TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2014

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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INDEPENDENT AUDITORS' REPORT

Honorable Agency Board
Town of Islip Industrial Development Agency
Islip, New York

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Town of Islip Industrial Development Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of December 31, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Agency taken as a whole. The accompanying schedule of bond, notes and leases is presented for purposes of additional analysis by the Authority Budget Office and is not a required part of the financial statements. The schedule of bond, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Albert Viggiano Jurecka & Co. P.C.

Hauppauge, New York
April 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

This section presents management's analysis of the Town of Islip Industrial Development Agency's (the "Agency"), a component unit of the Town of Islip, New York (the "Town") financial condition and activity for the year ended December 31, 2014. Please read this information in conjunction with the financial statements.

The Agency is a component unit of the Town of Islip and its personnel are employees of the Town. All salaries and fringe benefits for Agency personnel are paid by the Town. Additionally, office space is provided to the Agency by the Town. The Agency has reimbursed the Town the approximate cost for Agency salaries, fringe benefits, and rent.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Agency's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Agency's strategic plan, operating plan, bond covenants and other management tools were used for this analysis.

The financial statements report information about the Agency, which is an enterprise-type fund. The Agency applies full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information.

The financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows and notes to the financial statements. The statement of net position includes all of the Agency's assets and liabilities, and provides information about the nature and amount of investments.

The statement of revenues, expenses, and changes in net position presents the results of the Agency's activities over the course of the year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about whether the Agency has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating, investing and financing activities.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

FINANCIAL ANALYSIS OF THE AGENCY

One of the most important objectives of the financial analysis is to determine if the Agency, as a whole, is better or worse off as a result of the year's activities. The statement of net position and the statement of revenues, expenses, and changes in net position provide useful information in this regard. The statements report the net position of the Agency and changes in these net positions. The amount of net position, the difference between total assets and liabilities, is a significant measure of the financial health or financial position of the Agency. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning, and new government legislation or changes to existing government legislation should be considered in evaluating the financial condition of the Agency.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

Net Position

A summary of the Agency's condensed statements of net position at December 31st is presented as follows:

	2014	2013
Assets		
Current and other assets	$ 2,810,398	$ 2,755,429
Capital assets	-0-	10,431
Total Assets	2,810,398	2,765,860
Liabilities		
Current and other liabilities	13,947	76,406
Total Liabilities	13,947	76,406
Net Position		
Net investment in capital assets	-0-	10,431
Unrestricted	2,796,451	2,679,023
Total Net Position	$ 2,796,451	$ 2,689,454

Total assets as of December 31, 2014 were $2,810,398 which exceeded total liabilities by $2,796,451 (i.e. net position.) All of the Agency's net position $2,796,451 was unrestricted, which is available to support operations. Total assets increased by $44,538 between December 31, 2014 and 2013. Total liabilities decreased $62,459 primarily due to a decrease in amount due to the Town. The net position increased by $106,997 for the current year.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Operating Results

The Agency's condensed statements of revenues, expenses and changes in net position at December 31st are presented as follows:

	2014	2013
Operating Revenues		
Charges for services	$ 450,038	$ 361,446
Other operating revenues	2,500	2,500
Total Operating Revenues	452,538	363,946
Operating Expenses		
Contractual goods and services	345,112	243,831
Depreciation	5,639	5,766
Total Operating Expenses	350,751	249,597
Operating Income	101,787	114,349
Non-Operating Revenue	5,210	22,455
Change in Net Position	106,997	136,804
Net Position at Beginning of Year	2,689,454	2,552,650
Net Position at End of Year	$ 2,796,451	$ 2,689,454

The Agency's revenues increased $88,592 from $363,946 in 2013 to $452,538 in 2014. The increase is due to an increase in Agency projects compared to the prior year. The Agency's expenses increased $101,154 from $249,597 in 2013 to $350,751 in 2014. The increase in expense is mainly due to additional administrative fees during 2014.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

The overall mission of the Agency is to promote, attract and encourage well planned economic growth in the Town. The Agency focuses its attention and resources on "wealth generation" companies. The Agency provides a variety of tax incentives to the above three categories to further the public policy objectives of raising the industrial tax base, stabilizing property taxes, and increasing employment opportunities for Town residents.

The Agency has a very aggressive marketing strategy that concentrates on business retention and expansion within the Town of Islip. A secondary focus is placed on attracting new businesses from outside the Town of Islip. The marketing activities include site visits to strategic industries, radio and television ads, print ads, brochures and direct mailing and extensive networking with business professionals. This comprehensive marketing plan is designed to brand Islip Town as a good place to do business, and to inform the business public of the various economic incentives, including the Agency, that are available to them.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

ECONOMIC FACTORS AND NEXT YEAR'S PLAN (continued)

The Agency plans to continue and expand its assistance to the businesses located in the Town of Islip through:

- Federally tax-exempt and taxable revenue bonds
- Local property tax abatement and exemptions
- Sales tax exemptions for construction materials and equipment
- Mortgage recording tax exemptions

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Islip Industrial Development Agency at 40 Nassau Avenue, Islip, NY 11751.

