

Suffolk County Landbank Corporation

SCHEDULE OF INVESTMENTS

WITH INDEPENDENT AUDITOR'S REPORT

December 31, 2016

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER REPORTING OF THE SCHEDULE OF INVESTMENTS AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE SCHEDULE OF INVESTMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	3-4
SCHEDULE OF INVESTMENTS	5
NOTES TO SCHEDULE OF INVESTMENTS	6-8



437 Madison Avenue, 29th Floor
New York, NY 10022 • 212.962.4470

165 Orinoco Drive, Brightwaters, NY 11718
631.665.7040 • Fax: 631.665.7014

15 South Bayles Avenue, Port Washington, NY 11050
516.883.5510 • Fax: 516.767.7438

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

www.sheehancpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments (the Schedule) for the Suffolk County Landbank Corporation (the Corporation) as of December 31, 2016 and the related notes.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in conformity with United States generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, 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 Schedule 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 Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the aforementioned Schedule presents fairly, in all material respects, the investments of the Corporation as of December 31, 2016 in conformity with United States generally accepted accounting principles.

Other Matter

We have audited, 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, the financial statements of the Corporation as of and for the year ended December 31, 2016, and our report thereon, dated March 29, 2017, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated March 29, 2017 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 with respect to the Schedule. 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* in considering the Corporation's internal control over financial reporting and compliance with respect to the Schedule.

Sheehan & Company CPA, P.C.

Brightwaters, New York
March 29, 2017



437 Madison Avenue, 29th Floor
New York, NY 10022 • 212.962.4470

165 Orinoco Drive, Brightwaters, NY 11718
631.665.7040 • Fax: 631.665.7014

15 South Bayles Avenue, Port Washington, NY 11050
516.883.5510 • Fax: 516.767.7438

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

www.sheehancpa.com

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

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

We have audited, 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, the Schedule of Investments of the Suffolk County Landbank Corporation (the Corporation) as of December 31, 2016, and the related notes to the Schedule of Investments and have issued our report thereon dated March 29, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Investments, 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 Schedule of Investments, 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 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Schedule of Investments is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and investment policies established by the Corporation and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Schedule of Investments 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 Corporation's internal control or on compliance with respect to the Schedule of Investments. 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 with respect with the Schedule of Investments. Accordingly, this communication is not suitable for any other purpose.

Sheehan & Company CPA, P.C.

Brightwaters, New York
March 29, 2017

Suffolk County Landbank Corporation

SCHEDULE OF INVESTMENTS

December 31, 2016

Cash	\$ <u>931,216</u>
Total investments	\$ <u>931,216</u>

See accompanying notes

-5-

Suffolk County Landbank Corporation

NOTES TO SCHEDULE OF INVESTMENTS

1. Background and 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.

2. Summary of significant accounting policies:

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 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.

Suffolk County Landbank Corporation

NOTES TO SCHEDULE OF INVESTMENTS

2. Summary of significant accounting policies (continued):

Cash, cash equivalents and investments (continued):

- 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 Corporation Board, 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 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.

There are no investments held by the Corporation at December 31, 2016.

3. Cash, cash equivalents and investments:

Custodial credit risk - deposits/investments - Custodial credit risk for investments exist when, in the event of the failure of the counterparty, the Corporation 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, 2016, the Corporation's total bank balance was \$933,430, of which \$281,589 was covered by the Federal Deposit Insurance Corporation. \$651,841 was uninsured and secured by collateral held in the Corporation's name by the Corporation's agency, a third party financial institution.

Credit risk - State law limits investments to those authorized by State statutes. The Corporation has a written investment policy.

Suffolk County Landbank Corporation

NOTES TO SCHEDULE OF INVESTMENTS

3. Cash, cash equivalents and investments (continued):

Interest-rate risk - Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby, affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of credit risk - Credit risk can arise as a result of failure to adequately diversity investments. Concentration risk disclosure is required for positions of 5% or more in securities of a single issuer.

At December 31, 2016, the Corporation did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.