

**SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2021 and 2020

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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 Audit of the Financial Statements

Opinion

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, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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, 2021 and 2020 and the changes in its financial position and cash flows, thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and

for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 March 31, 2022 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.



Brightwaters, New York
March 31, 2022

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, 2021 and 2020. Please read this information in conjunction with the financial statements.

Financial Highlights:

- The assets of the Corporation exceeded its liabilities at the close of 2021 and 2020 by \$923,288 and \$780,338, respectively. These funds are unrestricted and available to maintain the Corporation's continuing obligations.
- The Corporation's total net position increased by \$142,950 (or 18%) for the year ended December 31, 2021 and increased by \$41,161 (or 6%) for the year ended December 31, 2020.

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 present 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:

	2021	2020	2019
ASSETS			
Current assets and other assets	\$ 966,690	\$ 836,048	\$ 794,145
Total Assets	966,690	836,048	794,145
LIABILITIES			
Current liabilities	43,402	55,710	54,968
Total Liabilities	43,402	55,710	54,968
NET POSITION			
Unrestricted	923,288	780,338	739,177
Total Net Position	\$ 923,288	\$ 780,338	\$ 739,177

Total assets as of December 31, 2021 were \$966,690, which exceeded total liabilities of \$43,402 by \$923,288 (net position). The Corporation's net position was unrestricted, which is available to support operations. Total assets increased by \$130,642 at December 31, 2021 compared to 2020, primarily due to the increase in cash as a result of the current year operating gains. Total liabilities decreased by \$12,308 at December 31, 2021 compared to 2020, primarily due to a decrease in due to primary government. The Corporation's net position increased by \$142,950 in the current year primarily due to an decrease in program support services.

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 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 due to an increase in bond issuance fees, offset by program support services.

**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:

	2021	2020	2019
Operating Revenues	\$ 259,705	\$ 369,107	\$ 34,563
Total Operating Revenues	259,705	369,107	34,563
Operating Expenses	117,336	329,646	327,901
Total Operating Expenses	117,336	329,646	327,901
Income (Loss) from Operations	142,369	39,461	(293,338)
Non-Operating Revenues	581	1,700	5,790
Change in Net Position	142,950	41,161	(287,548)
Net Position at Beginning of Year	780,338	739,177	1,026,725
Net Position at End of Year	\$ 923,288	\$ 780,338	\$ 739,177

The Corporation's operating revenues decreased by \$109,402 from \$369,107 in 2020 to \$259,705 in 2021, a decrease of 30%. The decrease in 2021 operating revenues is attributable to a decrease in bond issuance fees earned during 2021. The Corporation's expenses decreased to \$117,336 in 2021 from \$329,646 in 2020, a decrease of \$212,310 or 64%. This is primarily due to a decrease in program support services as compared to the prior year.

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.

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, suffolkecdc@suffolkcountyny.gov or call (631) 853-4800.

BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 941,026	\$ 804,477
Accounts receivable	2,450	4,225
Loan receivable	8,745	4,982
Prepaid expenses	850	-0-
Total Current Assets	953,071	813,684
Non-current assets:		
Loan receivable	13,619	22,364
Total Assets	966,690	836,048
LIABILITIES		
Current liabilities:		
Unearned revenue	500	-0-
Due to Primary Government	28,902	40,000
Accounts payable and accrued expenses	14,000	15,710
Total Liabilities	43,402	55,710
NET POSITION		
Unrestricted	923,288	780,338
Total Net Position	\$ 923,288	\$ 780,338

The accompanying notes are an integral part of these financial statements.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended December 31, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Bond issuance fees	\$ 234,455	\$ 336,707
Annual reporting compliance fee	19,750	18,750
Document processing fees	5,500	1,650
Application fees	-0-	12,000
Total Operating Revenues	259,705	369,107
OPERATING EXPENSES		
Accounting	29,000	29,425
Legal	3,422	5,760
Marketing	3,075	2,000
General and administrative	31,839	42,461
Program support services	50,000	250,000
Total Expenses	117,336	329,646
Operating Income	142,369	39,461
NON-OPERATING REVENUES		
Interest income	581	1,700
Change in Net Position	142,950	41,161
Net Position at Beginning of Year	780,338	739,177
Net Position at End of Year	\$ 923,288	\$ 780,338

The accompanying notes are an integral part of these financial statements.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and clients	\$ 264,430	\$ 375,882
Cash payments for contractual expenses	(133,444)	(333,129)
Net Cash Provided by Operating Activities	130,986	42,753
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loans receivable	4,982	3,505
Net Cash Provided by Noncapital Financing Activities	4,982	3,505
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	581	1,700
Net Cash Provided by Investing Activities	581	1,700
Net Increase in Cash and Cash Equivalents	136,549	47,958
Cash and Cash Equivalents at Beginning of Year	804,477	756,519
Cash and Cash Equivalents at End of Year	\$ 941,026	\$ 804,477
RECONCILIATION OF INCOME FROM OPERATING TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from operations	\$ 142,369	\$ 39,461
Adjustments to reconcile operating income to net cash used in operating activities:		
(Increase) Decrease in assets:		
Accounts receivable	1,775	2,550
Prepaid expenses	(850)	-0-
Increase (Decrease) in liabilities:		
Due to primary government	(11,098)	-0-
Accounts payable and accrued expenses	(1,710)	742
Unearned revenue	500	-0-
Net Cash Provided by Operating Activities	\$ 130,986	\$ 42,753

The accompanying notes are an integral part of these financial statements.

**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.

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, 2021, 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. Fees collected in advance of being earned are reflected as unearned revenue.

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.

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, 2021 and 2020, 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 \$22,364 at December 31, 2021. 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, 2021, 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, 2022	\$	8,745
2023		9,011
2024		<u>4,608</u>
Total	\$	<u>22,364</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, 2021 and 2020, 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 \$28,902 and \$40,000 for the years ended December 31, 2021 and 2020. 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, 2021, there were 20 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$307,204,747. 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.

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 - Subsequent Events

Subsequent events have been evaluated through March 31, 2022, the date the financial statements were available to be issued.

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, 2021 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated March 31, 2022.

Report on 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) as a basis for designing 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

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

any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
March 31, 2022