BASIC FINANCIAL STATEMENTS

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
December 31, 2014

ASSETS		
Current Assets:		
Cash and cash equivalents		$ 2,810,398
	Total Assets	2,810,398
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued expenses		13,947
	Total Current Liabilities	13,947
NET POSITION		
Unrestricted		2,796,451
	Total Net Position	$ 2,796,451

See notes to the financial statements.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2014

OPERATING REVENUES:		
Charges for services	$	450,038
Other operating revenues		2,500
Total Operating Revenues		452,538
OPERATING EXPENSES:		
Administration		248,674
Advertising and promotion		44,312
Dues and subscriptions		3,128
Depreciation		5,639
Professional fees		33,363
Office Expense		2,103
Travel and Conferences		13,532
Total Operating Expenses		350,751
Income from Operations		101,787
NON-OPERATING REVENUES (EXPENSES):		
Interest and investment income		8,701
Loss on disposal of asset		(3,491)
Total Non-Operating Revenues		5,210
Change in Net Position		106,997
Net Position at Beginning of Year		2,689,454
Net Position at End of Year	$	2,796,451

See notes to the financial statements.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers, clients and tenants	$	452,538
Cash payments for contractual expenses		(407,571)
Net Cash Provided by Operating Activities		44,967
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from payments in lieu of taxes		14,173,722
Cash paid for payments in lieu of taxes		(14,173,722)
Net Cash Provided by Noncapital Financing Activities		-0-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of capital asset		1,301
Interest income		8,701
Net Cash Provided by Investing Activities		10,002
Net Increase in Cash		54,969
Cash and Cash Equivalents at Beginning of Year		2,755,429
Cash and Cash Equivalents at End of Year	$	2,810,398

RECONCILIATION OF INCOME FROM OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Income from operations	$	101,787
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		5,639
Decrease in liabilities		
Accounts payable and accrued expenses		(158)
Due to primary government		(62,301)
Net Cash Provided by Operating Activities	$	44,967

See notes to the financial statements.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

A. Summary of Significant Accounting Policies

The Town of Islip Industrial Development Agency (the "Agency"), was created as a New York State public benefit corporation. The Agency was established in 1974 pursuant to Code Section 898-b of the New York State General Municipal Law. The Agency Board is the legislative body responsible for overall operations. The Agency Board consists of the Board members of the Town of Islip (the "Town"). The Agency Board appoints the Executive Director of the Agency who is the Chief Executive Officer. The Agency's personnel are employees of the Town. All salaries and related benefits are the responsibility of the Town. The Agency is a quasi-governmental, tax-exempt agency that was created to promote, develop, encourage and assist in acquiring, developing and equipping various business facilities, thereby advancing the job opportunities, general prosperity and economic welfare of the people of the Town of Islip, New York. It raises funds to accomplish this purpose by issuing negotiable bonds and notes. The Agency provides companies with the following incentives:

- Federally tax-exempt and taxable revenue bonds
- Local property tax abatement and exemptions
- Sales tax exemptions for construction materials and equipment
- Mortgage recording tax exemptions

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles in the United States, as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency's more significant accounting policies are described below.

1. Financial Reporting

The financial reporting entity includes all functions and activities over which the elected officials of the Town of Islip exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. Accordingly, the Agency has been determined to be a component unit of the Town of Islip.

2. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Agency uses the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

A. Summary of Significant Accounting Policies (continued)

2. Measurement Focus/Basis of Accounting (continued)

The financial statements include statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

3. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash equivalents are defined as short-term highly liquid investments. The statement of cash flows presented uses the direct method.

4. Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more and an estimated useful life in excess of one year, are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except donated capital assets, which are recorded at their estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Machinery and equipment	3-10 years
Software	3 years

5. Net Position Classification

In the financial statements, equity is classified as net position and displayed in three components:

a. Net investment in capital assets — Consists of capital assets including, restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position — consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constrains placed on net position use are either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

A. Summary of Significant Accounting Policies (continued)

6. Net Position Classification (continued)

c. Unrestricted net position — is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as needed.

7. Revenue Recognition

The Agency's primary source of operating revenue is from bond issuance and lease fees, which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the sale of bonds and straight lease agreements.

8. Advertising

The Agency follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2014 was approximately $44,000.

9. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. New Pronouncements

The Agency has adopted all of the current statements of the GASB that are applicable, including GASB Statement No. 67 and GASB Statement No. 69. The implementation of these GASBs had no impact on the financial statements.

11. Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

B. Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand accounts and certificates of deposit with maturities of less than three months.

The Agency's investments are governed by a formal investment policy. The Agency's monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State.

