

**Town of Huntington**  
**Community Development Agency**

Financial Statements  
with Independent Auditor's Reports  
For the Years Ended December 31, 2015 and 2014

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**

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December 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

Town Board Members  
Town of Huntington Community Development Agency  
Huntington, New York

### Report on Financial Statements

We have audited the accompanying financial statements of the Town of Huntington Community Development Agency (the Agency), which is a blended component unit reported as a nonmajor governmental special revenue fund of the Town of Huntington, New York, as of and for the years ended December 31, 2015 and 2014, 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 *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 opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, financial position of the Town of Huntington Community Development Agency, which is a blended component unit reported as a nonmajor governmental special revenue fund of the Town of Huntington, New York, as of December 31, 2015 and 2014, and the respective changes in financial position 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 Community Development Agency, 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, 2015 and 2014 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.

## ***Other Matters***

### ***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 Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Town of Huntington Community Development Agency. The other supplementary information on page 14 is presented for the purposes of additional analysis and is not a required part of the financial statements. The other supplementary information has not been subjected to the auditing procedures applied the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Town of Huntington Community Development Agency. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016, on our consideration of the Agency's internal control over financial reporting and 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 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 Agency's internal control over financial reporting and compliance.

*Cullen & Danowski, LLP*

March 10, 2016

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
Management's Discussion and Analysis**

This discussion and analysis of The Town of Huntington Community Development Agency's (the Agency) financial performance provides an overview of the Agency's financial activities for the year ended December 31, 2015. Please read this in conjunction with the financial statements and the accompanying notes to those statements.

**1. FINANCIAL HIGHLIGHTS**

- The liabilities of the Agency exceeded its assets at December 31, 2015 by \$909,456 based on the modified accrual basis of accounting. This basis of accounting excludes the reporting of long-term assets (including real estate) and liabilities. For informational purposes, the other supplementary information on page 14 identifies long-term assets owned by the Agency as of December 31, 2015.
- The Agency's total assets increased by \$248,753 during 2015. The increase was primarily due to an additional \$200,000 received in 2015 from local funding sources in support of affordable housing and job training programs administered by the Agency.
- The Agency's total liabilities increased by \$395,404 during 2015. The increase was primarily due to an increase in the amount due to the Town of Huntington general fund.
- Expenditures exceeded revenues by \$171,651 in 2015, and by \$272,061 in 2014.
- The Agency's total revenues increased by \$485,731 during 2015 due to an increase in HUD funding, program income, and miscellaneous local sources income. Total expenditures increased by \$385,321.

**2. FINANCIAL STATEMENTS**

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

The financial statements have been prepared on the modified accrual basis of accounting. Under that basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditures are generally recorded when incurred.

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.

**3. BALANCE SHEETS**

The following is a summary of the Agency's balance sheets as of December 31,

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Assets	<u>\$ 967,732</u>	<u>\$ 718,979</u>	<u>\$ 248,753</u>	34.60 %
Liabilities	<u>\$ 1,852,188</u>	<u>\$ 1,456,784</u>	<u>\$ 395,404</u>	27.14 %
Deferred Inflows of Resources	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>	100.00 %
Fund Balance (deficit)	<u>\$ (909,456)</u>	<u>\$ (737,805)</u>	<u>\$ (171,651)</u>	23.27 %

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Management's Discussion and Analysis**  
(Continued)

**4. STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**

The following is a summary of the Agency's revenues, expenditures, and changes in fund balance for the years ended December 31,

	2015	2014	Dollar Change	Percentage Change
Revenues	\$ 1,833,920	\$ 1,348,189	\$ 485,731	36.03 %
Expenditures	2,005,571	1,620,250	385,321	23.78 %
Change in Fund Balance	(171,651)	(272,061)	100,410	(36.91)%
Fund Balance, (Deficit) January 1	(737,805)	(465,744)	(272,061)	58.41 %
Fund Balance, (Deficit) December 31	\$ (909,456)	\$ (737,805)	\$ (171,651)	23.27 %

**5. REQUESTS FOR INFORMATION**

The financial report is designed to provide a general overview of the Town of Huntington Community Development Agency, a component unit of the Town of Huntington, New York's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Director, Town of Huntington Community Development Agency, 100 Main Street, Huntington, New York 11743.

