

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of 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 and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Corporation'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 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 Corporation'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 Corporation'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.

To the Members of the Board of Directors
Suffolk County Economic Development Corporation

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 Corporation as of December 31, 2020 and 2019 and the respective changes in financial position and cash flows thereof 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 on pages 3 through 5 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 audits 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 22, 2021, on our consideration of the Corporation'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 solely 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 effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

Sheehan & Company CPA, P.C.

Brightwaters, New York
April 22, 2021

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

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

This section represents management's discussion and analysis of the Suffolk County Economic Development Corporation's (the "Corporation"), a component unit of the County of Suffolk, New York (the "County"), financial condition and activities for the years ended December 31, 2020 and 2019. Please read this information in conjunction with the financial statements.

Financial Highlights:

- The assets of the Corporation exceeded its liabilities at the close of 2020 and 2019 by \$780,338 and \$739,177, respectively. These funds are unrestricted and available to maintain the Corporation's continuing obligations.
- The Corporation's total net position increased by \$41,161 (or 6%) for the year ended December 31, 2020 and decreased by \$287,548 (or 28%) for the year ended December 31, 2019.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Corporation's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Corporation's strategic plan, operating plan, bond covenants and other management tools were used for this analysis.

The financial statements report information about the Corporation, which is a self-supporting entity that follows enterprise-type fund reporting. The Corporation applies full accrual accounting methods as used by similar business activities in the private sector. These statements offer short and long-term financial information.

The financial statements include statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows and notes to the financial statements. The statements of net position include all of the Corporation's assets and liabilities, with the difference reported as net position.

The statements of revenues, expenses, and changes in net position presents the results of the Corporation's activities over the course of the year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. These statements also provide information about whether the Corporation has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statements of cash flows present changes in cash and cash equivalents resulting from operating and other activities.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Corporation's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

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

FINANCIAL ANALYSIS OF THE CORPORATION

One of the most important objectives of the financial analysis is to determine if the Corporation is better or worse off as a result of the year's activities. The statements of net position and the statements of revenues, expenses, and changes in net position provide useful information in this regard. The statements report the net position of the Corporation and the changes in net position. The amount of net position, the difference between total assets and total liabilities is a significant measure of the financial health or financial position of the Corporation. Over time, increases or decreases in the Corporation's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation should be considered in evaluating the financial condition of the Corporation.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

Net Position

A summary of the Corporation's condensed statements of net position for the years ended December 31st are presented as follows:

	2020	2019	2018
ASSETS			
Current assets and other assets	\$ 836,048	\$ 794,145	\$ 1,081,391
Total Assets	836,048	794,145	1,081,391
LIABILITIES			
Current liabilities	55,710	54,968	54,666
Total Liabilities	55,710	54,968	54,666
NET POSITION			
Unrestricted	780,338	739,177	1,026,725
Total Net Position	\$ 780,338	\$ 739,177	\$ 1,026,725

Total assets as of December 31, 2020 were \$836,048, which exceeded total liabilities of \$55,710 by \$780,338 (net position). The Corporation's net position was unrestricted, which is available to support operations. Total assets increased by \$41,903 at December 31, 2020 compared to 2019, primarily due to the increase in cash as a result of the current year operating gains. Total liabilities increased by \$742 at December 31, 2020 compared to 2019, primarily due to an increase in accounts payable and accrued expenses. The Corporation's net position increased by \$41,161 in the current year primarily due to an increase in bond issuance fees, offset by program support services.

Total assets as of December 31, 2019 were \$794,145, which exceeded total liabilities of \$54,968 by \$739,177 (net position). The Corporation's net position was unrestricted, which is available to support operations. Total assets decreased by \$287,246 at December 31, 2019 compared to 2018, primarily due to the decrease in cash as a result of the current year operating losses. Total liabilities increased by \$302 at December 31, 2019 compared to 2018, primarily due to decreases in accrued expenses offset with an increase in amounts due to primary government. The Corporation's net position decreased by \$287,548 at December 31, 2019 compared to 2018, primarily due to an increase in outside services in 2019.

