

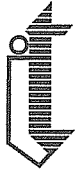
HUNTINGTON COMMUNITY DEVELOPMENT AGENCY

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED 2011 AND 2010

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# Israeloff, Trattner & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • FINANCIAL CONSULTANTS

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Other Office  
New York, NY

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Huntington Community Development Agency, a special grant fund and component unit of the Town of Huntington, New York, as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Huntington Community Development Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Huntington Community Development Agency, a special grant fund, and do not purport to, and do not, present fairly the financial position of the Town of Huntington, New York, as of December 31, 2011 and 2010, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Huntington Community Development Agency, as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming opinions on the financial statements of the Huntington Community Development Agency's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Israeloff, Trattner & Co. P.C.*

Garden City, New York  
June 22, 2012

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
BALANCE SHEETS  
DECEMBER 31,

ASSETS

	2011	2010
Cash	\$ 670,709	\$ 285,037
Accounts Receivable	7,675	12,583
Due from NYS	-	21,539
Due from other governments	60,797	121,899
Prepaid expenses	-	7,057
 Total Assets	 \$ 739,181	 \$ 448,115

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 85,456	\$ 160,489
Due to other governments	533,267	301,047
Deferred revenue	750	6,248
Security deposits payable	11,481	13,468
 Total Liabilities	 630,954	 481,252

FUND BALANCE

Non-spendable		
Prepays	-	7,057
Unassigned:		
General fund	108,227	(40,194)
 Total Fund Balance	 108,227	 (33,137)
 Total Liabilities and Fund Balance	 \$ 739,181	 \$ 448,115

See accompanying notes and independent auditors' report.

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
 STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 FOR THE YEARS ENDED DECEMBER 31,

	2011	2010
<b>REVENUES</b>		
Federal Aid:		
Community Development Block Grant	\$ 974,435	\$ 1,831,413
Program income	195,244	103,751
Miscellaneous local sources	655,092	868,226
 Total Revenues	 1,824,771	 2,803,390
 <b>EXPENDITURES</b>		
Community Development Block Grants:		
Town wide rehabilitation program	635,309	821,106
Rehabilitation administration	219,013	144,505
Planning and program support	43,093	348,705
Huntington Station revitalization	27,283	215,378
Fair housing education	11,209	10,560
John J. Flanagan Center	7,227	47,256
Millenium Hills	25,000	12,012
Reach CYA	52	-
Restore and access home	131,052	65,756
Town down payment assistance	82,413	290,425
Economic development	-	35,926
Stimulus HS	-	242,411
EDI Grant	6,248	193,752
Suffolk County Incubator Funds	-	150,000
EDC Mainstreet	78,461	21,539
Family Self Sufficiency	-	4,200
Handicap Barrier Removal	-	18,730
Other non-federal expenditures	183,134	355,199
Other expenses	233,913	15,522
 Total Program Expenditures	 1,683,407	 2,992,982
 Net Change in Fund Balance	 141,364	 (189,592)
 Fund balance - beginning	 (33,137)	 156,455
 Fund balance - end	 \$ 108,227	 \$ (33,137)

See accompanying notes and independent auditors' report.

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 141,364	\$ (189,592)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
(Increase) decrease in accounts receivable	4,908	(12,583)
(Increase) decrease in due from NYS	21,539	(21,539)
(Increase) decrease in due from other governments	61,102	(88,563)
Decrease in prepaid expenses	7,057	4,632
Increase (decrease) in accounts payable	(75,033)	78,511
Increase in due to other governments	232,220	172,376
Decrease in deferred revenue	(5,498)	(80,427)
Increase (decrease) in security deposits payable	(1,987)	21
Net cash provided (used) by operating activities	385,672	(137,164)
CASH AND CASH EQUIVALENTS - beginning	285,037	422,201
CASH AND CASH EQUIVALENTS - end	\$ 670,709	\$ 285,037

See accompanying notes and independent auditors' report.

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The 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 Huntington Community Development 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 component unit of the Town of Huntington and is reported by them as a special revenue fund in accordance with Governmental Accounting Standards Board (GASB) Statement 14 and as amended by GASB Statement 39.

These financial statements present only the Huntington Community Development Agency, a special grant fund, and do not purport to, and do not, present fairly the financial position of the Town of Huntington, New York, as of December 31, 2011 and 2010, 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.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, e. g. expenditures.

The Agency uses the modified accrual basis of accounting, whereby revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when incurred.

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. Under the fixed rate loan program, the individual homeowner is required to make monthly payments at a low interest rate to the Agency. 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.



HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

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. Revenue is recognized as expenses are incurred under these programs. Funding from these programs has been fully utilized or obligated as of December 31, 2011.

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.

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. Compensated absences liability for 2011 and 2010 was approximately \$102,000 and \$88,000, 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 sheet. The Agency's policy is to recognize the costs of compensated absences when actually paid.

CONCENTRATION OF CREDIT RISK

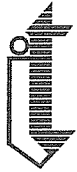
At December 31, 2011, the carrying amount of the Agency's deposits was \$670,709. The Agency's bank deposits were fully covered by FDIC insurance.

DEFERRED REVENUE

Deferred revenues represent grant funds that have been received but not yet spent.

NEW ACCOUNTING PRINCIPLES

Effective with this financial report for the year ended December 31, 2010, the Agency has adopted Governmental Accounting Standards Board (GASB) issued authoritative guidance on *Fund Balance Reporting and Governmental Fund Type Definitions* that defines the different types of fund balances that a government entity must use for financial reporting purposes.



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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  
Huntington Community Development Agency  
Huntington, New York

We have audited the financial statements of the Huntington Community Development Agency (the "Agency"), a component unit of the Town of Huntington, New York, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

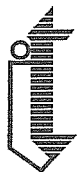
## Compliance and Other Matters

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*.

This report is intended solely for the information and use of management, the Town Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Israeloff, Trattner & Co. P.C.*

Garden City, New York  
June 22, 2012



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Town Board Members  
Huntington Community Development Agency  
Huntington, New York

### Compliance

We have audited the Huntington Community Development Agency, (the "Agency") a component unit of the Town of Huntington, New York, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2011. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, the Agency complied, in all material respects, with the 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, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133.

## Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance to OMB Circular A-133, 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 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 a 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.

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 over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Huntington Community Development Agency, a special grant fund and component unit of the Town of Huntington, New York, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 22, 2012. Our audit was conducted for the purpose of forming an opinion on the financial statements of the Huntington Community Development Agency. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 financial statements. The information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Town Board, and federal award agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Israeloff, Trattner & Co. P.C.*

Garden City, New York  
June 22, 2012

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant	14.218	\$ <u>968,186</u>
Total Expenditures of Federal Awards		\$ <u>968,186</u>

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Huntington Community Development Agency and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the Huntington Community Development Agency provided none of its federal awards to sub-recipients.



HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Huntington Community Development Agency.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Huntington Community Development Agency, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are disclosed in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Huntington Community Development Agency expresses an unqualified opinion.
6. There are no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this Schedule.

HUNTINGTON COMMUNITY DEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS (CONTINUED)

7. The programs tested as major programs include:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	U.S. Department of Housing and Urban Development: Community Development Block Grant

8. The threshold used for distinguishing between Type A and B programs was \$300,000.

9. Huntington Community Development Agency qualified as a low risk auditee.

SECTION II: - FINANCIAL STATEMENT FINDINGS

None

SECTION III: - MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV: - FOLLOW UP OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None