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**

**Balance Sheets**

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	\$ 817,433	\$ 647,153
Rental receivables	24,322	4,717
Due from other governments	113,144	54,275
Prepays	<u>12,833</u>	<u>12,834</u>
 Total Assets	 <u>\$ 967,732</u>	 <u>\$ 718,979</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 209,511	\$ 88,703
Due to Town of Huntington	1,624,638	1,350,054
Escrow deposits	6,500	6,500
Security deposits	<u>11,539</u>	<u>11,527</u>
 Total Liabilities	 <u>1,852,188</u>	 <u>1,456,784</u>
 <b>Deferred Inflows of Resources</b>		
Deferred advertising revenue	<u>25,000</u>	<u>-</u>
 <b>Fund Balance</b>		
Nonspendable: Prepays	12,833	12,834
Unassigned (Deficit)	<u>(922,289)</u>	<u>(750,639)</u>
 Total Fund Balance (Deficit)	 <u>(909,456)</u>	 <u>(737,805)</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 <u>\$ 967,732</u>	 <u>\$ 718,979</u>

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Statements of Revenues, Expenditures and Changes in Fund Balance**  
For the Years Ended December 31, 2015 and 2014

	2015	2014
<b>REVENUES</b>		
Community Development Block Grant	\$ 1,093,792	\$ 760,334
Program income	264,439	256,058
Lease and rental income	259,123	266,367
Miscellaneous local sources	216,566	65,430
 Total Revenues	 1,833,920	 1,348,189
 <b>EXPENDITURES</b>		
Community Development Block Grants:		
Town-wide rehabilitation program	991,735	519,096
Rehabilitation administration	45,792	111,468
Planning and program support	145,851	150,259
Huntington Station revitalization	15,141	-
Fair housing education	7,125	7,500
Family service league	9,839	6,237
Reach CYA	5,497	14,003
Handicapped accessibility	82,011	-
 Total Community Development Block Grant Expenditures	 1,302,991	 808,563
 Other Expenses:		
Other non-federal expenditures	432,394	324,772
Other expenditures	270,186	486,915
 Total Program Expenditures	 2,005,571	 1,620,250
 Net Change in Fund Balance	 (171,651)	 (272,061)
 Fund Balance (Deficit) - January 1	 (737,805)	 (465,744)
 Fund Balance (Deficit) - December 31	 \$ (909,456)	 \$ (737,805)

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**1. ORGANIZATION AND PURPOSE**

**Organization**

The Town of Huntington Community Development Agency (the "Agency") is a public benefit corporation created by New York State legislation. The purpose of the Agency is to act on behalf of the Town of Huntington, New York (the "Town") to promote the safety, health and welfare of the Town's inhabitants and to promote the sound growth and development of the Town. The Agency's principal source of revenue is from grants from the United States Department of Housing and Urban Development (HUD). The Agency is responsible for complying with the terms of the grant agreements. The Town Board presides as the Agency's Board. The Agency's management is designated by the Town Board. The Town Board is completely accountable for fiscal matters. The Agency is a blended component unit of the Town of Huntington and is reported by the Town as a special revenue fund.

These financial statements present only the Town of Huntington Community Development Agency, and do not purport to, and do not, present fairly the financial position of the Town of Huntington, New York, as of December 31, 2015 and 2014, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

**A. Financial Reporting Entity**

The Agency is a public benefit corporation created by New York State legislation, with the Town of Huntington as its sole member.

**B. Measurement Focus and Basis of Accounting**

The Agency uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when measurable and available. Available means collectible within the current period or within 60 days after year end. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met. Expenditures are recorded when the related liability is incurred, except for compensated absences which are recorded when due and payable. General capital asset acquisitions are reported as expenditures.