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

FINANCIAL ANALYSIS OF THE CORPORATION (continued)

Operating Results

The Corporation's condensed statements of revenues, expenses and changes in net position for the years ended December 31st are presented as follows:

	2020	2019	2018
Operating Revenues	\$ 369,107	\$ 34,563	\$ 21,850
Total Operating Revenues	369,107	34,563	21,850
Operating Expenses	329,646	327,901	80,100
Total Operating Expenses	329,646	327,901	80,100
(Loss) Income from Operations	39,461	(293,338)	(58,250)
Non-Operating Revenues	1,700	5,790	4,400
Change in Net Position	41,161	(287,548)	(53,850)
Net Position at Beginning of Year	739,177	1,026,725	1,080,575
Net Position at End of Year	\$ 780,338	\$ 739,177	\$ 1,026,725

The Corporation's operating revenues increased by \$334,544 from \$34,563 in 2019 to \$369,107 in 2020, an increase of 968%. The increase in 2020 operating revenues is attributable to an increase in bond issuance fees earned during 2020. The Corporation's expenses increased to \$329,646 in 2020 from \$327,901 in 2019, an increase of \$1,745 or 1%. This is primarily due to increases in legal expense and general and administrative expense as compared to the prior year.

The Corporation's operating revenues increased by \$12,713 from \$21,850 in 2018 to \$34,563 in 2019, an increase of 58%. The increase in 2019 operating revenues is attributable to an increase in bond issuance fees earned during 2019. The Corporation's expenses increased to \$327,901 in 2019 from \$80,100 in 2018, an increase of \$247,801 or 309%. This is primarily due to an increase in outside services as compared to the prior year.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Suffolk County Economic Development Corporation at 100 Veterans Highway, 11th Floor, Hauppauge, New York 11788, suffolkedc@suffolkcountyny.gov or call (631) 853-4800.

BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 804,477	\$ 756,519
Accounts receivable	4,225	6,775
Loan receivable	4,982	8,487
Total Current Assets	813,684	771,781
Non-current assets:		
Loan receivable	22,364	22,364
Total Assets	836,048	794,145
LIABILITIES		
Current liabilities:		
Due to Primary Government	40,000	40,000
Accounts payable and accrued expenses	15,710	14,968
Total Liabilities	55,710	54,968
NET POSITION		
Unrestricted	780,338	739,177
Total Net Position	\$ 780,338	\$ 739,177

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Bond issuance fees	\$ 336,707	\$ 10,738
Annual reporting compliance fee	18,750	18,250
Document processing fees	1,650	1,575
Application fees	12,000	4,000
Total Operating Revenues	369,107	34,563
EXPENSES		
Accounting	29,425	29,000
Legal	5,760	2,113
Marketing	2,000	6,110
General and administrative	42,461	40,678
Program support services	250,000	250,000
Total Expenses	329,646	327,901
Operating Income (Loss)	39,461	(293,338)
NON-OPERATING REVENUES		
Interest income	1,700	5,790
Change in Net Position	41,161	(287,548)
Net Position at Beginning of Year	739,177	1,026,725
Net Position at End of Year	\$ 780,338	\$ 739,177

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and clients	\$ 375,882	\$ 32,563
Cash payments for contractual expenses	333,129	(332,296)
Net Cash Provided (Used) by Operating Activities	42,753	(299,733)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loans receivable	3,505	4,149
Net Cash Provided by Noncapital Financing Activities	3,505	4,149
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	1,700	5,712
Net Cash Provided by Investing Activities	1,700	5,712
Net Increase (Decrease) in Cash and Cash Equivalents	47,958	(289,872)
Cash and Cash Equivalents at Beginning of Year	756,519	1,046,391
Cash and Cash Equivalents at End of Year	\$ 804,477	\$ 756,519
RECONCILIATION OF INCOME FROM OPERATING TO NET CASH USED IN OPERATING ACTIVITIES		
Income (loss) from operations	\$ 39,461	\$ (293,338)
Adjustments to reconcile operating income to net cash used in operating activities:		
(Increase) Decrease in assets:		
Accounts receivable	2,550	(6,775)
Increase (Decrease) in liabilities:		
Due to primary government	-	2,764
Accounts payable and accrued expenses	742	(2,384)
Net Cash Provided (Used) by Operating Activities	\$ 42,753	\$ (299,733)