The Agency is authorized to use certificates of deposit, and money market deposit accounts. Permissible investments include certificates of deposits, obligations of the United States, obligations of the State of New York, repurchase agreements, and obligations of agencies of the federal government where principal and interest are guaranteed by the United States.

Collateral is required for demand deposits and time deposits accounts at 100% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Agency's collateral agreements are based on the Agency's available balance.

Custodial Credit Risk – Deposits / Investments – Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Agency's name.

At December 31, 2014, the Agency's cash and cash equivalents have been combined with other funds in the Town's consolidated cash account, which were insured by the Federal Depository Insurance Corporation or collateralized by securities held in the pledging bank's trust department in the Town's name.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

C. Capital Assets

Capital asset activity for the year ended December 31, 2014 is as follows:

	Balance 01/01/14	Additions	Deletions	Balance 12/31/14
Depreciable assets:				
Machinery and equipment	$ 18,177		$ 11,499	$ 6,678
Software	15,000			15,000
Total depreciable capital assets	33,177	$ -0-	11,499	21,678
Accumulated depreciation:				
Machinery and equipment	12,746	$ 639	$ 6,707	6,678
Software	10,000	5,000		15,000
Total accumulated depreciation	$ 22,746	$ 5,639	$ 6,707	21,678
Total net depreciable assets				$ -0-

Depreciation expense totaled $5,639 for the year ending December 31, 2014.

The Agency evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Agency's policy is to record an impairment loss in the period when the Agency determines that the carrying amount of the asset will not be recoverable. At December 31, 2014, the Agency has not recorded any such impairment losses.

D. Revenues

Agency Fee Structure

The Agency collects one-time administration fees from the issuance of taxable bonds, tax exempt bonds and straight-lease transactions as follows:

- Taxable and Tax-Exempt Bond Issues - Six-tenths of one percent (.6%) of the final bond amount.
- Straight-Lease Transactions - Six-tenths of one percent (.6%) of the projected total costs.

The Agency collects other fees as follows:

- Application Fee – An application for Agency assistance must be accompanied by a non-refundable fee of $1,000 plus a $500 fee for Town of Islip review of Environmental Assessment Form as required by the State Environmental Quality Review Act (SEQRA).
- Processing Fee – During the course of Agency ownership/involvement, the Agency may occasionally be required, by the company, to consent to a variety of items, i.e. pre-payment of bonds, second mortgages, additional secured financing, etc. The Agency will charge a $500 processing fee for each of these requests.

D. Revenues (continued)

Agency Fee Structure (continued)

- Assignments & Assumptions – Occasionally, the Agency is asked to transfer benefits that were assigned to the original company, i.e. PILOT or mortgage recording tax benefits, to a different company typically upon a sale of the Agency property. The new company often wishes to continue Agency involvement with the property in order to retain Agency incentives. The Agency will charge a $1,500 fee for each of these transactions.

- PILOT Extensions/Modifications – Occasionally, the Agency is asked to extend or modify an existing Payment in Lieu of Taxes Agreement (PILOT). A .6% fee will be measured against the projected increase of the PILOT benefit.

- Annual Administrative Fee – An Annual Administrative Fee of $1,000 will be charged to all projects to cover the cost of all reporting and monitoring of the transactions.

- Agency and Bond/Transaction Counseling Fees – The Agency counsel bills all time spent related to the Agency matters at $250 per hour. Bond/Transaction counseling fee is negotiated separately.

E. Payments in Lieu of Taxes

The Agency receives payments in lieu of taxes (PILOT) from the borrowing companies. The Agency follows the Suffolk County Tax Act for collection of PILOT payments. PILOT payments are due in two equal installments; the first half is payable on December 1st preceding the year for which the same is levied and the second half is payable May 10th, with the first half payable without penalty to January 10th and the second half payable without penalty to May 31st. Penalties and interest are charged on late payments.

Receipts of PILOT payments are deposited into the general operating bank account and subsequently are disbursed to the appropriate taxing jurisdictions. Pilot payments are not considered revenues of the Agency.

F. Conduit Debt Obligations, Industrial Revenue Bonds and Note Transactions

The Agency has at times, issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Agency, the Town, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2014, there were seven series of Revenue Bonds and Notes outstanding, with an aggregate principal amount payable of $56,988,276.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

G. Lease Commitments

The Agency assists private-sector companies (the "companies") with the acquisition of industrial and commercial facilities deemed to be in the public interest. Upon closing on the properties, the Agency takes title as a nominal owner (which allows the Agency to pass through tax and other incentives) and the companies take title as beneficial owners. The Agency then leases the properties to the companies for a negligible amount, if any. The lease terms usually expire in conjunction with the payments in lieu of taxes of the companies. The leasing transactions are not recorded in the accompanying financial statements of the Agency.

As of December 31, 2014, there were 90 leases outstanding, at $1 or less each per year.

