

**TOWN OF ISLIP INDUSTRIAL  
DEVELOPMENT AGENCY**

**AUDITED FINANCIAL STATEMENTS**

Year Ended December 31, 2018

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY  
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## INDEPENDENT AUDITORS' REPORT

To the Agency Board  
Town of Islip Industrial Development Agency  
Islip, New York

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Town of Islip Industrial Development Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency'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 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 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 Agency'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 Agency'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 opinion.

**BEYOND THE NUMBERS...**

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR  
NEW YORK, NY 10167  
T: 212.792.4075

25 SUFFOLK COURT  
HAUPPAUGE, NY 11788-3715  
T: 631.434.9500 F: 631.434.9518

www.avz.com  
INDEPENDENT MEMBER OF BKR INTERNATIONAL

## Opinion

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 Agency, as of December 31, 2018, and the respective changes in financial position, and cash flows thereof for the year 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 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Agency taken as a whole. The accompanying schedule of bonds, notes and leases is presented for purposes of additional analysis by the Authority Budget Office and is not a required part of the financial statements. The schedule of bonds, notes and leases is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019, on our consideration of the Agency'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 the effectiveness of the agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

*Albert, Vajzo, Zeh & Conroy P.C.*

Hauppauge, New York  
June 7, 2019

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

## **TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section presents management's analysis of the Town of Islip Industrial Development Agency's (the "Agency"), a component unit of the Town of Islip, New York (the "Town") financial condition and activity for the year ended December 31, 2018. Please read this information in conjunction with the financial statements.

The Agency is a component unit of the Town of Islip and its personnel are employees of the Town. All salaries and fringe benefits for Agency personnel are paid by the Town. Additionally, office space is provided to the Agency by the Town. The Agency has reimbursed the Town the approximate cost for Agency salaries, fringe benefits, and rent.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's discussion and analysis of the Agency's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Agency's strategic plan, operating plan, bond covenants, and other management tools were used for this analysis.

The financial statements report information about the Agency, which is an enterprise-type fund. The Agency 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 statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and notes to the financial statements. The statement of net position includes all of the Agency's assets and liabilities, and provides information about the nature and amount of investments.

The statement of revenues, expenses, and changes in net position presents the results of the Agency's activities over the course of the year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about whether the Agency has successfully recovered its costs through its user fees and other charges, profitability and credit worthiness.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating, investing and financing activities.

The notes to the financial statements provide required disclosures and other information that is essential to a full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE AGENCY**

One of the most important objectives of the financial analysis is to determine if the Agency, as a whole, is better or worse off as a result of the year's activities. The statement of net position and the statement of revenues, expenses, and changes in net position provide useful information in this regard. The statements report the net position of the Agency and changes in these net positions. 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 Agency. Over time, increases or decreases in the Agency's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning, and new government legislation or changes to existing government legislation should be considered in evaluating the financial condition of the Agency.

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 Agency's condensed statements of net position at December 31<sup>st</sup> is presented as follows:

	2018	2017
<b>Assets</b>		
Current and other assets	\$ 5,182,604	\$ 3,407,185
Capital assets	14,969	17,271
Total Assets	<u>5,197,573</u>	<u>3,424,456</u>
<b>Liabilities</b>		
Current and other liabilities	1,110,755	262,502
Total Liabilities	<u>1,110,755</u>	<u>262,502</u>
<b>Net Position</b>		
Net investment in capital assets	14,969	17,271
Unrestricted	4,071,849	3,144,683
Total Net Position	<u>\$ 4,086,818</u>	<u>\$ 3,161,954</u>

Total assets as of December 31, 2018 were \$5,197,573, which exceeded total liabilities by \$4,086,818 (i.e. net position.) Of the Agency's net position, \$14,969 was a net investment in capital assets, and \$4,071,849 was unrestricted, which is available to support operations. Total assets increased by \$1,773,117 between December 31, 2018 and 2017 primarily due to the increase in cash as compared to prior year. Total liabilities increased \$848,253 primarily due to an increase in amount due to other governments. The net position increased by \$924,864 for the current year.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE AGENCY (continued)**

**Operating Results**

The Agency's condensed statements of revenues, expenses and changes in net position at December 31<sup>st</sup> are presented as follows:

	2018	2017
<b>Operating Revenues</b>		
Charges for services	\$ 1,421,125	\$ 598,631
Other operating revenues	-0-	2,500
Total Operating Revenues	<u>1,421,125</u>	<u>601,131</u>
<b>Operating Expenses</b>		
Contractual goods and services	550,443	494,583
Depreciation	2,302	2,303
Total Operating Expenses	<u>552,745</u>	<u>496,886</u>
Operating Income	<u>868,380</u>	<u>104,245</u>
<b>Non-Operating Revenue</b>	<u>56,484</u>	<u>20,313</u>
Change in Net Position	924,864	124,558
<b>Net Position at Beginning of Year</b>	<u>3,161,954</u>	<u>3,037,396</u>
Net Position at End of Year	<u>\$ 4,086,818</u>	<u>\$ 3,161,954</u>

The Agency's operating revenues increased \$819,994 from \$601,131 in 2017 to \$1,421,125 in 2018. The increase is due to larger projects in the current year, resulting in higher project closing fees as compared to the prior year. The expenses increased \$55,859 from \$496,886 in 2017 to \$552,745 in 2018. The increase in expense is mainly due to increase in advertising and promotional expense and professional fees during 2018.

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

The overall mission of the Agency is to promote, attract and encourage well planned economic growth in the Town. The Agency focuses its attention and resources on "wealth generation" companies. The Agency provides a variety of tax incentives to further the public policy objectives of raising the industrial tax base, stabilizing property taxes, and increasing employment opportunities for Town residents.

The Agency has a very aggressive marketing strategy that concentrates on business retention and expansion within the Town of Islip. A secondary focus is placed on attracting new businesses from outside the Town of Islip. The marketing activities include site visits to strategic industries, radio and television ads, print ads, brochures and direct mailing, and extensive networking with business professionals. This comprehensive marketing plan is designed to brand Islip Town as a good place to do business, and to inform the business public of the various economic incentives, including the Agency, that are available to them.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

The Agency plans to continue and expand its assistance to the businesses located in the Town of Islip through:

- Federally tax-exempt and taxable revenue bonds
- Local property tax abatement and exemptions
- Sales tax exemptions for construction materials and equipment
- Mortgage recording tax exemptions

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our readers with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Islip Industrial Development Agency at 40 Nassau Avenue, Islip, NY 11751.

**BASIC FINANCIAL  
STATEMENTS**

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENT OF NET POSITION**  
December 31, 2018

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 5,182,604
Total Current Assets	5,182,604

**Non-current Assets:**

Depreciable capital assets, net of depreciation	14,969
Total Assets	<u>5,197,573</u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable and accrued expenses	22,771
Due to other governments	1,087,984
Total Current Liabilities	<u>1,110,755</u>

**NET POSITION**

Net investment in capital assets	14,969
Unrestricted	4,071,849
Total Net Position	<u>\$ 4,086,818</u>

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
Year Ended December 31, 2018

<b>OPERATING REVENUES:</b>	
Charges for services	\$ 1,421,125
Total Operating Revenues	<u>1,421,125</u>
<b>OPERATING EXPENSES:</b>	
Administration	302,504
Advertising and promotion	187,104
Dues and subscriptions	5,595
Depreciation	2,302
Professional fees	40,730
Travel and conferences	14,510
Total Operating Expenses	<u>552,745</u>
Income from Operations	<u>868,380</u>
<b>NON-OPERATING REVENUES:</b>	
Interest and investment income	<u>56,484</u>
Total Non-Operating Revenues	<u>56,484</u>
Change in Net Position	924,864
<b>Net Position at Beginning of Year</b>	<u>3,161,954</u>
Net Position at End of Year	<u><u>\$ 4,086,818</u></u>

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**STATEMENT OF CASH FLOWS**  
Year Ended December 31, 2018

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers, clients and tenants	\$ 1,421,125
Cash payments for contractual expenses	(625,981)
	<hr/>
Net Cash Provided by Operating Activities	795,144

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Cash received from payments in lieu of taxes	19,352,732
Cash paid for payments in lieu of taxes	(18,428,941)
	<hr/>
Net Cash Provided by Non-Capital Financing Activities	923,791

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	56,484
	<hr/>
Net Cash Provided by Investing Activities	56,484

Net Increase in Cash 1,775,419

Cash and Cash Equivalents at Beginning of Year	3,407,185
	<hr/>
Cash and Cash Equivalents at End of Year	\$ 5,182,604