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of the 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 a quasi-governmental, tax-exempt agency that was created to promote employment and maintain job opportunities; instruct, or train individuals to improve or develop their capabilities for such jobs; and attract or retain industry within the County. The Corporation is authorized to finance facilities for not-for-profit corporations; acquire and sell or lease the acquired property; and issue bonds in order to carry out the Corporation's purpose. The County is not liable for the payment of principal or interest on any of the bonds of the Corporation.

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. At December 31, 2020 one board position was vacant.

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. Accordingly, the Corporation has been determined to be a component unit of the County of Suffolk, New York.

Note 2 - Summary of Significant Accounting Policies

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Corporation uses the economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States, as prescribed by the Governmental Accounting Standards Board ("GASB"). GASB is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

The financial statements include statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows.

Cash and Cash Equivalents

For purposes of reporting the statements of cash flows, cash equivalents are defined as short-term highly liquid investments including money markets. The statements of cash flows presented use the direct method.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 2 - Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts receivable primarily represents amounts due from bond applicants for project expenses incurred on their behalf to be sent to the Corporation at closing. At December 31, 2020, the Corporation considered accounts receivable to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Loan Receivable

Loan receivables are reported at their gross value and, where appropriate, are reduced by an allowance for uncollectible amounts.

Due to Primary Government

Amounts due to primary government are for services provided to the Corporation by the County.

Net Position Classification

In the financial statements, equity is classified as net position, and can be displayed in three components:

- Net investment in capital assets - 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 attributed to the acquisition, construction or improvement of those assets.
- Restricted net position - consists of net position 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.
- Unrestricted net position - is the remaining net position that does not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as needed.

Revenue Recognition

The Corporation's primary source of operating revenue is from bond issuance fees and annual reporting compliance fees which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the projects.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

The Corporation has adopted all of the current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. During the year ended December 31, 2020, The Corporation adopted the following:

Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", effective immediately. This Statement postpones the effective dates of certain provisions in Statements and implementation Guides that first became effective or are schedule to become effective for periods beginning after June 15, 2018 and later. The new effective dates of applicable standards are presented in Note 8, in accordance with this standard.

Subsequent Events

Management has evaluated subsequent events through the date of the report, which is the date the financial statements were available to be issued.

Note 3 - Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in bank accounts with original maturities of less than three months. The Corporation's investments are governed by a formal investment policy. The Corporations' monies must be deposited in FDIC-insured commercial banks or trust companies located within the State.

Collateral is required for demand deposits and time deposits accounts of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. The Corporation's collateral agreements are based on the Corporation's available balance.

Custodial Credit Risk - Deposits Investments - Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, an organization may be unable to recover deposits, or recover collateral securities that are in possession of an outside Corporation. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, an organization will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Deposits are required to be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either:

- Uncollateralized,
- Collateralized with securities held by the pledging financial institution, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Corporation's name.

At December 31, 2020 and 2019, the Corporation's cash and cash equivalents were fully insured by the Federal Depository Insurance Corporation or collateralized by securities held in the pledging bank's trust department or agent in the Corporation's name.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 4 - Loan Receivable

The Corporation had a balance in loan receivable of \$27,346 at December 31, 2020. Amounts are determined uncollectible by management on a case-by-case basis and generally represent amounts outstanding after management has used reasonable collection efforts. At December 31, 2020, the Corporation considered these loan receivables to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