The modified accrual basis of accounting does not reflect any long-term assets or long-term liabilities of the Agency in the accompanying financial statements. These amounts are reflected in the government-wide financial statements of the Town.

**C. Federal Programs**

The Agency receives funds to provide housing assistance to low income families in Huntington, New York through various federal programs. Programs provide grants to individuals or organizations for the purchase, construction and rehabilitation of single and multi-family residential properties.

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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Revenue is recognized as qualifying expenditures are incurred under these programs. Funding from these programs has been fully utilized or obligated as of December 31, 2015 and 2014.

Federal program funds are also received for the purpose of making low interest loans to qualified borrowers. As these loans are collected, the funds must be re-loaned under the same restrictions. These funds are included in net income when received and remain in fund balance, subject to the program use restrictions, as long as the program is available under federal regulations.

**D. Program Income**

Program income represents revenue received from individuals as repayment of the loans the Agency provides for rehabilitation of their homes. The Agency has two loan programs: a fixed-rate loan and a deferred loan program. The Agency has secured these loans with Suffolk County by filing a lien on the borrower's property.

Under the fixed rate loan program, the individual homeowner is required to make monthly payments at a low interest rate to the Agency. As of December 31, 2015 and 2014, there is one outstanding loan with a balance of \$8,676 and \$10,826 with monthly installments of \$350 and \$240, respectively. This loan is long term and is not reflected in the financial statements which are prepared on a modified accrual basis.

Under the deferred rate loan program, no monthly payments are made. However, upon death of the homeowner(s), sale or refinancing of the home, the loan is repaid by the homeowner. The money received from the repayment is credited to the rehabilitation budget and spent on the deferred rate loan program. The amounts outstanding under the deferred rate loan program as of December 31, 2015 and 2014 are \$5,088,426 and \$4,895,603, respectively, are long term and are not reflected in the financial statements which are prepared on a modified accrual basis.

Program income received is restricted 80% for program purposes and 20% for administrative purposes.

**E. Lease and Rental Income**

The Agency receives rental income from lease agreements on various properties it owns within the Town of Huntington. As of December 31, 2015 and 2014, this property was comprised of four houses, two rental apartments, and three storefronts which are month to month cancellable leases. Rental income for these properties totaled \$131,123 and \$141,367 for the years ended December 31, 2015 and 2014, respectively.

In addition, the Agency has a land lease in which they currently receive a minimum of \$10,000 in rental income on a monthly basis for a ninety-nine year land lease which expires in the year 2100. In addition, the Agency receives \$1,000 for each unit sold on the land every year. Total income for this lease and rental for the years ended December 31, 2015 and 2014, was \$128,000 and \$125,000, respectively.

**F. Miscellaneous Local Sources**

Miscellaneous local source revenue primarily consists of application fees for low income housing, support of affordable housing programs, down payment assistance repayments, interest income, and miscellaneous donations. In addition, the Agency receives local funding in support of the operation of the Huntington Opportunities Resource Center ("HORC").

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**G. Compensated Absences**

Employees of the Agency are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service and other factors. The compensated absences liability at December 31, 2015 and 2014 was approximately \$193,636 and \$188,000, respectively. The Town of Huntington, New York is responsible for the compensated absence liability of the Agency; as such the liability has been recorded on the Town of Huntington, New York's financial statements as long-term debt. Accordingly, no liability has been recorded in the accompanying balance sheets. The Agency's policy is to recognize the costs of compensated absences when actually paid.

**H. Income Taxes**

The Agency is a public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

**I. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and bank deposits.

**J. Rental Receivables**

Receivables are shown net of an allowance for uncollectibles, if any. However, no allowance for uncollectibles has been provided since it is believed that such allowance would not be material.

**K. Due from Other Governments**

This amount represents amounts owed to the Agency for the community development block grant.

**L. Prepaids**

This amount represents prepayments of expenses for health insurance and property insurance.

**M. Due to Town of Huntington**

The balance represents amounts owed to the Town of Huntington to financially support the operations of the Agency. This liability primarily consists of a portion of salaries and benefits for employee costs that are not reimbursed through federal funds.

