



February 8, 2024

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, 2023. 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 about 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, appearing to read 'Paul L. Goetz', followed by a right-facing curly bracket and a long, thin horizontal line with an arrowhead pointing to the right.

Paul L. Goetz, Partner

PLG/ldb

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REQUIRED COMMUNICATIONS

Auditing standards generally accepted in the United States of America (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 basic 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 have been described to you in our arrangement letter dated April 28, 2023. Our audit of the basic 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 dated November 8, 2023 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

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

Significant Accounting Policies

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

Significant Unusual Transactions

We did not identify any significant unusual transactions.

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 Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

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

Uncorrected misstatements are summarized in the attached list of Uncorrected Misstatements. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.



REQUIRED COMMUNICATIONS - CONTINUED

Observations About the Audit Process

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 basic financial statements.

Consultations With Other Accountants

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

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were 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.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with AICPA and *Government Accountability Office* (GAO) independence rules. For BST to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and BST each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. BST is to ensure that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.

The Agency's Responsibilities

- Timely inform BST, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, officers, or person in financial reporting and compliance oversight roles.
 - Changes in the reporting entity impacting affiliates such as partnerships, related entities, investments, or joint ventures.



REQUIRED COMMUNICATIONS - CONTINUED

Shared Responsibilities for Independence - Continued

The Agency's Responsibilities - Continued

- Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the Agency and its affiliates, officers, directors, or persons in a decision-making capacity, engagement in business relationships with BST.
- Not entering into arrangements of non-audit services resulting in BST being involved in making management decisions on behalf of the Agency.
- Not entering into relationships resulting in BST, BST covered persons or their close family members, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting, or compliance oversight role at the Agency.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Agency, including the representation letter provided to us by management, are attached as Exhibit A.



SIGNIFICANT ACCOUNTING ESTIMATES

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 determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Agency's June 30, 2023 basic financial statements.

Significant Accounting Estimates

Reserve for Uncollectible Accounts and Mortgages Receivable

Accounting Policy	The Agency recognizes a reserve for certain accounts and mortgages receivable it has deemed uncollectible.
Management's Estimation Process	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

Accounting Policy	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's Estimation Process	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

Accounting Policy	To recognize the Agency's portion of the liability in long-term liabilities.
Management's Estimation Process	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

Accounting Policy	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.
Management's Estimation Process	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.



UNRECORDED AUDIT ADJUSTMENTS

Description	Effect - Increase (Decrease)						
	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance	Revenue	Expenditure
HOME							
Prior period adjustment for costs that should have been capitalized in prior year	\$ -	\$ -	\$ -	\$ -	\$ 118,954	\$ -	\$ 118,954
CDBG							
Prior period adjustment for costs that should have been capitalized in prior year	-	-	-	-	49,867	-	49,867
Statement of Activities					(168,821)	\$ -	\$ 168,821
Statement of Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		



EXHIBIT A
SIGNIFICANT WRITTEN COMMUNICATIONS
BETWEEN MANAGEMENT AND OUR FIRM

Representation Letter



TOWN OF ISLIP COMMUNITY DEVELOPMENT AGENCY



BOARD OF DIRECTORS
Debra Cavanagh, Chairperson
Jarett Gandolfo • Timothy Morris • Manuel Troche • Maria Vidal



Julia E. MacGibbon, *Executive Director*
Kevin J. Crean, *Director of Affordable Housing and Program Development*
Renee C. Sumpter, *Chief Financial Officer*

February 8, 2024

BST & Co. CPAs, LLP
10 British American Blvd
Latham, NY 12110

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 of the Town of Islip, New York (Town) as of and for the year ended June 30, 2023, 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 February 8, 2024:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 28, 2023, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, 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.
5. 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

Financial Statements - Continued

- d. Those with Islip's Housing Development Fund Company, Inc.
6. 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.
7. The Agency followed either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or followed paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
8. 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.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
11. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
12. Provisions for uncollectible receivables have been properly identified and recorded.
13. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
14. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88.
15. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
16. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
17. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
18. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
19. The Agency's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
20. We agree with the actuarial assumptions and methods used to measure the OPEB and net pension liability and costs for financial accounting purposed are appropriate in the circumstances.
21. Arrangements involving restrictions on cash and cash equivalent balances have been properly disclosed.

Financial Statements - Continued

22. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
23. We have reviewed the GASB Statements effective for the fiscal year ending June 30, 2023 and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
 - a. GASB Statement No. 91, *Conduit Debt Obligations*
 - b. GASB Statement No. 92, *Omnibus 2020*
24. We have informed you of all uncorrected misstatements.

As of and for the year ended June 30, 2023, 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 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.

Description	Effect - Increase (Decrease)						
	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Fund Balance	Revenue	Expenditure
HOME							
Prior period adjustment for costs that should have been capitalized in prior year	\$ -	\$ -	\$ -	\$ -	\$ 118,954	\$ -	\$ 118,954
CDBG							
Prior period adjustment for costs that should have been capitalized in prior year	-	-	-	-	49,867	-	49,867
Statement of Activities					(168,821)	\$ -	\$ 168,821
Statement of Net Position	\$ -	\$ -	\$ -	\$ -	\$ -		

Information Provided

25. 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 governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
26. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
27. 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.

Information Provided - Continued

28. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system 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.
29. 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.
30. 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.
31. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
32. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
33. We have disclosed to you the identity of all of the Agency's related parties and all the related-party relationships and transactions of which we are aware.
34. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or 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.
35. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
36. We have made you aware, to the best of our knowledge and belief, of any non-audit services that the Agency or any of our affiliates has engaged BST to perform.
37. We agree with the findings of the specialists in evaluating the other postemployment benefit obligation (OPEB) and the net pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the 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 impact on the independence or objectivity of the specialists.
38. We believe that the information obtained from the audited financial statements and other participant information provided by the New York State and Local Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.
39. During the course of your audits, 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

40. 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, regulatory or contractual requirements, management's criteria, or other requirements.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. 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.
41. With respect to the schedule of other postemployment benefits liability, schedule of proportionate share of net pension liability, and schedule of pension contribution 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:

42. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
43. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
44. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
45. 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.
46. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
47. Has a process to track the status of audit findings and recommendations.

Compliance Considerations - Continued

48. Has identified for the auditor previous audits, attestation engagements and other studies related to the objectives of the audit and whether related recommendations have been implemented.
49. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
50. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
51. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including 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:

52. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
53. 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.
54. Management is responsible for the design, implementation, and maintenance, and has designed, implemented, and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.
55. 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 the 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 have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.
56. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
57. Management has identified and disclosed to the auditor 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.
58. 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.

Compliance Considerations - Continued

59. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.
60. Management believes that the auditee has complied with the direct and material compliance requirements.
61. 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.
62. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
63. Management has disclosed to the auditor any 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 the auditor's report.
64. Management has disclosed to the auditor the findings received 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 the auditor's report.
65. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.
66. 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.
67. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
68. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of 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 the auditor's report.
69. 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.
70. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
71. Management has monitored subrecipients, as necessary, 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.
72. Management has considered the results of subrecipient monitoring and audits, and has made any necessary adjustments to the auditee's own books and records.
73. Management has charged costs to federal awards in accordance with applicable cost principles.

Compliance Considerations - Continued

- 74. The reporting package does not contain protected personally identifiable information.
- 75. Management has accurately completed the appropriate sections of the data collection form.
- 76. Management has disclosed all contracts or other agreements with service organizations.

TOWN OF ISLIP COMMUNITY DEVELOPMENT AGENCY



Renee Sumpter
Chief Financial Officer