The Corporation provided a loan during 2018 under their revolving loan fund program. The loan was for \$35,000 at an interest rate of 3% for five years. Under the loan agreement, the recipient must pay monthly the interest for the first year and principal and interest for the remaining four years. As of June 1, 2020, the Corporation deferred all payments due on the loan receivable by one year due to COVID-19 related hardships for the borrower. The annual principal payments expected are as follows:

For the years ending December 31, 2021	\$ 4,982
2022	8,745
2023	9,011
2024	<u>4,608</u>
Total	<u>\$ 27,346</u>

Note 5 – Related Party Transaction

The Corporation is a component unit of the County of Suffolk, New York (the “County”). During the years ended December 31, 2020 and 2019, the Corporation utilized County personnel for various administrative duties throughout the year. The total value of salary and fringe benefits attributable to County employees as a percentage of time spent on the Corporation activities billed was \$40,000 for the years ended December 31, 2020 and 2019. The total value is reported as general and administrative expenses on the financial statements.

Note 6 - Revenues

The Corporation collects one-time bond issuance fees from the issuance of taxable bonds, tax-exempt bonds and lease transactions as follows:

- Three-fourths of one percent (.75%) for the first fifteen million dollars (\$15,000,000) of total project costs, half of one percent (.50%) for any additional amounts between fifteen million dollars (\$15,000,000) and twenty-five million dollars (\$25,000,000), quarter of one percent (.25%) for any additional amounts between twenty-five million dollars (\$25,000,000) and thirty-five million dollars (\$35,000,000), and one-tenth of one percent (.10%) for any additional amounts in excess of thirty-five million dollars (\$35,000,000) of total project costs.

The Corporation collects other fees as follows:

- Non-refundable application fees are payable to the Corporation at the time the application is submitted for projects under five million (\$5,000,000) of \$2,000, or \$4,000 for projects over five million (\$5,000,000). This fee will be credited to the administrative fee when the financing is completed/closed.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 6 – Revenues (continued)

- The Corporation charges a non-refundable annual fee of \$750 at closing and \$500 annually per applicant for projects up to five million dollars (\$5,000,000), \$1,000 at closing and \$750 annually per applicant for projects between five million dollars (\$5,000,000) and ten million dollars (\$10,000,000), and \$1,500 at closing and \$1,000 annually for projects in excess of ten million dollars (\$10,000,000) of total project costs. The fee covers the cost of annual reporting and monitoring of transactions including the outstanding bonds.
- Additionally, the Corporation will charge document processing fees for other transactions not defined above.
- The fees listed are subject to periodic review and may be adjusted from time to time with the authority of the Board.

Note 7 - 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 of December 31, 2020, there were 22 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$401,149,055. As of December 31, 2019, there were 22 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$389,050,885.

Note 8 - New Pronouncements

The following statements have been issued by the GASB and are to be implemented in future years, as applicable:

Statement No. 87, *Leases*, as amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the objective of which is to improve accounting and financial reporting for leases by governments. This Statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

Statement No. 91, *Conduit Debt Obligations*, as amended by Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the objective of which are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for financial statements for the year ending December 31, 2022.

The Corporation is currently evaluating the impact of the above pronouncements.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 9 - Pandemic

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Corporation.

Note 10 - Subsequent Events

Subsequent events have been evaluated through April 22, 2021, the date the financial statements were available to be issued. On February 23, 2021 the Corporation issued Economic Development Revenue Bonds in the amount of \$35,655,000 bearing interest at a rate of 4.625% - 5.375% which mature on November 1, 2054. The bonds were issued to provide financial assistance to a private sector entity for the acquisition and construction of an assisted living facility deemed to be in the public interest. Neither the Corporation, the State, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. See Note 7 for additional information on conduit bonds.

INTERNAL CONTROL AND COMPLIANCE

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

To the Members of the Board of Directors
Suffolk County Economic Development Corporation
Hauppauge, 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 Suffolk County Economic Development Corporation (the Corporation) as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated April 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance 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 non-compliance 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sheehan & Company CPA, P.C.

Brightwaters, New York
April 22, 2021