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Income from operations	\$ 868,380
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,302
Increase (Decrease) in liabilities	
Accounts payable and accrued expenses	(75,538)
	<hr/>
Net Cash Provided by Operating Activities	\$ 795,144

See notes to the financial statements.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**A. Summary of Significant Accounting Policies**

The Town of Islip Industrial Development Agency (the "Agency"), was created as a New York State public benefit corporation. The Agency was established in 1974 pursuant to Code Section 898-b of the New York State General Municipal Law. The Agency Board is the legislative body responsible for overall operations. The Agency Board consists of the Board members of the Town of Islip (the "Town"). The Agency Board appoints the Executive Director of the Agency who is the Chief Executive Officer. The Agency's personnel are employees of the Town. All salaries and related benefits are the responsibilities of the Town. The Agency is a quasi-governmental, tax-exempt agency that was created to promote, develop, encourage and assist in acquiring, developing and equipping various business facilities, thereby advancing the job opportunities, general prosperity and economic welfare of the people of the Town of Islip, New York. It raises funds to accomplish this purpose by issuing negotiable bonds and notes. The Agency provides companies with the following incentives:

- Federally tax-exempt and taxable revenue bonds
- Local property tax abatement and exemptions
- Sales tax exemptions for construction materials and equipment
- Mortgage recording tax exemptions

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles 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 Agency's more significant accounting policies are described below.

**1. Financial Reporting**

The financial reporting entity includes all functions and activities over which the elected officials of the Town of Islip exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. Accordingly, the Agency has been determined to be a component unit of the Town of Islip.

**2. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenses 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 Agency uses the economic resources measurement focus and 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.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**A. Summary of Significant Accounting Policies** (continued)

**2. Measurement Focus/Basis of Accounting** (continued)

The financial statements include the statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows.

**3. Cash and Cash Equivalents**

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

**4. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more and an estimated useful life in excess of one year, are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except donated capital assets, which are recorded at their acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Machinery and equipment	3-10 years
Software	3 years

**5. Due To Primary Government**

Amounts due to primary government, if any, are for services provided to the Agency by the Town.

**6. Due To Other Governments**

Amounts due to other governments are for recapture and payments in lieu of taxes (PILOT) payments received prior to year-end and payable to other governments.

**7. Net Position Classification**

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

- a. 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.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**A. Summary of Significant Accounting Policies** (continued)

**7. Net Position Classification** (continued)

- b. Restricted 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.
  
- c. Unrestricted 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.

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

**8. Revenue Recognition**

The Agency's primary sources of operating revenue are from bond issuance and 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.

**9. Advertising**

The Agency follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2018 was approximately \$187,000.

**10. 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.

**11. 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.

**12. Accounting Pronouncements**

The Agency has adopted all of the current Statements of the Governmental Accounting Standards Board ("GASB") that are applicable for the year ended December 31, 2018. The implementation of the applicable Statements had no impact on the Agency's financial statements.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**B. Cash and Cash Equivalents**

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

The Agency's investments are governed by a formal investment policy. The Agency's monies must be deposited in Federal Depository Insurance Corporation ("FDIC")-insured commercial banks or trust companies located within New York State.

The Agency is authorized to use certificates of deposit and money market deposit accounts. Permissible investments include certificates of deposits, 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 100% of all deposits not covered by FDIC. 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 Agency's collateral agreements are based on the Agency'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, a government may be unable to recover deposits or recover collateral securities that are in possession of an outside agency. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government 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 Agency's name.

At December 31, 2018, the Agency's cash and cash equivalents have been combined with other funds in the Town's consolidated cash account, which was insured by FDIC or collateralized by securities held in the pledging bank's agent, a third-party financial institution, in the Town's name.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2018 is as follows:

	<u>Balance</u> 01/01/18	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/18
<b>Depreciable assets:</b>				
Machinery and equipment	\$ 29,706			\$ 29,706
Software	15,000			15,000
Total depreciable capital assets	<u>\$ 44,706</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>44,706</u>
<b>Accumulated depreciation:</b>				
Machinery and equipment	\$ 12,435	\$ 2,302		14,737
Software	15,000			15,000
Total accumulated depreciation	<u>\$ 27,435</u>	<u>\$ 2,302</u>	<u>\$ -0-</u>	<u>29,737</u>
Total net depreciable assets				<u>\$ 14,969</u>

Depreciation expense totaled \$2,302 for the year ending December 31, 2018.

