SUFFOLK COUNTY LANDBANK CORPORATION

BASIC FINANCIAL STATEMENTS

Year Ended December 31, 2014

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Suffolk County Landbank Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Suffolk County Landbank Corporation (the Corporation), as of and for the year ended December 31, 2014, 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 opinions 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 of 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 opinions.

To the Board of Directors
Suffolk County Landbank Corporation

Opinions

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, 2014 and the respective changes in financial position thereof for the year 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 management's discussion and analysis on pages 3 through 6 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 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 23, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Sheehan + Company CPA PC

Brightwaters, New York
March 23, 2015

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

SUFFOLK COUNTY LANDBANK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

The following is a discussion and analysis of the Suffolk County Landbank Corporation's (the "Corporation") financial performance, which provides an overview of the Corporation's financial activities for the year ended December 31, 2014. The year ended December 31, 2014 was the first year of operation for the Corporation. Please read this in conjunction with the Corporation's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- On March 13, 2012, the Suffolk County Legislature adopted a resolution authorizing the formation of the Suffolk County Landbank Corporation as a Land Bank pursuant to Article 16 of the New York Not-For-Profit Corporation Law. There was no financial activity during 2013 and 2012; therefore, 2013 and 2012 financials have not been prepared.

- The Corporation's assets exceeded its liabilities by $13 (total net position) for the current year ended.

- The Corporation's total net position increased by $13.

- The Corporation's governmental fund reported total ending fund balance of $13, and unassigned fund balance of $13 for the year ended December 31, 2014.

- The Corporation was awarded a $675,000 grant from the NYS Office of the Attorney General to be used during the 2014 and 2015 calendar year. Of this grant $78,794 was received and $54,029 was expended in 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation's annual report is presented in two parts; management's discussion and analysis (this section), and the basic financial statements.

The basic financial statements include government-wide financial statements, fund financial statements, and notes that provide more detailed information to supplement the basic financial statements.

Reporting on the Corporation as a Whole

The government-wide financial statements are designed to present an overall picture of the financial position of the Corporation and start on page 7. These statements consist of the statement of net position and the statement of activities, which are prepared using the economic resources measurement focus and the accrual basis of accounting. This means that all the current year's revenues and expenses, are included regardless of when cash is received or paid, producing a view of financial position similar to that presented by most private-sector companies.

The statement of net position reports all assets, liabilities, deferred outflows/inflows of resources (if any) and net position. The net position is displayed as one of two categories: restricted and unrestricted. Over time, changes in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating. The reader should consider other non-financial factors, such as regulatory changes to assess the overall health of the Corporation.

The statement of activities focuses on both the gross and net cost of various activities; these costs are primarily funded by the Corporation's revenues. This statement summarizes the cost of providing specific government services, and includes all current year revenues and expenses.

Reporting on the Corporation's Most Significant Fund

The fund financial statements begin on page 9 and provide detailed information about the most significant fund – not the Corporation as a whole. The Board of Directors (the "Board") established funds to help it control and manage money for particular purposes and to demonstrate that it is meeting legal responsibilities for using certain money.

SUFFOLK COUNTY LANDBANK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Reporting on the Corporation's Most Significant Fund (continued)

- *Governmental funds* - The Corporation's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Corporation's general government operations. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations on pages 9 and 10.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning with page 11.

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE

Our analysis below focuses on the net position and changes in net position of the Corporation as a whole. Since this is the first year of operation for the Corporation, a comparison to the prior year is not possible. However, in future years, this section will explain the differences between the current and prior year assets, liabilities, changes in net position, and changes in revenues and expenses.

Our analysis below focuses on the net position and changes in net position of the Corporation as a whole.

Net Position

Condensed Statement of Net Position
Governmental Activities
As of December 31,

		2014
Assets		
Current and other assets		$ 35,448
	Total Assets	35,448
Liabilities		
Current liabilities		35,435
	Total Liabilities	35,435
Net Position		
Unrestricted		13
	Total Net Position	$ 13

Total assets as of December 31, 2014 were $35,448 which exceeded liabilities by $13 (i.e. net position.) Net position is comprised of unrestricted net position in the amount of $13, which are available to support operations.

