquid investments including money markets with maturities of three months or less.

3. Cash, Cash Equivalents, and Investments

The statutes of the State of New York govern the Agency's investment policies. Agency monies must be deposited in bank and trust companies authorized for the deposit of monies by the Town of Hempstead. The Agency's Board of Directors' responsibility for administration of the investment program is delegated to the Chief Executive Officer pursuant to resolution.

The Chief Executive Officer is authorized to invest monies not required for immediate expenditure. Permissible investments include special time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America and obligations of New York State. All deposits, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be secured by a pledge of eligible securities which may include irrevocable letters of credit or surety bonds as well as those securities as authorized pursuant to the General Municipal Law with an aggregate market value or provided by General Municipal Law. Eligible securities used for collateralizing deposits are to be held by the bank or trust company pursuant to security and custodial agreements.

TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO SCHEDULE OF CASH, CASH EQUIVALENTS, AND INVESTMENTS

3. Cash, Cash Equivalents, and Investments (continued)

Custodial credit risk - deposits investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, an organization may be unable to recover deposits, or recover collateral securities that are in possession of an outside Corporation. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, an organization will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Agency's name.

At December 31, 2023, the Agency's bank balances totaled \$16,586,565. This amount is exclusive of petty cash of \$64. Of the bank balances, \$500,000 was covered by federal deposit insurance and \$16,086,565 was secured by collateral held by the pledging financial institution's agent, a third-party financial institution, but not in the Agency's name or covered by an irrevocable stand-by letter of credit issued by Federal Home Loan Bank of New York, which is held by the pledging financial institution.

Interest-rate risk - Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby, affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of credit risk - Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5% or more in securities of a single issuer.

At December 31, 2023, the Agency did not have any investments subject to interest-rate risk or concentration of credit risk.

INTERNAL CONTROL

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE SCHEDULE OF CASH, CASH EQUIVALENTS,
AND INVESTMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

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

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 Schedule of Cash, Cash Equivalents, and Investments of the Town of Hempstead Industrial Development Agency (the “Agency”) as of December 31, 2023, and the related notes to the Schedule of Cash, Cash Equivalents, and Investments, and have issued our report thereon dated March 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedule of Cash, Cash Equivalents, and Investments, 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 opinion on the Schedule of Cash, Cash Equivalents, and Investments, 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 Agency’s Schedule of Cash, Cash Equivalents, and Investments 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.

To the Board of Directors
Town of Hempstead Industrial Development Agency

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 Schedule of Cash, Cash Equivalents, and Investments is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and investment policies established by the Agency, Section 2925 of the New York State Public Authorities Law and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule of Cash, Cash Equivalents, and Investments. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sheehan & Company CPA, P.C.

Brightwaters, New York
March 19, 2024