Town of Huntington
Local Development Corporation

Financial Statements
with Independent Auditor's Report

For the Years Ended December 31, 2014 and 2013

TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
Table of Contents
December 31, 2014

	Page
Independent Auditor's Report	1
Management's Discussion and Analysis (MD&A)	3
Financial Statements	
Statements of Net Position	4
Statements of Revenues, Expenses and Changes in Net Position	5
Statements of Cash Flows	6
Notes to Financial Statements	7
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	9

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT

To the Town Board Members of the
Town of Huntington Local Development Corporation
Huntington, New York

Report on Financial Statements

We have audited the accompanying financial statements of the Town of Huntington Local Development Corporation (the Organization) a component unit of the Town of Huntington, New York, which comprise the statements of net position as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of 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 audit opinion.

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Huntington Local Development Corporation, a component unit of the Town of Huntington, New York, as of December 31, 2014 and 2013, and the changes in its net position and its cash flow for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Town of Huntington Local Development Corporation, which Is a blended component unit reported as a nonmajor governmental special revenue fund of the Town of Huntington, New York, and do not purport to, and do not, present fairly the financial position of the Town of Huntington, New York, as of December 31, 2014 and 2013 and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents 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 operations, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2015, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Cullen & Danowski, LLP

March 25, 2015

This discussion and analysis of The Town of Huntington Local Development Corporation's (the Organization) financial performance provides an overview of the Organization's financial activities for the year ended December 31, 2014. Please read this in conjunction with the financial statements and the accompanying notes to those statements.

1. FINANCIAL HIGHLIGHTS

- The Organization's total assets decreased $1,500 during the calendar year 2014.
- The Organization had a nominal amount of activity during 2014.
- As of December 31, 2014, the Organization reported net position of $190,239.

2. FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Organization.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes can be found immediately following the financial statements.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) on the accrual basis of accounting. Under that basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

3. STATEMENTS OF NET POSITION

The following is a summary of the Organization's statements of net position as of December 31:

	2014	2013	Dollar Change	Percentage Change
Total Assets	$ 190,239	$ 191,739	$ (1,500)	(0.78)%
Net Assets	$ 190,239	$ 191,739	$ (1,500)	(0.78)%

4. ACTIVITIES

The following is a summary of the Organization's revenues, expenses, and changes in net position for the years ended December 31:

	2014	2013	Dollar Change	Percentage Change
Changes in Unrestricted Net Positions				
Total Revenues	$ 1,000	$ 1,500	$ (500)	(33.33)%
Total Expenses	2,500	9,675	(7,175)	(74.16)%
Increase/ (Decrease) in Unrestricted Net Position	(1,500)	(8,175)	6,675	(81.65)%
Net Position, Beginning of Year	191,739	199,914	(8,175)	(4.09)%
Net Position, End of Year	$ 190,239	$ 191,739	$ (1,500)	(0.78)%

TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
Statements of Net Position
December 31, 2014 and 2013

	2014	2013
ASSETS		
Cash	$ 190,239	$ 191,739
Total Assets	$ 190,239	$ 191,739
LIABILITIES AND NET ASSETS		
Liabilities	$ -	$ -
Net Position		
Unrestricted	190,239	191,739
Total Liabilities and Net Position	$ 190,239	$ 191,739

See Notes to Financial Statements

TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Fee Income	$ 1,000	$ 1,500
Total Revenues	1,000	1,500
Program Service Expenses		
Advertising	-	1,122
Professional Fees	2,500	8,553
Total Program Expenses	2,500	9,675
Decrease in Unrestricted Net Position	(1,500)	(8,175)
Net Position, Beginning of Year	191,739	199,914
Net Position, End of Year	$ 190,239	$ 191,739

See Notes to Financial Statements

TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Position	$ (1,500)	$ (8,175)
Net Cash Used in Operating Activities	(1,500)	(8,175)
CASH AND CASH EQUIVALENTS - Beginning	191,739	199,914
CASH AND CASH EQUIVALENTS - End	$ 190,239	$ 191,739

See Notes to Financial Statements

1. ORGANIZATION AND PURPOSE

Organization

The Town of Huntington Local Development Corporation (the Organization) was incorporated on April 7, 2010 under Section 1411 of the Not-for-Profit Corporation Law of the State of New York. The mission of the Organization is to conduct activities that will relieve and reduce unemployment, promote and provide for additional maximum employment, improve and maintain job opportunities, lessen the burdens of governments and act in the public interest by providing access to low interest tax exempt and non-tax exempt financing for eligible projects. The Town of Huntington Town Board members constitute the Organization's directors, and accordingly, the Organization's management is designated by the Town Board sitting as directors of the Organization. The Town Board is completely accountable for fiscal matters and the Town is the sole member of the Organization. The Town of Huntington is not liable for the Organization's bonds or notes.

The Organization is a blended component unit of the Town of Huntington, New York. The financial activities of the Organization in this stand alone financial are combined with the financial activities of the Town of Huntington in those financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting/Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Revenues are recognized when earned and expenses are recognized when incurred.

The Organization operates as a blended component unit of the Town and is reported in the governmental fund of the Town.

B. Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

C. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

D. Income Taxes

The Organization is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

E. Conduit Financing

Conduit financing is a financing arrangement involving a government or other qualified agency using its name in an issuance of fixed-income securities for a non-profit organization's large capital project. The Organization may sponsor conduit financing for those activities (i.e., economic development, housing, health facilities, etc.) that have a general public purpose and are consistent with the Organization's overall service and policy objectives as determined by the Organization's Directors.

3. REVENUE BOND TRANSACTION

Bonds authorized by the Organization and issued through various lending institutions are designated as special obligations of the Organization and payable solely from the revenues and other assets pledged as collateral against the bonds. The Organization's right, title and interest to the property are assigned to a trustee until such point in time as the construction of property improvements has been completed or satisfaction of the obligation has been effected in full. The Organization does not act as a guarantor in the event of collateralized properties and revenues as specified in the applicable financing agreement are insufficient to meet debt service requirements. Additionally, in each of these financings, the Organization has assigned all rights to receive certain revenues derived with respect to the facilities it has financed to the holders of the revenue bonds. As a consequence, the Organization does not reflect such bonds or related properties on its financial statements. Local development revenue bonds authorized by the Organization and outstanding at December 31, 2014 and 2013 total $17,450,000 and $18,510,000, respectively.

4. CONCENTRATION OF CREDIT RISK

At December 31, 2014 and 2013, the carrying amount of the Organization deposits was $190,239 and $191,739, respectively, and the bank deposits were fully covered by FDIC insurance.

5. RELATED PARTY TRANSACTIONS

The Organization is related through common management with the Town of Huntington. The Town Board serves as Directors of the Organization. The Town of Huntington provides certain administrative and management services to the Organization. The costs of these services are not reflected in the accompanying financial statements.

6. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through March 25, 2015, the date the financial statements were available to be issued. The Corporation has concluded that no subsequent events have occurred that require recognition or disclosure.

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFOMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town Board Members
Town of Huntington Local Development Corporation
Huntington, New York

We have audited, in accordance with the 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, the financial statements of the Town of Huntington Local Development Corporation (Organization), a component unit of the Town of Huntington, New York as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated March 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

1650 ROUTE 112, PORT JEFFERSON STATION, NEW YORK 11776-3060
PHONE: 631-473-3400 • FAX: 631-473-4863 • WWW.CDLLP.NET

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. According, this communication is not suitable for any other purpose.

Cullen & Danowski, LLP

March 25, 2015