

**NASSAU COUNTY LOCAL ECONOMIC  
ASSISTANCE CORPORATION**

**AUDITED FINANCIAL STATEMENTS**

Years Ended December 31, 2016 and 2015

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Nassau County Local Economic Assistance Corporation  
Mineola, New York

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Nassau County Local Economic Assistance Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the years ended December 31, 2016 and 2015, 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.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the 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.

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## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Corporation, as of December 31, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 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. 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 or on compliance. That report is an integral part of the audits performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*Allrecht, Vizziano, Zureck and Company, P. C.*

Hauppauge, New York  
April 14, 2017

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Management's Discussion and Analysis**

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended December 31, 2016 and 2015

This section presents management's analysis of the Nassau County Local Economic Assistance Corporation (the "Corporation") financial condition and activities for the year ended December 31, 2016 and 2015. Please read this information in conjunction with the financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the Corporation exceeded its liabilities at the close of 2016 by \$765,562 (net position).
- The Corporation's total net position decreased by \$34,623 (or 4%) in 2016.
- Unrestricted net position represents the portion available to maintain the Corporation's continuing obligations. As of December 31, 2016, the unrestricted net position for the Corporation totaled \$765,562.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements. 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. The Corporation applies full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information.

The financial statements include the statements of net position, statements of revenues, expenses, and changes in net position, statement of cash flows and notes to the financial statements. The statements of net position include all of the Corporation's assets and liabilities, and provide information about the nature and amount of investments.

The statements of revenues, expenses, and changes in net position presents the results of the Corporation's activities over the course of the year and information as to how 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 investing 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 to the financial statements present information about the Corporation's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended December 31, 2016 and 2015

**FINANCIAL ANALYSIS OF THE CORPORATION**

One of the most important objectives of the financial analysis is to determine if the Corporation, as a whole, 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 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 are 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 at December 31<sup>st</sup> for each of the years is presented as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Assets</b>			
Current assets	\$ 768,082	\$ 817,291	\$ 858,471
Total Current Assets	<u>768,082</u>	<u>817,291</u>	<u>858,471</u>
<b>Liabilities</b>			
Current liabilities	<u>2,520</u>	<u>17,106</u>	<u>40,015</u>
Total Current Liabilities	<u>2,520</u>	<u>17,106</u>	<u>40,015</u>
<b>Net Position</b>			
Unrestricted	<u>765,562</u>	<u>800,185</u>	<u>818,456</u>
Total Net Position	<u>\$ 765,562</u>	<u>\$ 800,185</u>	<u>\$ 818,456</u>

Total assets as of December 31, 2016 were \$768,082 which exceeded liabilities by \$765,562 (net position). The Corporation's net position is comprised of unrestricted net position in the amount of \$765,562, which is available to support operations. Total assets decreased by \$49,209 between December 31, 2015 and 2016. The net position decreased by \$34,623 for the current year, primarily due to smaller project closings during 2016 when compared to 2015; the number of project closings for the current year was the same as in the prior year.

Total assets as of December 31, 2015 were \$817,291 which exceeded liabilities by \$800,185 (net position). The Corporation's net position was comprised of unrestricted net position in the amount of \$800,185, which was available to support operations. Total assets decreased by \$41,180 between December 31, 2014 and 2015. The net position decreased by \$18,271 for the 2015 year, which was primarily due to a decrease in the number and the size of projects closed.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 Years Ended December 31, 2016 and 2015

**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 31<sup>st</sup> are presented as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Operating Revenues</b>			
Fee and service income	\$ 115,255	\$ 153,202	\$ 749,746
Other income	-0-	-0-	2,500
Total Operating Revenues	<u>115,255</u>	<u>153,202</u>	<u>752,246</u>
<b>Operating Expenses</b>			
Contractual goods and services	151,618	173,297	403,951
Total Operating Expenses	<u>151,618</u>	<u>173,297</u>	<u>403,951</u>
<b>Non-Operating Income</b>	<u>1,740</u>	<u>1,824</u>	<u>1,466</u>
Change in Net Position	<u>(34,623)</u>	<u>(18,271)</u>	<u>349,761</u>
<b>Net Position at Beginning of Year</b>	<u>800,185</u>	<u>818,456</u>	<u>468,695</u>
Net Position at End of Year	<u>\$ 765,562</u>	<u>\$ 800,185</u>	<u>\$ 818,456</u>

