

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2015 AND 2014**

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
DECEMBER 31, 2015 AND 2014**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Independent Auditors' Report</b>	1-2
<b>Management's Discussion and Analysis</b>	I - III
<b>Financial Statements</b>	
Balance sheets	3
Statements of revenues, expenses and changes in net assets	4
Statements of cash flows	5
Notes to financial statements	6-7
<b>Required Supplementary Information</b>	
Budgetary comparison schedules	8-9

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Suffolk County Economic Development Corporation  
Hauppauge, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Suffolk County Economic Development Corporation (the Corporation), a component unit of the County of Suffolk, New York as of December 31, 2015 and 2014, and for the years then ended, and the related notes to the financial statements, which collectively comprise the Suffolk County Economic Development Corporation's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Suffolk County Economic Development Corporation's 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 audits 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.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Suffolk County Economic Development Corporation as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I-III and 8-9 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 evidence sufficient 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 June 7, 2016 on our consideration of the Suffolk County Economic Development Corporation'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 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 Suffolk County Economic Development Corporation's internal control over financial reporting and compliance.

*Fuoco Group, LLP*

Hauppauge, New York  
June 7, 2016

**MANAGEMENT'S DISCUSSION**  
**AND ANALYSIS**

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the Suffolk County Economic Development Corporation's (the Corporation) financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2015. Please read this in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**Financial Highlights:**

The assets of the Corporation exceeded its liabilities at December 31, 2015 by \$1,201,910.

The Corporation's total assets increased by \$228,495 during 2015.

The Corporation's operating revenues decreased by \$298,894 during 2015. The number of projects and the project amounts decreased from the previous year.

As of December 31, 2015, the Corporation reported net assets of \$1,201,910, an increase of \$228,195 for the year then ended.

**Financial Statements:**

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

The financial statements present the financial picture of the Corporation, which is a proprietary type fund and, accordingly, reflects business-type activities. These statements include all assets of the Corporation.

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

The balance sheet and statement of revenues, expenses and changes in net assets report information about the Corporation as a whole and about its activities. These statements include all assets of the Corporation using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are then taken into account regardless of when cash is received or paid. These two statements report the Corporation's net assets and change in net assets. A net asset is the difference between assets and liabilities, which is one way to measure the corporation's financial health, or financial position. Over time, increases or decreases in the Corporation's net assets are one indicator of whether its financial health is improving or deteriorating.

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Condensed Financial Statements:

Condensed Balance Sheets at December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current assets	\$ 1,212,610	\$ 984,115	\$ 228,495	23.22%
Total assets	<u>\$ 1,212,610</u>	<u>\$ 984,115</u>	<u>\$ 228,495</u>	23.22%
Current liabilities	\$ 10,700	\$ 10,400	\$ 300	2.88%
Total liabilities	<u>10,700</u>	<u>10,400</u>	<u>300</u>	2.88%
Net assets:				
Unrestricted	1,201,910	973,715	228,195	23.44%
Total net assets	<u>1,201,910</u>	<u>973,715</u>	<u>228,195</u>	23.44%
Total liabilities and net assets	<u>\$ 1,212,610</u>	<u>\$ 984,115</u>	<u>\$ 228,495</u>	23.22%

Condensed Statements of Revenues, Expenses, and Change in Net Assets  
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>	<u>Dollar Change Favorable (Unfavorable)</u>	<u>Percentage Change Favorable (Unfavorable)</u>
Total revenue	\$ 303,699	\$ 602,593	\$ (298,894)	-49.60%
Total expenses	<u>75,504</u>	<u>26,611</u>	<u>48,893</u>	183.73%
Net income	228,195	575,982	(347,787)	-60.38%
Net assets, January 1	973,715	397,733	575,982	144.82%
Net assets, December 31	<u>\$ 1,201,910</u>	<u>\$ 973,715</u>	<u>\$ 228,195</u>	23.44%

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Analysis of Financial Position and Results of Operations:**

The Corporation's net assets at December 31, 2015 was \$1,201,910.

Operating revenue decreased by \$298,978. The number of projects and the project amounts decreased from the previous year.

**Analysis of Balances and Transactions:**

The Corporation reported net assets of \$1,201,910 for the year ended December 31, 2015.

**Budgetary Analysis:**

There were no differences between the original adopted budget and the final budget.

Total revenue exceeded budgeted amounts by \$102,299.

Total expenses were less than budgeted amounts by \$97,496.

**FINANCIAL STATEMENTS**

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
BALANCE SHEETS  
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,212,610	\$ 984,115
Total assets	<u>\$ 1,212,610</u>	<u>\$ 984,115</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accrued expenses	\$ 10,700	\$ 10,400
Total liabilities	<u>10,700</u>	<u>10,400</u>
 <b>Net assets</b>		
Unrestricted	<u>1,201,910</u>	<u>973,715</u>
Total net assets	<u>1,201,910</u>	<u>973,715</u>
Total liabilities and net assets	<u>\$ 1,212,610</u>	<u>\$ 984,115</u>

See notes to financial statements.