The Agency evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Agency's policy is to record an impairment loss in the period when the Agency determines that the carrying amount of the asset will not be recoverable. At December 31, 2018, the Agency has not recorded any such impairment losses.

**D. Revenues**

Agency Fee Structure

The Agency collects one-time administration fees from the issuance of taxable bonds, tax exempt bonds and straight-lease transactions as follows:

- Taxable and Tax-Exempt Bond Issues - Six-tenths of one percent (.6%) of the final bond amount.
- Straight-Lease Transactions - Six-tenths of one percent (.6%) of the projected total costs.

The Agency collects other fees as follows:

- Application Fee – An application for Agency assistance must be accompanied by a non-refundable fee of \$1,000 plus a \$500 fee for Town review of Environmental Assessment Form as required by the State Environmental Quality Review Act (SEQRA).
- Processing Fee – During the course of Agency ownership/involvement, the Agency may occasionally be required, by the company, to consent to a variety of items, i.e. pre-payment of bonds, second mortgages, additional secured financing, etc. The Agency will charge a \$500 processing fee for each of these requests.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS**

**D. Revenues** (continued)

Agency Fee Structure (continued)

- Assignments and Assumptions – Occasionally, the Agency is asked to transfer benefits that were assigned to the original company, (i.e. PILOT or mortgage recording tax benefits), to a different company typically upon a sale of the Agency property. The new company often wishes to continue Agency involvement with the property in order to retain Agency incentives. The Agency will charge a \$1,500 fee for each of these transactions.
- PILOT Extensions/Modifications – Occasionally, the Agency is asked to extend or modify an existing PILOT. A .6% fee will be measured against the projected increase of the PILOT benefit.
- Annual Administrative Fee – An annual administrative fee of \$1,000 will be charged to all projects to cover the cost of all reporting and monitoring of the transactions.
- Agency and Bond/Transaction Counseling Fees – The Agency's counsel bills all time spent related to the Agency matters at \$250 per hour. Bond/Transaction counseling fee is negotiated separately.

**E. Payments in Lieu of Taxes**

The Agency receives PILOT from the borrowing companies. The Agency follows the Suffolk County Tax Act for collection of PILOT payments. PILOT payments are due in two equal installments; the first half is payable on December 1<sup>st</sup> preceding the year for which the same is levied and the second half is payable May 10<sup>th</sup>, with the first half payable without penalty to January 10<sup>th</sup> and the second half payable without penalty to May 31<sup>st</sup>. Penalties and interest are charged on late payments.

Receipts of PILOT payments are deposited into the general operating bank account and subsequently disbursed to the appropriate taxing jurisdictions. PILOT payments are not considered revenues of the Agency.

**F. Conduit Debt Obligations, Industrial Revenue Bonds and Note Transactions**

The Agency, has at times, issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of 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 Agency, the Town, 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, 2018, there was one series of Revenue Bonds outstanding, with an aggregate principal amount payable of \$15,275,000.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**

**G. Lease Commitments**

The Agency assists private-sector companies (the "Companies") with the acquisition of industrial and commercial facilities deemed to be in the public interest. Upon closing on the properties, the Agency takes title as a nominal owner (which allows the Agency to pass through tax and other incentives) and the Companies take title as beneficial owners. The Agency then leases the properties to the Companies for a negligible amount, if any. The lease terms usually expire in conjunction with the payments in lieu of taxes of the companies. The leasing transactions are not recorded in the accompanying financial statements of the Agency.

As of December 31, 2018, there were 131 leases outstanding, at \$1 or less each per year.

**H. Litigation**

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

**I. Related Party Transactions**

The Agency is a component unit of the Town and its personnel are employees of the Town. All salaries and fringe benefits for Agency personnel are paid by the Town. Additionally, the Agency rents the office space from the Town. The approximate total value of salary and fringe benefits attributable to Town employees as a percentage of time spent on Agency activities was \$290,924 and the estimated fair market rental value of office space provided to the Agency by the Town was \$11,580 for the year ended December 31, 2018. The total value of \$302,504 is reported as administrative expenses on the financial statements. The Agency reimbursed the Town a total of \$302,504 in 2018.