The Corporation's revenues decreased \$37,947 from \$153,202 in 2015 to \$115,255 in 2016, a decrease of 25%. The decrease is due to the Corporation closing on smaller sized projects during 2016 when compared to the prior year; the number of project closings for the current year was the same as in the prior year. The Corporation's expenses decreased \$21,679 from \$173,297 in 2015 to \$151,618 in 2016, a decrease of 13%. The decrease is attributable to decreased administrative expenses related to the smaller sized project closings during 2016.

The Corporation's revenues decreased \$599,044 from \$752,246 in 2014 to \$153,202 in 2015, a decrease of 80%. The decrease was due to a decrease in the number of Corporation projects as compared to 2014. The Corporation's expenses decreased \$230,654 from \$403,951 in 2014 to \$173,297 in 2015, a decrease of 57%. The decrease was attributable to decreased administrative expenses related to the decrease in the Corporation's projects.

**ECONOMIC FACTORS AND NEXT YEAR'S PLAN**

Since its inception in 2011, the Corporation has issued more than 50 bonds totaling nearly \$593,000,000 to local non-profit organizations within the County of Nassau.

The unemployment rate in the County of Nassau has continued to be somewhat lower than national and State of New York averages. At December 31, 2016, the United States unemployment rate was 4.7%, the New York State unemployment rate was 4.9% and the County of Nassau had an unemployment rate of 3.6%.



**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
Years Ended December 31, 2016 and 2015

**ECONOMIC FACTORS AND NEXT YEAR'S PLAN (continued)**

The Corporation plans to continue and expand its assistance to the non-profit organizations located in the County of Nassau through:

- Federally tax-exempt and taxable revenue bonds or refinance of existing bonds
- Sales tax exemptions for construction materials and equipment
- Links organizations to applicable loans
- Explore expansion opportunities
- Connect organizations to workforce training
- Assist organizations with energy assistance

**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 Nassau County Local Economic Assistance Corporation at 1550 Franklin Avenue, Suite 235, Mineola, New York 11501.

**FINANCIAL STATEMENTS**

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**STATEMENTS OF NET POSITION**  
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 764,733	\$ 814,374
Prepaid expenses	<u>3,349</u>	<u>2,917</u>
Total Current Assets	<u>768,082</u>	<u>817,291</u>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	<u>2,520</u>	<u>17,106</u>
Total Current Liabilities	<u>2,520</u>	<u>17,106</u>
<b>NET POSITION</b>		
Unrestricted	<u>765,562</u>	<u>800,185</u>
Total Net Position	<u><u>\$ 765,562</u></u>	<u><u>\$ 800,185</u></u>

See notes to the financial statements.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES:</b>		
Fee and service income	\$ 115,255	\$ 153,202
Total Operating Revenues	<u>115,255</u>	<u>153,202</u>
<b>OPERATING EXPENSES:</b>		
Professional services	40,342	40,607
Administrative expense	102,776	120,976
Rent expense	6,000	6,000
Economic development/marketing	2,500	5,714
Total Operating Expenses	<u>151,618</u>	<u>173,297</u>
Net Operating Loss	<u>(36,363)</u>	<u>(20,095)</u>
<b>NON-OPERATING REVENUES:</b>		
Interest income	<u>1,740</u>	<u>1,824</u>
Total Non-Operating Revenues	<u>1,740</u>	<u>1,824</u>
Change in Net Position	(34,623)	(18,271)
<b>Net Position at Beginning of Year</b>	<u>800,185</u>	<u>818,456</u>
Net Position at End of Year	<u>\$ 765,562</u>	<u>\$ 800,185</u>

See notes to the financial statements.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from providing services	\$ 115,255	\$ 153,202
Cash payments for contractual services	(166,636)	(196,584)
Net Cash Used by Operating Activities	(51,381)	(43,382)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	1,740	1,824
Net Cash Provided by Investing Activities	1,740	1,824
Net Decrease in Cash and Cash Equivalents	(49,641)	(41,558)
Cash and Cash Equivalents, at Beginning of Year	814,374	855,932
Cash and Cash Equivalents, at End of Year	\$ 764,733	\$ 814,374
<b>RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Net operating loss	\$ (36,363)	\$ (20,095)
Increase in assets:		
Prepaid expenses	(432)	(378)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	(14,586)	5,448
Due to affiliate	-0-	(28,357)
Net Cash Used by Operating Activities	\$ (51,381)	\$ (43,382)

