



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

We have audited the financial statements of the Town of Babylon Industrial Development Agency (the "Agency"), a component unit of the Town of Babylon, New York, for the year ended December 31, 2019. 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 September 5, 2019. 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. The Agency has adopted all the required Governmental Accounting Standards Board ("GASB") Statements that are applicable for the year ended December 31, 2019. None of the GASB Statements had a significant impact on the Agency's financial statements.

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 liability for compensated absences of approximately \$107,000 is based on vested or accumulated vacation or sick leave for the Agency's employees as of December 31, 2019.

BEYOND THE NUMBERS...

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*Qualitative Aspects of Accounting Practices (continued)*

- Management's estimate of total other postemployment benefits of approximately \$720,000 at December 31, 2019, reported in accordance with GASB Statement No. 75, represents the sum of expected future benefit payments which may be attributed to past service (or "earned") discounted to the end of the year based on certain assumptions included in an actuarial valuation.
- Management's estimate of net pension liability of approximately \$110,000 is recorded as a liability at December 31, 2019 and represents the Agency's proportionate share of the collective net pension liability of the New York State and Local Employees' Retirement System Plan, measured as of the Plan's measurement date of March 31, 2019.

We evaluated the key factors and assumptions used to develop the compensated absences, other postemployment benefits, 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*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 March 30, 2020.

*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.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management 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, the schedule funding progress for other postemployment benefits costs, schedule of changes in the total other postemployment benefits liability and related ratio, the schedule of proportionate share of the net pension liability and the schedule of pension contributions, 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 exemption information and employment information 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 exemption information and employment information 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 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,

*Albert Viggiano, Zimark & Company P.C.*

Hauppauge, New York  
March 30, 2020