**J. New Pronouncements**

The following statements have been issued by the GASB and are to be implemented in future years, as applicable:

Statement No. 84, "Fiduciary Activities" establishes criteria for identifying fiduciary activities of all state and local governments. The criteria focus is generally on 1) whether a government is controlling the assets of the fiduciary activity, and 2) the beneficiaries with whom a fiduciary relationship exists. The Statement establishes the four fiduciary funds that should be reported (as applicable): 1) pension and other employee benefit trust funds, 2) investment trust funds, 3) private purpose trust funds, and 4) custodial funds. This Statement also provides guidance for the recognition of a liability when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, "Leases" establishes accounting and financial reporting of leases. It requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. For leases with terms in-excess of 12 months, the Statement requires the leases to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF BONDS, NOTES AND LEASES**  
 December 31, 2018

Project Code	Bond or Note Project Name	Total Project Amount	Is the applicant a Not for Profit corporation?	Estimated Amount of Tax Exemptions	Amount of PILOT Payments	Purpose for which Bond or Note was Issued	Date of Issue	Interest Rate	Year Financial Assistance is Planned to End	Federal Tax Status of Bonds	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-01-08A	Court Plaza Senior Apts.	\$ 15,000,000	N	\$ 1,000,549	\$ 198,776	NYS Tax Credit Senior Housing in Empire Zone	12/28/2001	5.70%	2017	Tax Exempt	4	-0-
4703-99-03A	Atria Assisted Living	16,000,000	N	539,262	539,262	Assisted Living	07/22/1999	Variable	2029	Tax Exempt	40	-0-
4703-06-01A	U.S. Alliance Paper/Equipment	3,200,000	N	-0-	-0-	Paper Manufacturer/ Equipment Only	02/27/2007	5.23%	2020	Tax Exempt	-0-	-0-
4703-09-02A	U.S. Alliance Paper/Equipment	2,800,000	N	-0-	-0-	Paper Manufacturer/ Equipment Only	11/17/2009	6.15% - 8.50%	2017	Tax Exempt	-0-	-0-
4703-12-07A	Engle Burman/ Sayville Assisted	40,900,000	Y	9,777,750	383,532	Assisted Living Facility	11/27/2012	6.50%	2025	Tax Exempt	55	-0-

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**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
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 December 31, 2018

<u>Project Code</u>	<u>Lease Project Name</u>	<u>Is the applicant a Not for Profit corporation?</u>	<u>Estimated Amount of Tax Exemptions</u>	<u>Amount of PILOT Payments</u>	<u>Purpose for which Each Transaction was Made</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>
4703/06/04A	Constance Foods/Aerotech	N	\$ 507,392	\$ 253,619	Food Mfr. & Distribution for 7 Eleven Corp.	288	97
4703-00-07	NYSARC/Andreassi Assoc.	Y	157,662	17,334	NFP Training and Educational Center for AHRC	25	-0-
4703-00-09A	Courthouse Corporate Ctr.	N	1,135,943	1,128,853	Class A Office in Empire Zone	3	-0-
4703-01-05A	22-50 Jackson Ave. Associates	N	4,098,766	1,661,525	Multi year, mixed use development	-0-	13
4703-01-10A	Broadway West	N	391,068	189,833	Senior Housing	-0-	-0-
4703-02-08A	Positive Promotions	N	381,915	229,149	Mfr. Of Printed Information & Promotional Materials	75	275
4703-02-09A	Shafter St./Roux Assoc.	N	82,121	82,121	Professional Office Bldg./Engineers	14	65
4703-02-10A	Atlantic Veterinary Emergency	N	122,199	115,517	Emergency Vet Services	3	8
4703-02-11A	Branford Hall/Aerotech	N	128,363	200,707	Career Training Facility	15	31

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4703-03-03A	SKA Machining/ Tri-Start Electronics	N	\$ 37,491	\$ 37,491	Distributor of Electronic Components	10	28
4703-03-05A	Edgewood Land	N	57,748	57,748	Industrial Park Infrastructure	-0-	13
4703-03-10A	Jetro Cash & Carry II	N	-0-	-0-	Commercial Food/Rest. Supplies/Expansion	6	58
4703-04-04A	EDO Corp./Aerotech	N	301,852	252,130	Antenna Mfr. Facility/Defense	33	167
4703-04-05A	Alcan Packaging	N	482,317	252,663	Mfr. Of Flexible Packaging Roll Labels	100	-0-
4703-04-06A	NBTY/Cartwright Loop/Exp.	N	509,756	509,756	Expansion of Gelcap Mfr. Fac.	-0-	-0-
4703-04-07A	Glenn Wayne Bakery	N	55,730	55,730	Industrial Bakery (Formerly CraftTech)	13	59
4703-05-03A	267 Carleton Ave. Associates	N	192,602	100,618	Professional Office Empire Zone	9	29
4703-05-04A	Rothco II	N	215,180	215,180	Distributor/Expansion	12	94