See notes to the financial statements.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Years Ended December 31, 2016 and 2015

**Note 1 – Summary of Significant Accounting Policies**

Organization

The Nassau County Local Economic Assistance Corporation (the "Corporation") was created as a local development corporation. The Corporation was established on September 20, 2010 pursuant to Section 1411 of the New York Not-for-Profit Corporation Law. The mission of the Corporation is to serve as a core resource for new and existing philanthropic and charitable organizations within the County of Nassau, New York, to support the growth, expansion and ongoing operations of non-profit organizations that allow the community to thrive.

The Corporation provides the following major incentives:

- Federally tax-exempt and taxable revenue bonds or refinance of existing bonds
- Sales tax exemptions for construction materials and equipment
- Links organizations to applicable loans
- Explore expansion opportunities
- Connect organizations to workforce training
- Assist organizations with energy assistance

Reporting Entity

The financial reporting entity includes all functions and activities over which the appointed officials exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. The County of Nassau appoints the governing board of the Corporation which results in interdependency with the County of Nassau. Accordingly, the Corporation has been determined to be a component unit of the County of Nassau.

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 or economic asset used, regardless of the timing of the related cash flows. 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. 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 a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Years Ended December 31, 2016 and 2015

**Note 1 – Summary of Significant Accounting Policies** (continued)

Cash and Cash Equivalents

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

Prepaid Expenses

Prepaid expenses represent Corporation expenses paid in advance, which generally consist of insurance.

Equity Classification

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

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 attributable to the acquisition, construction, or improvement of those assets.

Restricted - Consists of net assets 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 - All other net assets that do 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 and straight-lease 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 sale of bonds and straight-lease agreements.

Advertising

The Corporation follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the years ended December 31, 2016 and 2015 totaled approximately \$3,000 and \$6,000 respectively.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Years Ended December 31, 2016 and 2015

**Note 1 – Summary of Significant Accounting Policies (continued)**

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.

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 2 – Cash and Cash Equivalents**

Cash and cash equivalents consist of funds deposited in demand accounts and certificates of deposit with original maturities of less than three months.

The Corporation's investments are governed by a formal investment policy. The Corporation's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Corporation is authorized to use certificates of deposit and money market deposit accounts. Permissible investments include certificates of deposit, obligations of the United States, obligations of the State of New York, repurchase agreements, and obligations of agencies of the federal government where principal and interest are guaranteed by the United States.

Collateral is required for demand deposits and time deposits accounts at 102% 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.



**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Years Ended December 31, 2016 and 2015

**Note 2 – Cash and Cash Equivalents** (continued)

At December 31, 2016, 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 in the Corporation's name.

**Note 3 – Revenues**

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

1. Tax-Exempt or Taxable Bond Issues – Five-tenths of one percent (.5%) for the first twenty five million dollars (\$25,000,000) of total project costs and, if applicable, two-tenths of one percent (.2%) for any additional amounts in excess of twenty five million dollars (\$25,000,000) of total project costs.
2. General Counsel Fee – One-tenth of one percent (.1%) of total project costs, with a minimum fee of \$2,000.
3. All Transactions – Two thousand five hundred dollars (\$2,500) closing compliance fee payable at closing and one thousand dollars (\$1,000) per year (or part thereof) administrative fee, payable in advance, as described below.
4. Subsequent Transactions - The Corporation fee for a bond issuance (whether “new money” or a refunding) that closes on or before the twelve (12) month anniversary of the closing of a prior issuance for the same Applicant(s) shall be two-tenths (2/10) of one percent (.2%) of total project costs.
5. Refundings – The Corporation fee for a refunding that closes more than twelve (12) months after the issuance of the bonds being refunded shall be determined in accordance with subparagraphs 1, 2 and 3 above.