H. Litigation

The Agency is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Agency.

I. Related Party Transactions

The Agency is a component unit of the Town of Islip and its personnel are employees of the Town. All salaries and fringe benefits for Agency personnel are paid by the Town. Additionally, the Agency rents the office space from the Town. The approximate total value of salary and fringe benefits attributable to Town employees as a percentage of time spent on Agency activities was $237,209 and the estimated fair market rental value of office space provided to the Agency by the Town was $11,465 for the year ended December 31, 2014. The Agency reimbursed the Town a total of $248,674 in 2014. The total value of $248,674 is reported as administrative expenses on the financial statements.

J. New Pronouncements

Governmental Accounting Standards Board ("GASB") issued authoritative guidance (GASB Statement No. 68) on *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. The objective of the statement is to improve financial reporting by state and local governmental pension plans. The Agency is required to implement this authoritative guidance for the year ended December 31, 2015.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 71 *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*—an amendment of GASB Statement No. 68. The primary objective of this Statement is to address an issue regarding amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The Agency is required to implement this authoritative guidance for the year ended December 31, 2015.

The Agency is currently evaluating the impact of the above pronouncements.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
December 31, 2014

Project Code	Bond or Note Project Name	Total Project Amount	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Bond or Note was Issued	Date of Issue	Interest Rate	Year Financial Assistance is Planned to End	Federal Tax Status of Bonds	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-01-08A	Court Plaza Senior Apts.	$ 15,000,000	N	Court Plaza Senior Apts. 1 Hoppin Dr. Central Islip, NY 11772	$ 669,205	NYS Tax Credit Senior Housing in Empire Zone	12/28/2001	5.70%	2017	Tax Exempt	4	-0-
4703-06-05A	United Cerebral Palsy	17,430,000	Y	United Cerebral Palsy N. Champlain Dr. Central Islip, NY 11772	-0-	Diagnostic and Treatment Center for Disabled	11/14/2006	5.50% - 6.25%	2031	Tax Exempt	-0-	42
4703-00-011	Broadway Neon Sign	2,220,045	N	Broadway Neon Sign 2150 Fifth Ave. Ronkonkoma, NY 11779	-0-	Mfr. of Neon Display Signs	11/14/2000	6.29%	2016	Tax Exempt	40	50
4703-00-02A	Duralee Fabrics	3,400,000	N	Duralee Fabrics 1775 Fifth Ave. Bay Shore, NY 11706	-0-	Distributor of Fabric/Expansion	06/06/2000	Variable	2020	Taxable	50	145
4703-99-03A	Atria Assisted Living	16,000,000	N	Forest City Daly Housing 53 Ocean Ave. Bay Shore, NY 11706	-0-	Assisted Living	07/22/1999	Variable	2029	Tax Exempt	40	-0-
4703-06-01A	U.S. Alliance Paper/Equipment	3,200,000	N	U.S. Alliance Paper/Equipment 101 Heartland Blvd. Edgewood, NY 11717	-0-	Paper Manufacturer/ Equipment Only	02/27/2007	5.23%	2020	Tax Exempt	-0-	-0-
4703-09-02A	U.S. Alliance Paper/Equipment	2,800,000	N	U.S. Alliance Equipment 101 Heartland Blvd. Edgewood, NY 11717	-0-	Paper Manufacturer/ Equipment Only	11/17/2009	6.15% - 8.50%	2017	Tax Exempt	-0-	-0-
4703-12-07A	Engle Burman/ Sayville Assisted	40,900,000	Y	Engle Burman 67 Clinton Rd. Garden City, NY 11530	3,267	Assisted Living Facility	11/27/2012	6.50%	2045	Tax Exempt	55	0

See independent auditors' report.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
December 31, 2014

Project Code	Lease Project Name	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703/06/04A	Constance Foods/Aerotech	N	Constance Foods/Aerotech 545 Johnson Ave. Bohemia, NY 11716	$ 319,954	Food Mfr. & Distribution for 7 Eleven Corp.	288	97
4703-00-06A	Windowrama	N	Windowrama 71 Heartland Blvd. Edgewood, NY 11717	-0-	Mfr. Of Windows, Doors, Skylights	25	246
4703-00-07	NYSARC/Andreassi Assoc.	Y	NYSARC/Andreassi Assoc. 45 Crossway East. Bohemia, NY 11716	127,428	NFP Training and Educational Center for AHRC	25	-0-
4703-00-09A	Courthouse Corporate Ctr.	N	Courthouse Corporate Ctr. 320 Carleton Ave. Central Islip, NY 11722	396,632	Class A Office in Empire Zone	3	-0-
4703-01-05A	22-50 Jackson Ave. Associates	N	22-50 Jackson Ave. Associates One Executive Dr. Edgewood, NY 11717	2,020,630	Multi year, mixed use development	-0-	13
4703-01-09A	Yarde Metals	N	Yarde Metals 999 Motor Pkwy. Hauppauge, NY 11788	-0-	Distributor of Metal Products	30	30
4703-01-10A	Broadway West	N	Broadway West 75 Springfield Rd. Brentwood, NY 11717	178,208	Senior Housing	-0-	-0-
4703-02-03A	Always Bagels	N	Always Bagels 10 Keyland Ct. Bohemia, NY 11716	-0-	Bagel Mfr.	20	13
4703-02-05A	Fabricade	N	Fabricade 5050 Veteran's Mem. Hwy. Holbrook, NY 11741	8,888	Distributor of PreManufactured Fabrics & Millinary Goods	22	23
4703-02-06A	H&E Equipment Mfr.	N	H&E Equipment Mfr. 1493 Church St. Bohemia, NY 11716	-0-	Custom Millwork for Healthcare and Education Sectors	10	20