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4703-05-05A	Whitson's Food Services	N	\$ 37,925	\$ 120,060	Mfr. Of Delivered Meals	40	114
4703-05-09A	Industrial Road & Drainage	N	17,718	17,718	Road & Drainage Infrastructure for Ind. Park	-0-	-0-
4703-06-02A	TII Network Technologies	N	137,330	137,330	Mfr. Of Surge Protection Devices	50	46
4703-06-03A	Old Nichols Road Group	N	112,075	70,998	Professional Office Bldg. Housing 2 Law Firms	16	34
4703-06-06A	A.G. Metropolitan/Feil Corp.	N	1,603,066	663,529	Office Complex	900	500
4703-07-01A	Seal Dynamics/Prime 11 East	N	94,893	87,219	Design & Distribution of Mechanical and Electrical Components for Airlines	7	75
4703-07-02A	Heartland Boys/US Alliance RE	N	423,657	404,882	Paper Manufacturer/ Real Estate	23	77
4703-07-07A	RSM Realty	N	20,297	17,303	Manufacturer/Installer/ Bathrooms	14	16
4703-08-01A	Bayport Partners/Blackman Plumbing.	N	343,824	343,824	Plumbing Supply Distributor	157	-0-

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4703-08-02A	Shri Parshwa/Perfume Center	N	\$ 405,939	\$ 52,560	Perfume Packager and Distributor	20	60
4703-08-03A	David Peyser Sportswear	N	191,829	191,829	Manufacturer/Embroidered Sportswear	70	392
4703-09-01A	Fed Ex Ground/Laz Bur	N	253,315	241,947	Package Transportation	16	62
4703-10-01A	GE Aviation/GL II Assoc	N	223,075	167,221	Manufacturer of Aviation Electronics	52	227
4703-11-02A	Sysco LI LLC	N	2,009,138	747,721	Distributor of Food Products	185	0
4703-11-04A	Suffolk County Brake Services	N	64,305	59,385	Heavy Equipment Service & Sales	10	10
4703-11-05A	Invagen Pharmaceuticals	N	1,203,476	551,667	Generic Pharmaceutical Manufacturer	150	0
4703-11-06A	American Tire/ 121 Wilshire LLC	N	322,631	59,147	Distributor of Automobile Tires	25	0
4703-11-07A	Trojan Powder Coating	N	197,723	122,829	Metal Finishing Plant	26	58

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4703-11-08A	Rubies Costume Co. Inc.	N	\$ 366,792	\$ 137,145	Distributor of Halloween Costumes	55	0
4703-11-09A	Piping Rock	N	183,538	131,038	Manufacturer of Health & Nutritional Foods	80	0
4703-11-11A	CVD Equipment (CI)	N	554,377	151,821	Designs and manufacturers capital equipment including chemical vapor disposition furnaces and gas flow control equipment	17	159
4703-12-02A	Briad Development East LLC	N	1,057,794	65,888	4 story, 125 room, all-suite extended stay hotel	30	0
4703-12-05A	Wesco Distribution/Prime Eleven LLC	N	768,504	283,615	Distributor of Electrical, Industrial Products and Construction Materials	24	85
4703-12-06A	Broadridge Investor Communications Inc.	N	362,409	254,451	Service provider of investor communications and technology driven solutions to banks, broker-dealers, mutual funds and corporations globally	0	1500
4703-13-01	B/E Aerospace Inc./Four L Realty	N	103,347	103,347	Manufacturer of high performance lighting systems for commercial and business jet aircraft	30	154
4703-13-02	Rothco III	N	110,135	51,223	Warehouse distributor of military apparel, outdoor clothing and accessories	0	0

