



March 2, 2021

Board of Directors
Town of Islip Community Development Agency
15 Shore Lane
P.O. Box 5587
Bay Shore, New York 17706

Dear Members of the Board:

We are pleased to present this report related to our audit of the basic financial statements of the Town of Islip Community Development Agency (Agency) as of and for the year ended June 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Agency.

Very truly yours,

BST & Co. CPAs, LLP

A handwritten signature in black ink that reads "Brendan K. Kennedy".

Brendan K. Kennedy, Partner

BKK/hmk





Town of Islip Community Development Agency

Communication With Those Charged With Governance
Year Ended June 30, 2020

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States have been described to you in our arrangement letter dated December 18, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Town of Islip Community Development Agency

Communication With Those Charged With Governance
Year Ended June 30, 2020

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

Uncorrected Misstatements are summarized in the attached Exhibit B, Summary of Uncorrected Misstatements.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultation's management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

Significant deficiencies and material weaknesses, if any, are communicated in the schedule of findings and questioned costs of the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Agency are attached as Exhibit C, Significant Written Communications Between Management and Our Firm.



Town of Islip Community Development Agency

Significant Accounting Estimates Year Ended June 30, 2020

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's June 30, 2020 financial statements:

<u>Estimate</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>
Reserve for Uncollectible Accounts and Mortgages Receivable	The Agency recognizes a reserve for certain accounts and mortgages receivable it has deemed uncollectible.	Management has determined that the "soft" subsidized component of each mortgage receivable is unlikely to be collected, and, therefore, this portion of all loans receivable has been reserved for.
Property Held for Sale	Property held for sale is reported at the lower of cost or net realizable value. Capital improvements made to property above in the amount expected to be received is expensed as incurred.	Management performs a historical analysis to compare property sales prices against the historic cost. A reserve for net realizable is recorded based on the percentage of sale proceeds versus historic cost.
Other Postemployment Benefits Liability	To recognize the Agency's portion of the liability in long-term liabilities.	The estimate is developed by an actuarial firm using assumptions applied to census and plan information provided to them by the Agency.
Net Pension Liability	The Agency recognizes its proportionate share of the New York State and Local Employees' Retirement System net pension liability, and the related deferred inflows and outflows of resources.	The Agency's net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Agency's proportionate percentage of the liability is determined on an annual basis.

We have evaluated management's significant accounting estimates noted above as part of our audit and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.



Town of Islip Community Development Agency

Summary of Uncorrected Misstatements Year Ended June 30, 2020

We identified the following uncorrected misstatements that management has concluded are not individually or in the aggregate, material to the financial statements. We agree with management's conclusion in that regard.

Description	Effect - Increase (Decrease)						
	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance	Revenue	Expenditure
Correction of prior year OPEB activity	\$ -	\$ -	\$ -	\$ -	\$ 309,090	\$ -	\$ 309,090
Statement of Activities					(309,090)	\$ -	\$ 309,090
Statement of Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		



Town of Islip Community Development Agency

Significant Written Communications Between
Management and Our Firm
Year Ended June 30, 2020

Representation Letter



TOWN OF ISLIP COMMUNITY DEVELOPMENT AGENCY



BOARD OF DIRECTORS
Debra Cavanagh, Chairperson
Jarett Gandolfo • Ryan T. Kelly • Timothy Morris • Manuel Troche



James H. Bowers, *Executive Director* • Julia E. MacGibbon, *Assistant Director*

March 2, 2021

BST & Co. CPAs, LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the basic financial statements of Town of Islip Community Development Agency (Agency), a component unit of the Town of Islip, New York (Town) as of and for the year ended June 30, 2020, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of March 2, 2021:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 18, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the Agency include:

- a. Those with the Town.
- b. Interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees.
- c. Those with other component units of the Town.

The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

We have not completed the process of evaluating the effect that will result from adopting the guidance in Governmental Accounting Standards Board Statements as discussed in Note 12 to the financial statements. The Agency is therefore unable to disclose the effect that adopting the guidance in those standards will have on its financial position and the result of operations when such guidance is adopted.

We agree with the findings of specialists in evaluating the other postemployment benefit obligation (OPEB) and the net pension liability and have adequately considered the qualifications of specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

We agree with the actuarial assumptions and methods used to measure the OPEB and net pension liability and costs for financial accounting purposes are appropriate in the circumstances.

Arrangements involving restrictions on cash and cash equivalent balances have been properly disclosed.

We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.

We have informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2020, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below are immaterial, both individually and in the aggregate, to the governmental activities of the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Governmental Activities:

Description	Effect - Increase (Decrease)						
	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance	Revenue	Expenditure
Correction of prior year OPEB activity	\$ -	\$ -	\$ -	\$ -	\$ 309,090	\$ -	\$ 309,090
Statement of Activities					(309,090)	\$ -	\$ 309,090
Statement of Net Position	\$ -	\$ -	\$ -	\$ -	\$ -		

Information Provided

We have provided you with:

- a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements, such as records, documentation, and other matters.
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the Board or Directors and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment

of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

We have no knowledge of allegations of fraud or suspected fraud affecting the Agency's basic financial statements involving:

- a. Management.
- b. Employees who have significant roles in internal control.
- c. Others where the fraud could have a material effect on the basic financial statements.

We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.

We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

We have disclosed to you the identity of the Agency's related parties and all the related-party relationships and transactions of which we are aware.

We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.

There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

With respect to supplementary information presented in relation to the basic financial statements as a whole:

- a. We acknowledge our responsibility for the presentation of such information.
- b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

With respect to Required Supplementary Information presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

- a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the U.S. GAAP.

- b. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Agency.
- c. Is aware of no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- d. Is aware of no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- e. Is aware of no instances that have occurred, or are likely to have occurred, of waste abuse that could be quantitatively or qualitatively material to the financial statements.
- f. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- g. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
- h. Has a process to track the status of audit findings and recommendations.
- i. Acknowledges its responsibilities as they relate to non-audit services performed by you, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

- a. Management is responsible for complying, and has complied, with the requirements of the Uniform Guidance.
- b. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
- c. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the Agency is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
- d. Management is responsible for the preparation of the schedule of expenditures of federal awards, acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes has been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
- e. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
- f. Management has identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- g. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

- h. Management has identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such noncompliance.
- i. Management believes that the Agency has complied with the direct and material compliance requirements.
- j. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- k. Management has provided to you its interpretations of any compliance requirements that are subject to varying interpretations.
- l. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of your report.
- m. There are no findings and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of your report.
- n. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- o. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by your report or stated that there were no such known instances.
- p. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by your report.
- q. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- r. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
- s. If applicable, management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- t. If applicable, management has considered the results of subrecipient monitoring and audits and has made any necessary adjustments to the Agency's own books and records.
- u. Management has charged costs to federal awards in accordance with applicable cost principles.
- v. The reporting package does not contain protected personally identifiable information.
- w. Management has accurately completed the appropriate sections of the data collection form.
- x. Management has disclosed all contracts or other agreements with service organizations.

Very truly yours,

TOWN OF ISLIP COMMUNITY DEVELOPMENT AGENCY


Salvatore Matera, Chief Financial Officer