See independent auditors' report.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
December 31, 2014

Project Code	Lease Project Name	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-02-08A	Positive Promotions	N	Positive Promotions 15 Gilpin Ave. Hauppauge, NY 11788	$ 270,564	Mfr. Of Printed Information & Promotional Materials	75	275
4703-02-09A	Shafter St./Roux Assoc.	N	Shafter St./Roux Assoc. 209 Shafter St. Islandia, NY 11749	3,017	Professional Office Bldg./Engineers	14	65
4703-02-10A	Atlantic Veterinary Emergency	N	Atlantic Veterinary Emergency 75 Sunrise Hwy. West Islip, NY 11795	10,671	Emergency Vet Services	3	8
4703-02-11A	Branford Hall/Aerotech	N	Branford Hall/Aerotech 565 Johnson Ave. Bohemia, NY 11716	8,038	Career Training Facility	15	31
4703-03-02A	Trius, Inc.	N	Trius, Inc. 458 Johnson Ave. Bohemia, NY 11716	872	Design, Fabricate, Install Heavy Equipment Systems	10	38
4703-03-03A	SKA Machining/ Tri-Start Electronics	N	Tri-Start Electronics/CVD RE 979 Marconi Ave. Ronkonkoma, NY 11779	6,311	Distributor of Electronic Components	10	28
4703-03-04A	Viccaro Equipment	N	Viccaro Equipment 1818 Pacific St. Hauppauge, NY 11788	11,718	Distributor of Loading Dock Equipment	13	22
4703-03-05A	Edgewood Land	N	Edgewood Land Wilshire Blvd . Edgewood, NY 11717	-0-	Industrial Park Infrastructure	-0-	13
4703-03-07A	Teacher's Federal Credit Union	Y	Teacher's Federal Credit Union 5439 Sunrise Hwy. Holbrook, NY 11741	17,888	Back Office Banking	47	24
4703-03-08A	COSTAR Realty/Unimax	N	COSTAR Realty/Unimax 250 Heartland Blvd. Edgewood, NY 11717	6,309	Distributor of Kitchenware/Minority Owned	2	10

See independent auditors' report.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
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Project Code	Lease Project Name	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-03-09A	J. Kings Food Service II	N	J. Kings Food Service II 700 Furrows Rd. Holbrook, NY 11741	$ -0-	Food Distributor/Expansion	40	250
4703-03-10A	Jetro Cash & Carry II	N	Jetro Cash & Carry II 1335 Lakeland Ave. Bohemia, NY 11716	-0-	Commercial Food/Rest. Supplies/Expansion	6	58
4703-04-01A	Davis & Hersh LLP	N	Davis & Hersh LLP 1345 Motor Pkwy. Islandia, NY 11749	11,865	Professional Office	17	17
4703-04-03A	Harry Krantz Company	N	Harry Krantz Company 50 Heartland Blvd. Edgewood, NY 11717	8,363	Distributor of Electronic Components	45	75
4703-04-04A	EDO Corp./Aerotech	N	EDO Corp./Aerotech 585 Johnson Ave. Bohemia, NY 11716	117,542	Antenna Mfr. Facility/Defense	33	167
4703-04-05A	Alcan Packaging	N	Alcan Packaging 10 Wilshire Blvd. Edgewood, NY 11717	319,911	Mfr. Of Flexible Packaging Roll Labels	100	-0-
4703-04-06A	NBTY/Cartwright Loop/Exp.	N	NBTY/Cartwright Loop/Exp. 10 Vitamin Dr. Bayport, NY 11705	27,158	Expansion of Gelcap Mfr. Fac.	-0-	-0-
4703-04-07A	Glenn Wayne Bakery	N	Glenn Wayne Bakery 1800 Artic Ave. Bohemia, NY 11716	20,047	Industrial Bakery (Formerly CraftTech)	13	59
4703-05-03A	267 Carleton Ave. Associates	N	267 Carleton Ave. Associates 267 Carleton Ave. Central Islip, NY 11722	183,683	Professional Office Empire Zone	9	29
4703-05-04A	Rothco II	N	Rothco II 3015 Veterans Mem. Hwy. Ronkonkoma, NY 11779	-0-	Distributor/Expansion	12	94