**N. Deferred Inflows of Resources**

Deferred inflows of resources represents \$25,000 to be used for advertising of affordable housing units in a future period and will not be recognized as revenue until that purpose has been met.

**O. Fund Balance Classifications**

The financial statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable - Includes amounts that cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. This includes fund balance related to inventories, prepaids, long-term loans and notes receivable and property held for resale (unless

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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the proceeds are restricted, committed or assigned). The Agency utilizes the non-spendable fund balance for prepaid insurance expense.

Restricted – Includes amounts that can be spent only for specific purposes stipulated by constitutional provisions, enabling legislation or external resource providers such as creditors, grantors, contributors or laws/regulations of other governments. The Agency has no resources that meet this criteria.

Committed – Includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the Board, the highest level of decision-making authority. These constraints can only be removed by the same formal action of the Board. The Agency has no resources that meet this criteria.

Assigned – Includes amounts that are constrained by the Agency's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The entity Board is not required to impose or remove the constraint. Assignments cannot be made if it would result in a negative unassigned fund balance. The Agency has no resources that meet this criterion.

Unassigned – Reports a deficit fund balance resulting from overspending for the Agency's specific purpose for which amounts are otherwise constrained.

**P. 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.

**3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Deficit Fund Balance**

The Agency has an unassigned fund balance deficit of \$922,289 and \$750,639 at December 31, 2015 and 2014, respectively. The Board and management of the Agency are addressing this deficit through a multi-year plan. As part of this plan, the Agency shall receive a 1% administration fee to monitor the sale or resale and rental of certain incoming affordable units, as well as a set administration fee for certain incoming affordable rental units, in compliance with the Town of Huntington Affordable Housing Law. The anticipated administration fee for this monitoring is expected to offset the Agency's deficit and the amount due to the Town. In 2015, the Agency entered into memorandum of understanding agreements with the Town of Huntington Economic Development Corporation and the Town of Huntington Local Development Corporation to receive local funding in support of the HORC to assist in the support of programs for the unemployed and underemployed residents of the Town of Huntington. In addition, the Agency is currently investigating the feasibility of disposing of real property to address and mitigate future budgetary concerns.

**4. CASH EQUIVALENTS**

**Cash in Banks**

The Agency's investment policies are governed by state statutes and Agency policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S.

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and deposits are as follows:

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

The aggregate bank balances were fully collateralized and covered by FDIC insurance at year end.

**5. RELATED PARTY TRANSACTIONS**

The Agency is related through a common board with the Town of Huntington. The Town Board serves as the Directors of the Agency. The Agency has certain expenses paid for by the Town of Huntington, who then bills the Agency for the amounts paid. The net amount due to the Town of Huntington (payable) at December 31, 2015 and 2014 is \$1,624,638 and \$1,350,054, respectively.

**6. COMMITMENTS AND CONTINGENCIES**

The Agency receives a substantial portion of its funding from contracts and grants which are subject to reviews and audits by government agencies. Such reviews and audits may result in withholding of funds or disallowances and a request for a return of funds.

The Agency has a land lease in which they currently receive a minimum of \$10,000 on a monthly basis for a ninety-nine year land lease which expires in the year 2100.

The future minimum lease payments due to the Agency on this lease are as follows:

2016	\$ 120,000
2017	120,000
2018	120,000
2019	120,000
2020	128,333
2021 and thereafter	<u>16,461,667</u>
	<u>\$ 17,070,000</u>

In 2015, the Agency entered into a Memorandum of Understanding ("MOU") with Huntington Local Development Corporation ("LDC") and Huntington Economic Development Corporation, in support of the Agency's operation of the HORC. The HORC was launched by the Agency in conjunction with the County of Suffolk's Departments of Labor and Social Services to assist the unemployed and underemployed residents of the Town of Huntington in the areas of employment readiness and job training. The amount of support is discretionary and may vary from year to year. In 2015, the Agency received financial support in connection with these MOU's of \$35,000.