The Corporation collects one time administration fees from the issuance of taxable bonds and tax exempt bonds and other transactions as follows:

6. The following amounts are payable to the Corporation at the time the application is submitted: (i) a \$1,000 non-refundable application fee; (ii) a \$3,500 expense deposit for the Corporation's bond counsel fees and expenses; and (iii) a \$2,500 expense deposit for the cost/benefit analysis with respect to the project contemplated by the application.
7. The Corporation charges a non-refundable annual fee of \$1,000 per applicant during the term of the bonds. The fee covers the cost of annual reporting and monitoring of transactions including the outstanding bonds.
8. The fees listed above are subject to periodic review and may be adjusted from time to time with the authority of the Board.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Years Ended December 31, 2016 and 2015

**Note 3 – Revenues** (continued)

The following is a detail of the fee and service income received for the years ended December 31:

	2016	2015
Closing Fee Income	\$ 105,255	\$ 144,202
Application Fee Income	-0-	1,000
Annual Fee Income	10,000	8,000
Total Fee and Service Income	<u>\$ 115,255</u>	<u>\$ 153,202</u>

**Note 4 – Conduit Debt Obligations, Revenue Bonds and Note Transactions**

The Corporation has issued Revenue Bonds to local non-profit organizations, which provides the organizations the opportunity to utilize tax-exempt financing for eligible projects. These 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 facilities transfers to the non-profit organization served by the bond issuance.

Neither the Corporation, the County of Nassau, 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, 2016 and 2015, there were 56 and 53, series of Revenue Bonds and Notes outstanding, with an aggregate principal amount payable of \$529,183,875 and \$528,932,803, respectively.

**Note 5 – Related Party Transactions**

The Corporation entered into a sublicense and cooperation agreement with Nassau County Industrial Development Agency, to share office space and basement storage space in Mineola, New York, as well as to provide administrative services for the Corporation, as the Corporation has officers but no employees. The officers and some of the directors of the Corporation serve in similar positions for the Nassau County Industrial Development Agency. The term of the sublicense commenced on January 1, 2011 and will terminate at such time as either party gives the other at least thirty days' notice of revocation in writing. The fee for the sublicense is \$500 per month. Rental expense totaled \$6,000 for each of the years ended December 31, 2016 and 2015.

Administrative charges totaled \$76,100 and \$91,600 for the years ended December 31, 2016 and 2015, related to services provided for project management and closings, and are included in administrative expenses.

**Note 6 – Litigation**

The Corporation is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that if such litigation should occur, either individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Corporation.

**NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
Years Ended December 31, 2016 and 2015

**Note 7 – Component Unit**

On February 13, 2012 the Nassau Business Development Corporation was formed to further support and promote economic development efforts for the public purpose and charitable purpose of benefiting and furthering the activities of the County of Nassau, New York. The Nassau County Local Economic Assistance Corporation is the sole member of the Nassau Business Development Corporation. There was no activity during the years ended December 31, 2016 and 2015.

**OTHER REPORTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDITS OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Nassau County Local Economic Assistance Corporation  
Mineola, 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 business-type activities of the Nassau County Local Economic Assistance Corporation (the "Corporation"), a component unit of the County of Nassau, New York, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated April 14, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 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 audits 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.

PERSONAL SERVICE. TRUSTED ADVICE. 

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## **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 audits, 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 the 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.

*Albrecht, Viggiano, Zurech and Company, P.C.*

Hauppauge, New York  
April 14, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH CORPORATION INVESTMENT POLICY**

To the Board of Directors  
Nassau County Local Economic Assistance Corporation  
Mineola, New York

**Report**

We have examined the Nassau County Local Economic Assistance Corporation's (the "Corporation"), a component unit of the County of Nassau, New York, compliance with the Corporation's investment policy during the period January 1, 2016 through December 31, 2016.

**Management's Responsibility**

Management is responsible for the Corporation's compliance with those requirements.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Corporation's compliance based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with specified requirements.

**Opinion**

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the period January 1, 2016 through December 31, 2016.

**Other Matters**

This report is intended solely for the information and use of the Board of Directors, Audit Committee, management of the Corporation, the County of Nassau, Authority Budget Office, and the New York State Comptroller's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Albrecht, Viggiano, Zureck and Company, P.C.*  
Hauppauge, New York  
April 14, 2017

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