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
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Project Code	Lease Project Name	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-05-05A	Whitson's Food Services	N	Whitson's Food Services 1800 Motor Pkwy. Islandia, NY 11749	$ 6,474	Mfr. Of Delivered Meals	40	114
4703-05-09A	Industrial Road & Drainage	N	Industrial Road & Drainage Prime Pl. Hauppauge, NY 11788	-0-	Road & Drainage Infrastructure for Ind. Park	-0-	-0-
4703-06-02A	TII Network Technologies	N	TII Network Technologies 141 Rodeo Dr. Brentwood, NY 11717	29,936	Mfr. Of Surge Protection Devices	50	46
4703-06-03A	Old Nichols Road Group	N	Old Nichols Road Group 3690 Expressway Dr. So. Islandia, NY 11749	69,409	Professional Office Bldg. Housing 2 Law Firms	16	34
4703-06-06A	A.G. Metropolitan/Feil Corp.	N	A.G. Metropolitan 3500 Sunrise Hwy. Great River, NY 11739	889,793	Office Complex	900	500
4703-07-01A	Seal Dynamics/Prime 11 East	N	Seal Dynamics/Prime 11 East 600 Prime Pl. Hauppauge, NY 11788	33,980	Design & Distribution of Mechanical and Electrical Components for Airlines	7	75
4703-07-02A	Heartland Boys/US Alliance RE	N	Heartland Boys/US Alliance RE 101 Heartland Blvd. Edgewood, NY 11717	81,728	Paper Manufacturer/ Real Estate	23	77
4703-07-07A	Apex Dynamic Holdings LLC	N	Apex Dynamics 885 Marconi Ave. Ronkonkoma, NY 11779	8,432	Manufacturer/Installer/ Bathrooms	14	16
4703-07-08A	Medical Action Industries	N	Medical Action Industries 500 Expressway Dr. So. Brentwood, NY 11717	9,363	Disposable Medical Supplies/HQ	37	63
4703-08-01A	Bayport Partners/Blackman Plumbing.	N	Bayport Partners/Blackman Plumbing. 900 Sylvan Ave. Bayport, NY 11705	-0-	Plumbing Supply Distributor	157	-0-

See independent auditors' report.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
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Project Code	Lease Project Name	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-08-02A	Shri Parshwa/Perfume Center	N	Shri Parshwa/Perfume Center Ocean Ave. Ronkonkoma, NY 11779	$ -0-	Perfume Packager and Distributor	20	60
4703-08-03A	David Peyser Sportswear	N	David Peyser 60 Spence St. Bay Shore, NY 11706	-0-	Manufacturer/Embroidered Sportswear	70	392
4703-09-01A	Fed Ex Ground/Laz Bur	N	Laz Bur Co. 67 Clinton Rd. Garden City, NY 11530	23,874	Package Transportation	16	62
4703-96-05A	Catalina Assoc.	N	Catalina Assoc. 31 Windsor Dr. Central Islip, NY 11722	-0-	Paper Distributor	26	71
4703-96-06A	Cintas Corporation	N	Cintas Corporation 500 South Research Pl. Central Islip, NY 11722	-0-	Commercial Laundry Services	75	45
4703-97-01A	J. Kings Food Service	N	J. Kings Food Service 700 Furrows Rd. Holbrook, NY 11741	5,850	Food Distributor	39	39
4703-97-06A	Creative Bath	N	Creative Bath/Cellu Tissue 555 North Research Central Islip, NY 11722	1,546,968	Injection Molding Mfr. in Empire Zone	50	250
4703-98-09A	NBTY/Cartwright Loop	N	NBTY/Cartwright Loop 10 Vitamin Dr. Bayport, NY 11705	-0-	Gelcap Mfr. Facility/New Industrial Park	118	-0-
4703-98-11A	Dayton T. Brown Inc.	N	Dayton T. Brown Inc. 1195 Church St. Bohemia, NY 11716	1,246	Expansion of Testing Facilities	21	305
4703-98-15A	Jetro Cash & Carry	N	Jetro Cash & Carry 1335 Lakeland Ave. Bohemia, NY 11716	1,630	Commercial Food/Rest. Supplies	45	-0-

