SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2013 AND 2012

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
DECEMBER 31, 2013 AND 2012

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Certified Public Accountants Business Advisors

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 basic 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, 2013 and 2012, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2013 and 2012, 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

Accounting principles generally accepted in the United States of America require that supplementary information, such as management's discussion and analysis and budgetary comparison information 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 issued our report dated June 26, 2014 on our consideration of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Fuoco Group, LLP

Hauppauge, New York
June 26, 2014

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, 2013. 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, 2013 by $397,733.

The Corporation's total assets increased by $37,732 during 2013.

The Corporation's operating revenues decreased by $38,868 during 2013. The number of projects and the project amounts decreased from the previous year.

As of December 31, 2013, the Corporation reported net assets of $397,733, an increase of $37,432 for the year then ended.

Basic 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.

Condensed Financial Statements:

Condensed Balance Sheets at December 31, 2013 and 2012

	2013	2012	Dollar Change	Percentage Change
Current assets	$ 407,833	$ 370,101	$ 37,732	10.20%
Total assets	$ 407,833	$ 370,101	$ 37,732	10.20%
Current liabilities	$ 10,100	$ 9,800	$ 300	3.06%
Total liabilities	10,100	9,800	300	3.06%
Net assets:				
Unrestricted	397,733	360,301	37,432	10.39%
Total net assets	397,733	360,301	37,432	10.39%
Total liabilities and net assets	$ 407,833	$ 370,101	$ 37,732	10.20%

Condensed Statements of Revenues, Expenses, and Change in Net Assets
For the Years Ended December 31, 2013 and 2012

	2013	2012	Dollar Change Favorable (Unfavorable)	Percentage Change Favorable (Unfavorable)
Total revenue	$ 223,481	$ 262,142	$ (38,661)	-14.75%
Total expenses	186,049	19,786	166,263	840.31%
Net income	37,432	242,356	(204,924)	-84.55%
Net assets, January 1	360,301	117,945	242,356	
Net assets, December 31	$ 397,733	$ 360,301	$ 37,432	10.39%

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, 2013 was $397,733.

Operating revenue decreased by $38,868. The number of projects and the project amounts decreased from the previous year.

Analysis of Balances and Transactions:

The Corporation reported net assets of $397,733 for the year ended December 31, 2013

Budgetary Analysis:

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

Total revenue exceeded budgeted amounts by $68,081.

Total expenses exceeded budgeted amounts by $134,049.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and cash equivalents	$ 407,833	$ 370,101
Total assets	$ 407,833	$ 370,101
LIABILITIES AND NET ASSETS		
Liabilities		
Accrued expenses	$ 10,100	$ 9,800
Total liabilities	10,100	9,800
Net assets		
Unrestricted	397,733	360,301
Total net assets	397,733	360,301
Total liabilities and net assets	$ 407,833	$ 370,101

See notes to financial statements.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
OPERATING REVENUE		
Bond issuance fees	$ 217,640	$ 235,758
Annual reporting compliance fee	5,000	5,750
Application fees	-	20,000
Total operating revenues	222,640	261,508
Interest income	841	634
Total revenue	223,481	262,142
EXPENSES		
Accounting	10,100	9,800
Legal	3,185	1,386
Marketing	172,000	8,600
Legal notices	764	-
Total expenses	186,049	19,786
Change in net assets	37,432	242,356
Net assets, beginning of year	360,301	117,945
Net assets, end of year	$ 397,733	$ 360,301

See notes to financial statements.

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 37,432	$ 242,356
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase in accrued expenses	300	300
Net cash provided by operating activities	37,732	242,656
Cash at beginning of year	370,101	127,445
Cash at end of year	$ 407,833	$ 370,101

See 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 26, 2014, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the 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, 2013 and 2012 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, 2013, there were 12 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $295,148,520. As of December 31, 2012 there were 10 series of Economic Development Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $258,823,378.

REQUIRED SUPPLEMENTARY INFORMATION

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
EDC Fee Income	$ 150,000	$ 150,000	$ 222,640	$ 72,640
Document Processing Income	5,000	5,000	-	(5,000)
Interest income	400	400	841	441
Total revenues	155,400	155,400	223,481	68,081
Expenses:				
Accounting	10,000	10,000	10,100	(100)
Legal	5,000	5,000	3,185	1,815
Marketing	30,000	30,000	172,000	(142,000)
Legal Notices	2,000	2,000	764	1,236
Miscellaneous expenses	5,000	5,000	-	5,000
Total expenses	52,000	52,000	186,049	(134,049)
Revenues Over (Under) Expenses	**$ 103,400**	**$ 103,400**	**$ 37,432**	**$ (65,968)**

SUFFOLK COUNTY
ECONOMIC DEVELOPMENT CORPORATION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgetary Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
EDC Fee Income	$ 150,000	$ 150,000	$ 261,508	$ 111,508
Document Processing Income	1,000	1,000	-	(1,000)
Interest income	100	100	634	534
Total revenues	151,100	151,100	262,142	111,042
Expenses:				
Contract for Services	112,500	112,500	-	112,500
Accounting	10,000	10,000	9,800	200
Legal Notices	2,000	2,000	1,386	614
Marketing	-	-	8,600	(8,600)
Miscellaneous expenses	5,000	5,000	-	5,000
Total expenses	129,500	129,500	19,786	109,714
Excess of Revenues Over Expenses	**$ 21,600**	**$ 21,600**	**$ 242,356**	**$ 220,756**