SUFFOLK COUNTY LANDBANK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE (continued)

Changes in Net Position

Condensed Statement of Activities
Governmental Activities

	Year ended December 31, 2014
Revenues	
Program Revenues	
Operating grants and contributions	$ 54,029
Total Program Revenues	54,029
General Revenues	
Interest on investments	2
Miscellaneous local sources	100
Total General Revenues	102
Total Revenues	54,131
Expenses	
Home and community services	54,118
Total Expenses	54,118
Increase in Net Position	13
Net Position at Beginning of Year	-0-
Net Position at End of Year	$ 13

For the year ended December 31, 2014, program revenues were $54,029, which is primarily attributable to state grant funds received in 2014. General revenues were $102. For the year ended December 31, 2014, expenses totaled $54,118. As a result of revenues exceeding expenditures, the net position for the year ended December 31, 2014 increased by $13.

FINANCIAL ANALYSIS OF THE CORPORATION'S FUNDS

Governmental Funds

The focus of the Corporation's governmental funds is to provide information on short-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Corporation's financing requirements.

At December 31, 2014, the Corporation's governmental funds reported combined ending fund balances of $13, an increase of $13. Of this total, $13 constitutes unassigned fund balance, which is available for spending at the Corporation's discretion.

General Fund

The general fund is the principal operating fund of the Corporation. At December 31, 2014, unassigned fund balance of the general fund was $13. The fund balance of the Corporation's general fund increased by $13 for the year ended December 31, 2014.

SUFFOLK COUNTY LANDBANK CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2014

FUTURE ECONOMIC FACTORS

Late in 2014, the Corporation submitted an application for additional grant funds from the NYS Office of the Attorney General and subsequently received an award letter in the amount of $1,938,471. These funds will be used during the 2015 and 2016 calendar years. The purpose of these grant funds is to acquire, rehabilitate and re-sell, vacant, bank foreclosed residential properties.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the Corporation's interested parties with an overview of the Corporation's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Suffolk County Landbank Corporation, H. Lee Dennison Building, 11th Floor, 100 Veterans Memorial Highway, P.O. Box 6100, Hauppauge, New York 11788-0099, Attention: Amy Keyes.

BASIC FINANCIAL STATEMENTS

SUFFOLK COUNTY LANDBANK CORPORATION
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF NET POSITION
December 31, 2014

ASSETS		
Current Assets:		
Cash and cash equivalents		$ 35,448
Total Current Assets		35,448
	Total Assets	35,448
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities		10,670
Unearned revenue		24,765
Total Current Liabilities		35,435
	Total Liabilities	35,435
NET POSITION		
Unrestricted		13
	Total Net Position	$ 13

See accompanying notes.

SUFFOLK COUNTY LANDBANK CORPORATION
GOVERNMENT-WIDE FINANCIAL STATEMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Home and community services	$ 54,118	$ 54,029	$ (89)
Total	$ 54,118	$ 54,029	(89)

General Revenues:	
Interest on investments	2
Miscellaneous local sources	100
Total General Revenues	102
Change in Net Position	13
Net Position at Beginning of Year	-0-
Net Position at End of Year	$ 13

See accompanying notes.

SUFFOLK COUNTY LANDBANK CORPORATION
GOVERNMENTAL FUND
BALANCE SHEET
December 31, 2014

		General Fund
ASSETS		
Cash and cash equivalents		$ 35,448
	Total Assets	35,448
LIABILITIES		
Accounts payable and accrued liabilities		10,670
Unearned revenue		24,765
	Total Liabilities	35,435
FUND BALANCES		
Unassigned		13
	Total Fund Balances	13
	Total Liabilities and Fund Balances	$ 35,448

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total Fund Balance - Governmental Fund	$ 13
Net Position of Governmental Activities	$ 13

See accompanying notes.