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Bond issuance fees	\$ 299,227	\$ 592,030
Annual reporting compliance fee	3,000	6,000
Document processing fees	825	-
Application fees	-	4,000
Total operating revenues	303,052	602,030
Interest income	647	563
Total revenue	303,699	602,593
<b>EXPENSES</b>		
Accounting	10,700	10,400
Legal	7,289	4,261
Marketing	17,086	11,950
Outside services	40,429	-
Total expenses	75,504	26,611
<b>CHANGE IN NET ASSETS</b>	228,195	575,982
<b>NET ASSETS, BEGINNING OF YEAR</b>	973,715	397,733
<b>NET ASSETS, END OF YEAR</b>	\$ 1,201,910	\$ 973,715

See notes to financial statements.

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 228,195	\$ 575,982
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase in accrued expenses	<u>300</u>	<u>300</u>
Net cash provided by operating activities	228,495	576,282
<b>CASH AT BEGINNING OF YEAR</b>	<u>984,115</u>	<u>407,833</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 1,212,610</u></u>	<u><u>\$ 984,115</u></u>

See notes to financial statements.

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 –NATURE OF ORGANIZATION**

The Suffolk County Economic Development Corporation (the Corporation) was formed on March 25, 2010 and is a corporation as defined in Subparagraph (a) (5) of Section 102 of the New York Not-for-Profit Corporation Law and is a local development corporation pursuant to Section 201 of said law, and has all the powers conferred by Section 1411(c) of said law.

The Corporation is governed by a seven member Board of Directors whose members are appointed by the Suffolk County Legislature and is considered a component unit of Suffolk County.

All governmental activities and functions performed for the Corporation are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes functions and activities over which appointed Corporation directors exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designations of management and ability to significantly influence operations and accountability for fiscal matters.

**NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**Basis of Accounting** - The Corporation utilizes the accrual basis of accounting and the flow of all economic resources (measurement focus). This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises and revenues are recorded when earned and expenses are recorded when incurred.

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, investments with maturities of three months or less when purchased are considered cash equivalents.

**Subsequent Events** - The Corporation has evaluated subsequent events and transactions that occurred through June 7, 2016, which is the date the financial statements were issued, for possible disclosure and recognition in the financial statements.

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Corporation's investment policies are governed by State statutes. In addition, the Corporation has its own written investment policy. The Corporation's monies must be deposited into Federal Deposit Insurance Corporation (FDIC) insured banks authorized to do business in New York State.

Collateral is required for accounts not fully secured by federal deposit insurance.

Periodically, the Corporation determines that the collateral or underlying securities have an adequate market value and have been segregated.

The Corporation's cash accounts at December 31, 2015 and 2014 were entirely covered by federal deposit insurance or collateral held in the pledging bank's trust department, but not in the Corporation's name.

**NOTE 4 – CONDUIT BONDS**

From time to time, the Corporation has issued Economic Development Revenue Bonds to provide financial assistance to primarily not-for-profit private sector entities for the acquisition and construction of not-for-profit, industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the Corporation, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements as the bonds are considered conduit debt. As of December 31, 2015, there were 19 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$463,823,977. As of December 31, 2014 there were 17 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$398,362,435.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
EDC Fee income	\$ 200,000	\$ 200,000	\$ 302,227	\$ 102,227
Document processing income	1,000	1,000	825	(175)
Interest income	400	400	647	247
Total revenues	<u>201,400</u>	<u>201,400</u>	<u>303,699</u>	<u>102,299</u>
<b>EXPENSES</b>				
Accounting	11,000	11,000	10,700	300
Legal	7,000	7,000	7,289	(289)
Marketing	100,000	100,000	17,086	82,914
Legal notices	2,000	2,000	-	2,000
Outside services	48,000	48,000	40,429	7,571
Miscellaneous expenses	5,000	5,000	-	5,000
Total expenses	<u>173,000</u>	<u>173,000</u>	<u>75,504</u>	<u>97,496</u>
<b>REVENUES OVER EXPENSES</b>	<u>\$ 28,400</u>	<u>\$ 28,400</u>	<u>\$ 228,195</u>	<u>\$ 4,803</u>

See Independent Auditors' Report

**SUFFOLK COUNTY  
ECONOMIC DEVELOPMENT CORPORATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
EDC Fee income	\$ 150,000	\$ 150,000	\$ 602,030	\$ 452,030
Document processing income	1,000	1,000	-	(1,000)
Interest income	500	500	563	63
Total revenues	<u>151,500</u>	<u>151,500</u>	<u>602,593</u>	<u>451,093</u>
<b>EXPENSES</b>				
Accounting	10,500	10,500	10,400	100
Legal	5,000	5,000	4,261	739
Marketing	100,000	100,000	11,950	88,050
Legal notices	2,000	2,000	-	2,000
Miscellaneous expenses	5,000	5,000	-	5,000
Total expenses	<u>122,500</u>	<u>122,500</u>	<u>26,611</u>	<u>95,889</u>
<b>REVENUES OVER EXPENSES</b>	<u>\$ 29,000</u>	<u>\$ 29,000</u>	<u>\$ 575,982</u>	<u>\$ 355,204</u>

See Independent Auditors' Report