See independent auditors' report.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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4703-98-16A	NBTY/105 Orville	N	NBTY/105 Orville 105 Orville Dr. Bohemia, NY 11716	$ -0-	Tablet Manufacturing Facility/One of Multiple NBTY Facilities (See Prev. Ann. Rep)	100	599
4703-99-09A	Rothco	N	Rothco 3015 Veterans Mem. Hwy. Ronkonkoma, NY 11779	8,694	Distributor of Military Surplus Products	30	70
4703-10-01A	GE Aviation/GL II Assoc	N	GE Aviation/GL II Assoc 1000 MacArthur Mem. Hwy. Bohemia, NY 11716	123,547	Manufacturer of Aviation Electronics	52	227
4703-11-02A	Sysco LI LLC	N	Sysco Foods 1390 Enclave Pkwy Houston, TX 77077	1,153,656	Distributor of Food Products	185	0
4703-11-04A	Suffolk County Brake Services	N	Suffolk County Brake Service 862 Lincoln Ave. Bohemia, NY 11716	5,189	Heavy Equipment Service & Sales	10	10
4703-11-05A	Invagen Pharmaceuticals	N	Invagen Pharmaceuticals 550 S. Rsearch Central Islip, NY 11722	912,682	Generic Pharmaceutical Manufacturer	150	0
4703-11-06A	American Tire/ 121 Wilshire LLC	N	American Tire 121 Wilshire Blvd. Edgewood, NY 11717	238,120	Distributor of Automobile Tires	25	0
4703-11-07A	Trojan Powder Coating	N	Trojan Powder 2215 Union Bld. Bay Shore, NY 11706	121,525	Metal Finishing Plant	26	58
4703-11-08A	Rubies Costume Co. Inc.	N	Rubies Costume Co. Inc. One Rubie Plaza Richmond Hill, NY 11418	38,064	Distributor of Halloween Costumes	55	0
4703-11-09A	Piping Rock	N	Piping Rock 3900 Veterans Mem. Hwy. Bohemia, NY 11716	-0-	Manufacturer of Health & Nutritional Foods	80	0

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TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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4703-11-10A	CMB Wireless	N	CMB Wireless 116 Wilbur Pl Bohemia, NY 11716	$ 188,351	Remanufacturer of Cell Phones	60	0
4703-11-11A	CVD Equipment (CI)	N	CVD Equipment 355 S. Technology Dr. Central Islip, NY 11722	279,586	Designs and manufacturers capital equipment including chemical vapor desposition furnaces and gas flow control equipment	17	159
4703-12-02A	Briad Development East LLC	N	Briad Development East LLC N/E/C Carleton Ave and Courthouse Dr. Central Islip, NY 11722	224,978	4 story, 125 room, all-suite extended stay hotel	30	0
4703-12-04A	Quality King Distributors	N	Quality King Distributors 201 Comac St. Ronkonkoma, NY 11779	-0-	Distributor of pharmaceuticals and health care products	0	238
4703-12-05A	Wesco Distribution/Prime Eleven LLC	N	Wesco Distribution/Prime Eleven LLC 687 Old Willets Path Hauppauge, NY 11788	68,144	Distributor of Electrical, Industrial Products and Construction Materials	24	85
4703-12-06A	Broadridge Investor Communications Inc.	N	Broadridge Investor Communications Inc. 300 Executive Dr Brentwood, NY 11717	3,495,526	Service provider of investor communications and technology driven solutions to banks, broker-dealers, mutual	0	1500
4703-13-01	B/E Aerospace Inc./Four L Realty	N	B/E Aerospace Inc./ Four L Realty 355 Knickerbocker Ave. Bohemia, NY 11716	43,016	Manufacturer of high performance lighting systems for commercial and business jet aircraft	30	154
4703-13-02	Rothco III	N	Rothco III 3015 Veterans Memorial Hwy Ronkonkoma, NY 11779	23,066	Warehouse distributor of military apparel, outdoor clothing and accessories	0	0
4703-13-03	Allstate	N	Allstate/Hauppauge Office Park Associates 878 Veterans Memorial Hwy Hauppauge, NY 11788	345,682	Insurance products	0	385