SUFFOLK COUNTY LANDBANK CORPORATION
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended December 31, 2014

		General Fund
REVENUES		
State aid - NYS grant	$	54,029
Interest on investments		2
Miscellaneous local sources		100
Total Revenues		54,131
EXPENDITURES		
Home and community services		54,118
Total Expenditures		54,118
Excess (Deficiency) of Revenues Over (Under) Expenditures		13
Net Change in Fund Balances		13
Fund Balances at Beginning of Year		-0-
Fund Balances at End of Year	$	13

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Net Change in Fund Balances	$	13
Change in Net Position (Deficit) of Governmental Activities	$	13

See accompanying notes.

SUFFOLK COUNTY LANDBANK CORPORATION
NOTES TO FINANCIAL STATEMENT
December 31, 2014

A. ORGANIZATION

The Suffolk County Landbank Corporation (the "Corporation") is a not-for-profit corporation incorporated under the provisions of Article 16 of the New York Not-For-Profit Corporation Law. Although legally separate from and independent of the County of Suffolk (the "County"), New York, the Corporation is considered an affiliated organization. The Corporation is being reported as a blended component unit for financial reporting purposes in the County's financial statements.

The Board of Directors (the "Board") of the Corporation has seven directors. One Director is appointed by the majority leader of the County Legislature; One Director is appointed by the minority leader of the County Legislature; One Director shall be the President of the Suffolk County Town Supervisors' Association, or a successor organization; One Director shall be a representative of an economic development organization in Suffolk County, selected by the County Executive of Suffolk County, with the approval of the Legislature; One Director shall be appointed by the County Executive; One Director shall be the County Director of Real Estate; and One Director shall be the Commissioner of the Suffolk County Department of Economic Development and Planning.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental 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 Corporation's accounting policies are described below.

1. BASIS OF PRESENTATION

The Corporation's basic financial statements include both government-wide (reporting on the Corporation as a whole) and fund financial statements (reporting on the Corporation's most significant funds).

Government-Wide Financial Statements

The government-wide financial statements, the statement of net position and the statement of activities, display information about the Corporation as a whole. These statements include the financial activities of the overall government. Eliminations of internal activity (if any) have been made in these statements. All of the activities of the Corporation are considered governmental activities.

In the government-wide statement of net position, the Corporation's governmental activities are presented on a consolidated basis and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Corporation's net position is reported in two parts – restricted net position (if any) and unrestricted net position.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function are offset be program revenue. Program revenue includes grants and contributions that are restricted to meeting the operational requirements of a particular function. Other items not properly included among program revenues are reported as general revenues.

The government-wide financial statements focus more on the sustainability of the Corporation as an entity and the change in the Corporation's net position resulting from the current year's activities.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. BASIS OF PRESENTATION (continued)

Fund Financial Statements

Fund financial statements report detailed information about the Corporation. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund (if applicable) is presented in a separate column. Non-major funds (if any) are aggregated and presented in a single column. The Corporation has presented all funds as major funds.

The funds of the Corporation are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental Funds – Governmental funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon determination of financial position and changes in financial position.

The Corporation reports the following major governmental fund:

General Fund – is the principal operating fund of the Corporation which records all financial activity not required to be included in other funds.

2. BASIS OF ACCOUNTING/MEASUREMENT FOCUS

The financial statements of the Corporation are prepared in accordance with GAAP. The Corporation's reporting entity applies all relevant GASB pronouncements.

Measurement focus refers to what is being measured, where as the 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.

In the government-wide statements, governmental activities are presented using the economic resources measurement focus and are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (measurable and available to finance current operations). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Corporation considers all revenues available if they are collected within 60 days after the year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However certain long-term obligations (if any) are recorded when payment is due. In those instances where expenditures are the prime factor in determining eligibility for state and federal grants, revenues are recognized when the expenditure is incurred.