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**7. SUBSEQUENT EVENTS**

The Agency has evaluated subsequent events through March 10, 2016, the date the financial statements were available to be issued. The Agency has concluded that no subsequent events have occurred that require recognition or disclosure.

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Schedule of Assets Owned**  
December 31, 2015

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Commercial property (Building) 1: Huntington Station, NY	(a)	\$ 1,500,000	November 2005 Appraisal
Commercial property (Vacant land) 2: Huntington Station, NY	(a)	778,000	2010 Historical Cost
Residential property 1: Huntington Station, NY	(a)	225,000	Market Evaluation by Realtor
Residential property 2: Huntington Station, NY	(a)	260,000	October 2014 Appraisal
Residential property 3: Huntington Station, NY	(a)	200,000	Market Evaluation by Realtor
Residential property 4: Huntington Station, NY	(a)	<u>200,000</u>	Market Evaluation by Realtor
Total value of property owned		<u>\$ 3,163,000</u>	

(a) As of December 31, 2015 there are no liens, judgments or mortgages on these properties

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2015

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<u>Federal Grantor/Program</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Community Development Block Grant	14.218	<u>\$ 1,302,991</u>

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**Notes to Schedule of Expenditures of Federal Awards**  
For the Year Ended December 31, 2015

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**1. GENERAL**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs administered by the Town of Huntington Community Development Agency (Agency), which is described in Note 2 to the Agency's accompanying financial statements, using the modified accrual basis of accounting. Because the schedule presents only of the operation of the Town of Huntington Community Development Agency, it is not intended to and does not present the expenditures of federal awards of the Town of Huntington. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the Agency's share of program costs) are not included in the reported expenditures.

Expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through numbers are presented where available.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the Agency's financial reporting system.

**2. SUBRECIPIENTS**

Of the federal expenditures in the schedule, the Agency provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA No.</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant	14.218	\$ 22,461

**3. OTHER DISCLOSURES**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the Agency's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**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**

Town Board Members  
Town of Huntington Community Development Agency  
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 Community Development Agency (Agency), a component unit of the Town of Huntington, New York, which comprise the balance sheet as of December 31, 2015, and the related statement of revenues, expenditures and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2016.

**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 opinion 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 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 Agency'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 Agency's internal control and compliance. According, this communication is not suitable for any other purpose.

*Cullen & Danowski, LLP*

March 10, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Town Board Members  
Town of Huntington Community Development Agency  
Huntington, New York

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Huntington Community Development Agency's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Huntington Community Development Agency's major federal programs for the year ended December 31, 2015. The Town of Huntington Community Development Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Town of Huntington Community Development Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Huntington Community Development Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Huntington Community Development Agency's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Town of Huntington Community Development Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

## Report on Internal Control Over Compliance

Management of the Town of Huntington Community Development Agency is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Huntington Community Development Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Huntington Community Development Agency's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cullen & Danowski, LLP*

March 10, 2016

**TOWN OF HUNTINGTON COMMUNITY DEVELOPMENT AGENCY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended December 31, 2015

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**1. SUMMARY OF AUDITOR'S RESULTS**

- A. The auditor's report expresses an unmodified opinion on the financial statements.
- B. No significant deficiencies in internal control were disclosed by the audit of the financial statements.
- C. No instances of noncompliance material to the financial statements were disclosed during the audit.
- D. No significant deficiencies in internal control over major programs were disclosed by the audit.
- E. The auditor's report on compliance for the major programs expresses an unmodified opinion.
- F. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in Part 3 of this Schedule.
- G. The program tested as a major program was:

U.S. Department of Housing and Urban Development  
Community Development Block Grant

CFDA No. 14.218

- H. The dollar threshold used to distinguish between Type A and B programs was \$300,000.
- I. The Town of Huntington Community Development Agency qualified as a low-risk auditee.

**2. FINANCIAL STATEMENTS FINDINGS**

There are no findings to be reported.

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are no findings or questioned costs to be reported.

