



To the Board of Directors
Nassau County Industrial Development Agency
Mineola, New York

We have audited the financial statements of the Nassau County Industrial Development Agency (the "Agency"), a component unit of Nassau County, New York, for the year ended December 31, 2015. 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 23, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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. As described in Note 1 to the financial statements, the Agency adopted Statement of Governmental Accounting Standards Board ("GASB") No. 68, *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for contributions Made Subsequent to the Measurement date, an amendment to GASB 68* in 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenses, and Changes in Net Position. 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:

Management's estimate of the other postemployment benefits liability (OPEB) is based on the amount the Agency expects to pay in medical insurance costs and benefits to retired employees, currently and over their expected life based on certain assumptions provided by an actuary.

Management's estimate of the Agency's depreciation expense on its capital assets is based on the estimated useful lives of the assets in accordance with its capitalization policy.

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Significant Audit Findings(continued)

Qualitative Aspects of Accounting Practices(continued)

Management's estimate of the liability for compensated absences is based on vested or accumulated vacation or sick leave for the Agency's employees as of December 31, 2015.

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, 2015. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating members based on an actuarial calculation.

We evaluated the key factors and assumptions used to develop the other postemployment benefits, depreciation, compensated absences, and net pension liabilities in determining that they are 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 trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures.

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 auditors' 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 April 1, 2016.

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 auditors' 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.

Significant Audit Findings(continued)

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 and the schedule funding progress for other postemployment healthcare costs, which are defined as required supplementary information ("RSI") that supplements 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the Agency. The schedule of bonds, notes and leases that accompanies the basic financial statements is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of bonds, notes and leases is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

We have also issued separate reports in accordance with *Government Auditing Standards* regarding our consideration of the Agency's internal control and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters and on compliance with the Agency's investment policy in accordance with the attestation standards established by the American Institute of Certified Public Accountants.

Restriction on Use

This information is intended solely for the use of the Board of Directors, Audit Committee, and management of the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Albecht, Vargyas, Zurech and Company, P.C.

Hauppauge, New York
April 1, 2016