SUFFOLK COUNTY LANDBANK CORPORATION
NOTES TO FINANCIAL STATEMENT
December 31, 2014

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. ASSETS, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, LIABILITIES, NET POSITION AND FUND BALANCE

CASH, CASH EQUIVALENTS AND INVESTMENTS

The Corporation's cash and cash equivalents consist of demand deposits.

The Corporation has adopted an investment policy which authorizes its treasurer to invest monies not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts.
- Certificates of deposit.
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America.
- Obligations of the State of New York, to the extent that no more than 25% of invested monies shall be invested in obligations of the State of New York
- Obligations issued pursuant to Local Finance Law § 24 or 25 (with approval of the State Comptroller) by any municipality, school district, or district corporation other than the Suffolk County Landbank Corporation, to the extent that no more than 15% of invested monies shall be invested in obligations issued pursuant to Local Finance Law § 24 or 25.
- Participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5-G of the General Municipal Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46 and the specific investment program has been authorized by the Suffolk County Landbank Corporation Board of Directors, to the extent that no more than 15% of invested monies, exclusive of trust and agency funds, shall be invested in obligations issued by any one approved cooperative investment program.

All deposits of the Suffolk County Landbank Corporation in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by collateral comprised of eligible securities.

The Corporation had no investments at December 31, 2014.

UNEARNED REVENUE

Unearned revenue arise when resources are received by the Corporation before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Corporation has legal claim to the resources, the liability for unearned revenue is removed and revenues are recognized. The Corporation received $78,794 and recognized revenue of $54,029 during 2014.

NET POSITION AND FUND BALANCE CLASSIFICATIONS

In the government-wide statements, equity net position (deficit) is displayed in two components:

a. Restricted component of net position — consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Net position should be reported as restricted when constraints placed on net position use are either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. As of December 31, 2014, the Corporation has no restricted component of net position.

SUFFOLK COUNTY LANDBANK CORPORATION
NOTES TO FINANCIAL STATEMENT
December 31, 2014

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. ASSETS, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, LIABILITIES, NET POSITION AND FUND BALANCE (continued)

NET POSITION AND FUND BALANCE CLASSIFICATIONS (continued)

b. Unrestricted component of net position — is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the restricted component of net position. The balance of unrestricted net position is $13 as of December 31, 2014.

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

In the Corporation's fund financial statements there is two classification of fund balance:

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. There is currently no balance in this classification.

Unassigned - Includes all other general fund net position that does not meet the definition of the other classifications and is deemed to be available for general use by the Corporation. The balance of unassigned fund balance in the general fund is $13 as of December 31, 2014.

Order of Use of Restricted and Unrestricted Funds

In circumstances where expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, the Board will assess the current financial condition of the Corporation and then determine the order of application of expenditures to which fund balance classification will be charged. It is the intention of the Board that the expenditure is to be spent first from the restricted fund balance to the extent appropriated and then from the unassigned fund balance.

4. REVENUES

NYS GRANT REVENUE

The Corporation was awarded a $675,000 grant from the NYS Office of the Attorney General to be used during the 2014 and 2015 calendar year. During the 2014 calendar year the Corporation expended and recognized revenue of $54,029.

5. 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 disclosure 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.

6. NEW PRONOUNCEMENT

The Corporation has adopted all of the current statements of the GASB that are applicable.

SUFFOLK COUNTY LANDBANK CORPORATION
NOTES TO FINANCIAL STATEMENT
December 31, 2014

C. DETAIL NOTES ON ALL FUNDS

1. CASH AND CASH EQUIVALENTS

Custodial Credit Risk – Deposits– Custodial credit risk for deposits exists when, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its deposits 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.

All of the Corporations' bank balances were covered by federal deposit insurance.

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REPORT OF INDEPENDENT AUDITORS 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 Landbank Corporation

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 governmental activities of the Suffolk County Landbank Corporation (the Corporation) as of and for the year ended December 31, 2014, 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 23, 2015.

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 opinions 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 entity'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.

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, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 PC

Brightwaters, New York
March 23, 2015