

**TOWN OF HEMPSTEAD
INDUSTRIAL
DEVELOPMENT AGENCY**

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE
December 31, 2024**

March 18, 2025

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, 2024. 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 October 28, 2024. 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. During 2024 the Agency adopted the provisions of Governmental Accounting Standards Board (“GASB”) Statement 101, *Compensated Absences*. There was no material impact on the Agency’s financial statements as a result of adopting this standard. 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 statements 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, 2024. 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 18, 2025.

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 schedules, which accompany the financial statements but are 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.

Brightwaters, New York
March 18, 2025

DRAFT

Town of Hempstead Industrial Development Agency
Adjusting Journal Entries
December 31, 2024

	Debit	Credit
<u>Adjusting Entry #1:</u>		
To reverse prior year deferred outflows and inflows.		
Dr: Net pension liability - proportionate share	\$ 183,687	
Dr: Deferred inflows - pension	\$ 19,787	
Cr: Net pension liability - proportionate share		\$ 19,787
Cr: Deferred outflows - pension		\$ 183,687
<u>Adjusting Entry #2:</u>		
To adjust net pension liability - proportionate share for current year contributions.		
Dr: Net pension liability - proportionate share	\$ 62,019	
Cr: Pension expense		\$ 62,019
<u>Adjusting Entry #3:</u>		
To record current year pension expense per the NYSLRS GASB 68 report.		
Dr: Pension expense - proportionate share	\$ 83,895	
Cr: Net pension liability - proportionate share		\$ 83,895
<u>Adjusting Entry #4:</u>		
To record current year deferred outflows per the NYSLRS GASB 68 report.		
Dr: Deferred outflows - pensions	\$ 147,588	
Cr: Net pension liability - proportionate share		\$ 147,588
<u>Adjusting Entry #5:</u>		
To record current year deferred inflows per the NYSLRS GASB 68 report.		
Dr: Net pension liability - proportionate share	\$ 99,746	
Cr: Deferred inflows - pensions		\$ 99,746
<u>Adjusting Entry #6:</u>		
To record current year deferred outflows and related expense per GASB 75.		
Dr: Post-retirement health benefits expense	\$ 192,848	
Dr: Deferred outflows - OPEB	\$ 57,908	
Dr: Deferred inflows - OPEB	\$ 37,900	
Cr: Post-retirement health benefits liability		\$ 152,944
Cr: Deferred outflows - OPEB		\$ 58,784
Cr: Deferred inflows - OPEB		\$ 35,062
Cr: Health insurance expense		\$ 41,866