

THE TOWN OF HUNTINGTON
LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED 2012

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INDEPENDENT AUDITORS' REPORT

To the Town Board Members of the
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, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Organization'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.

Auditor's Responsibility

Our responsibility is to express an opinion 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 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 of 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 Organization'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 Organization'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.

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, as of December 31, 2012, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2013, on our consideration of the Organization'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 an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Israeloff, Trattner & Co. P.C.

Garden City, New York
April 1, 2013

THE TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

This management's 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, 2012. Please read this in conjunction with the basic financial statements and the accompanying notes to those statements.

Financial Highlights

The Organization's total assets increased by \$199,914 during 2012. The increase in assets is due to an administrative fee on bond financing earned in 2012 less certain expenses.

The Organization's total revenues are due to an administrative fee on bond financing. The Organization did not incur any mission related expenses in 2012 as this was the initial year of operation.

As of December 31, 2012, the Organization reported net assets of \$199,914.

Basic 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 of the Organization have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to proprietary funds on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Analysis of Financial Position and Results of Operations

The Organization's net assets at December 31, 2012 were \$199,914.

Analysis of Balances and Transactions

The Organization reported net assets of \$199,914 for the year ended December 31, 2012.

THE TOWN OF HUNTINGTON
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF NET ASSETS
DECEMBER 31, 2012

ASSETS

Cash	<u>\$ 199,914</u>
Total Assets	<u>\$ 199,914</u>

NET ASSETS

NET ASSETS	
Unrestricted	<u>199,914</u>
Total Net Assets	<u>\$ 199,914</u>

See accompanying notes and independent auditors' report.

THE TOWN OF HUNTINGTON
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUES

Fee Income	<u>\$ 201,480</u>
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OPERATING EXPENSES

Advertising	1,440
Printing	<u>126</u>

Total Program Expenses	<u>1,566</u>
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Increase in net assets	199,914
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Net assets - beginning	<u>-</u>
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Net assets - end	<u><u>\$ 199,914</u></u>
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See accompanying notes and independent auditors' report.

THE TOWN OF HUNTINGTON
LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Bond issuance fee received	\$ 200,980
Application fee received	500
Payments for operating expenses	<u>(1,566)</u>
Net cash provided by operating activities	199,914
CASH AND CASH EQUIVALENTS - beginning	<u>-</u>
CASH AND CASH EQUIVALENTS - end	<u>\$ 199,914</u>

RECONCILIATION OF NET OPERATING REVENUES
(EXPENSES) TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 199,914
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Net cash provided (used) by operating activities	<u>\$ 199,914</u>

See accompanying notes and independent auditors' report.

THE TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Town of Huntington Local Development Corporation (the "Organization"), a component unit of the Town of Huntington, was incorporated on April 7, 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York by the Town Board of the Town of Huntington. The mission of the Organization is to conduct activities that will relieve and reduce unemployment, promote and provide for maximum employment, improve and maintain job opportunities, lessen the burdens of governments and act in the public interest. The Organization will from time to time sponsor conduit financing and earn a fee income to support its mission. The Town of Huntington 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. The Town of Huntington is not liable for the Organization's bonds or notes. There were no financial activities for the years ended December 31, 2011 and 2010.

The financial statements present only the Organization, and do not purport to, and do not, present fairly the financial position of the Town of Huntington, New York, as of December 31, 2012, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to proprietary funds on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The government-wide financial statements are the same as the fund financial statements for proprietary funds, so no additional adjustments or schedules were necessary. The first of these government-wide statements is the Statement of Net Assets. This is the Organization-wide statement of position presenting information that includes all of the Organization's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Organization as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities which reports how the Organization's net assets changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid.

RELATED PARTY

The Organization is related through common management with the Town of Huntington. The Town Board serves as Directors of the Organization. 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.

THE TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

INCOME TAXES

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

NET ASSETS CLASSIFICATION

Net assets are categorized as follows:

- a) Invested in capital assets, net of related debt – 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 assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

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.

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.

THE TOWN OF HUNTINGTON LOCAL DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

NEW ACCOUNTING STANDARD ADOPTED

During 2012, the Organization adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* ("GASB 62"). GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the criteria to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

RECENT ACCOUNTING GUIDANCE

During 2012, the Governmental Accounting Standards Board (GASB) issued various updates application of hedge accounting termination provisions, deferred outflows and inflows of resources, financial reporting on pensions plans, and government combinations and disposals of government operations. These, and other updates, are either not yet effective for the Organization's financial statements or, when effective, will not or did not have a material impact on the Organization's financial statements upon adoption.

SUBSEQUENT EVENTS

The Organization has evaluated all events through April 1, 2013, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.

2. REVENUE BONDS

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 or 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 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 result, the Organization does not reflect such bonds or related properties on its financial statements. At December 31, 2012, local development revenue bonds authorized and outstanding were \$19,654,000.



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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*

To the Town Board Members
The 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 the 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 (the "Organization"), a component unit of the Town of Huntington, New York, as of and for the year ended December 31, 2012, the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated April 1, 2013.

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 Organization'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 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 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 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. Accordingly, this communication is not suitable for any other purpose.

Israeloff, Trattner & Co. P.C.

Garden City, New York
April 1, 2013