See independent auditors' report.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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4703-13-04	Sartorius Stedim North America	N	Sartorius Stedim North America 545 Johnson Ave. Bohemia, NY 11716	$ 851,398	Provider of cutting-edge equipment for the bio pharmaceutical industry	20	150
4703-13-05	60 Hoffman/United Lighting and Electrical Corp/Playaction LLC	N	60 Hoffman/United Lighting & Electrical Corp/Playaction LLC 60 Hoffman Ave. Hauppauge, NY 11788	21,502	Wholesale and electrical lighting supply/sports and entertainment brand product licensing	8	28
4703-13-06	ZTA Rental Properties	N	ZTA Rental Properties 110 Wilshire Blvd. Edgewood, NY 11717	82,368	Construction of a new warehouse/light manufacturing building	0	0
4703-14-01	The Berlerro Group LLC (Skyzone)/ZTA Rental Properties L.P.	N	The Berlerro Group 111 Rodeo Drive Edgewood, NY 11717	31,900	Indoor trampoline park	51	0
4703-14-02	Green-Flagg LLC	N	Green-Flagg LLC 61 W. Main Bay Shore, NY 11706	48,300	Downtown mixed use development - New wood frame construction of 2 buildings	0	0
4703-14-03	Kelco Construction, Inc./Freckle Face Realty LLC	N	Kelco Construction, Inc. 25 Newton Place Hauppauge, NY 11788	75,105	Large, comprehensive contruction and landscaping installation company	27	90
4703-14-04	Hauppauge Office Park Associates, LLC	N	Hauppauge Office Park Associates, LLC 888 Veterans Memorial Highway Hauppauge, NY 11788	-0-		215	567
4703-14-05	Carson Optical Inc./Gilpin LLC	N	Carson Optical Inc./Gilpin LLC 2070 Fifth Avenue Ronkonkoma, NY 11779	49,524	Manufacturer, importer and distributor of optical products	8	25
4703-14-06	Sheralven Enterprises Ltd./Heartland Boys II LP	N	Sheralven Enterprises Ltd. 2 Rodeo Drive Edgewood, NY 11717	26,945	Wholesale distributor of fragrances	30	132
4703-14-07	M & M Canvas & Awnings, Inc./Mere Realty Holdings, LLC	N	M & M Canvas & Awnings, Inc. 180 Oval Drive Islandia, NY 11749	44,430	Manufacturer of awnings and canvas product	10	15

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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4703-14-08	ELM Freight Handlers Inc. d/b/a ELM Global Logistics/Brentwood Steel, LLC	N	ELM Freight Handlers Inc. 50 Emjay Boulevard Brentwood, NY 11717	$ -0-	Warehousing and logistics services for local and national companies	15	62
4703-14-09	J & A Coat & Apron Service Corp.	N	J & A Coat & Apron Service Corp. 56 Penataquit Avenue Bay Shore, NY 11706	45,986	Apron, linen, napkin, shirts, pants rental service	8	15
4703-14-10	Universal Photonics Inc./Facilities Realty Management - Jetson, LLC	N	Universal Photonics Inc. 85 Jetson Lane Central Islip, NY 11722	28,140	Warehouse and distributor of polishing products	0	60
4703-14-11	All-System Aerospace International, Inc./NASHA Holdings, LLC	N	All-System Aerospace International, Inc. 75 Beacon Drive Holbrook, NY 11741	14,968	Warehouse distributor of helicopter and aircraft parts	4	20
4703-14-12	Pride Products Corp.	N	Pride Products Corp. 4333 Veteran's Mem. Hwy. Ronkonkoma, NY 11779	0	Wholesale distributor of general merchandise	0	88
4703-14-13	Above All Storefronts Inc./50 Gilpin Corp.	N	Above All Storefronts Inc. 50 Gilpin Avenue Hauppauge, NY 11788	43,748	Manufacturer and installer of aluminum and glass commerical windows	12	63
4703-14-14	Cookies United LLC/United Baking Co. Inc.	N	Cookies United LLC 141 Freeman Avenue Islip, NY 11751	88,539	Manufacturer of baked goods	30	120
4703-14-15	Fashioncraft-Excello Inc./Veterans Highway - Holbrook, LLC	N	Fashioncraft-Excello Inc. 5050 Veteran's Mem. Hwy. Holbrook, NY 11741	53,625	Wholesale distributor of wedding and other event favors	7	45
4703-14-16	Reiko Wireless Inc./April Holdings LLC	N	Reiko Wireless Inc. 350 Carleton Avenue Central Islip, NY 11722	36,750	Distributor of wireless cell phone accessories	70	34

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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Project Code	Lease Project Name	Is the applicant a Not for Profit corporation?	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-14-17	Tekweld Solutions Inc./45 Rabro Solutions LLC	N	Tekweld Solutions Inc. 45 Rabro Drive Hauppauge, NY 11788	$ 33,075	Manufacturer of promotional items	40	80
4703-14-18	Island Tech Services, LLC/Invesgro, LLC	N	Island Tech Services, LLC 980 S. 2nd Street Ronkonkoma, NY 11779	11,907	Computer network and service company	8	17

There was no other method of financial assistance utilized by these projects, other than the tax exemptions.

OTHER REPORTS

AVZ
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Agency Board
Town of Islip Industrial Development Agency
Islip, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the business-type activities of the Town of Islip Industrial Development Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hauppauge, New York
April 30, 2015

AVZ
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH AGENCY INVESTMENT POLICY

Honorable Agency Board
Town of Islip Industrial Development Agency
Islip, New York

We have examined the Town of Islip Industrial Development Agency's (the "Agency"), a component unit of the Town of Islip, New York, compliance with the Agency's investment policy during the period January 1, 2014 through December 31, 2014. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the period January 1, 2014 through December 31, 2014.

This report is intended solely for the information and use of the Board, audit committee, management of the Agency, Authority Budget Office, and the New York State Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Viggiano, Zureck & Co., P.C.

Hauppauge, New York
April 30, 2015