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4703-13-03	Allstate	N	\$ 1,247,589	\$ 55,000	Insurance products	0	385
4703-13-04	Sartorius Stedim North America	N	507,391	31,081	Provider of cutting-edge equipment for the bio pharmaceutical industry	20	150
4703-13-05	60 Hoffman/United Lighting and Electrical Corp/Playaction LLC	N	135,834	88,292	Wholesale and electrical lighting supply/sports and entertainment brand product licensing	8	28
4703-13-06	ZTA Rental Properties	N	364,997	91,614	Construction of a new warehouse/light manufacturing building	0	0
4703-14-01	The Berlerro Group LLC (Skyzone)/ZTA Rental Properties L.P.	N	111,780	34,857	Indoor trampoline park	51	0
4703-14-02	Green-Flagg LLC	N	171,547	54,784	Downtown mixed use development - New wood frame construction of 2 buildings	0	0
4703-14-03	Kelco Construction, Inc./Freckle Face Realty LLC	N	73,200	73,200	Large, comprehensive construction and landscaping installation company	27	90
4703-14-04	Hauppauge Office Park Associates, LLC	N	1,247,589	503,109		215	567
4703-14-05	Carson Optical Inc./Gilpin LLC	N	127,290	82,739	Manufacturer, importer and distributor of optical products	8	25

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4703-14-06	Sheralven Enterprises Ltd./Heartland Boys II LP	N	\$ 408,340	\$ 224,587	Wholesale distributor of fragrances	30	132
4703-14-07	M & M Canvas & Awnings, Inc./Mere Realty Holdings, LLC	N	89,452	58,144	Manufacturer of awnings and canvas product	10	15
4703-14-08	ELM Freight Handlers Inc. d/b/a ELM Global Logistics/Brentwood Steel, LLC	N	995,619	722,121	Warehousing and logistics services for local and national companies	15	62
4703-14-09	J & A Coat & Apron Service Corp.	N	26,668	16,015	Apron, linen, napkin, shirts, pants rental service	8	15
4703-14-10	Universal Photonics Inc./Facilities Realty Management - Jetson, LLC	N	235,739	110,000	Warehouse and distributor of polishing products	0	60
4703-14-11	All-System Aerospace International, Inc./NASHA Holdings, LLC	N	46,874	28,124	Warehouse distributor of helicopter and aircraft parts	4	20
4703-14-13	Above All Storefronts Inc./50 Gilpin Corp.	N	137,781	49,618	Manufacturer and installer of aluminum and glass commercial windows	12	63
4703-14-14	Cookies United LLC/United Baking Co. Inc.	N	365,788	96,446	Manufacturer of baked goods	30	120

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4703-14-15	Fashioncraft-Excello Inc./Veterans Highway - Holbrook, LLC	N	\$ 122,638	\$ 73,583	Wholesale distributor of wedding and other event favors	7	45
4703-14-17	Tekweld Solutions Inc./45 Rabro Solutions LLC	N	128,935	64,467	Manufacturer of promotional items	40	80
4703-14-18	Island Tech Services, LLC/Invesgro, LLC	N	34,555	20,733	Computer network and service company	8	17
4703-15-01	Ruby Has LLC/Adscott Realty Co.	N	231,826	139,096	Fulfillment, picking and packing for ecommerce companies	14	24
4703-15-02	Century Direct, LLC/C. Vignola Realty LLC	N	137,637	55,055	Commerical Printing, Mailing, Data Management and Computer Services	135	177
4703-15-03	Design Works Craft Inc./REP A-2022 LLC	N	47,682	28,609	Manufacturer of Arts and Crafts	13	42
4703-15-04	ABH Nature's Products	N	108,489	43,396	Manufacturer, packaging, distributing of vitamin products	17	17
4703-15-05	AlphaMed Bottles Inc.	N	66,411	34,589	Manufacturer of bottles for the pharmaceutical industry	20	15
4703-15-06	Ascent Pharmaceuticals Inc. 2015 Facility (InvaGen II)	N	423,464	317,363	Manufacturer of generic pharmaceutical products	100	390

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4703-15-07	Dealer Tire LLC/N&G Realty Co.	N	\$ 284,610	\$ 101,080	Warehouse distributor of tires	22	0
4703-15-08	Century Direct, LLC/130 Hoffman 2015 facility	N	60,846	24,339	Commerical Printing, Mailing, Data Management and Computer Services	48	0
4703-15-09	Multidyne Electronics Inc./Silverback Realty LLC	N	70,012	26,925	Manufacturer of fiber optic communications equipment for broadcast, cinema and ProAV Industries	13	17
4703-15-10	Rubies Costume Inc./100 Pineaire Drive LLC (Rubies III)	N	158,651	158,651	Manufacturer and distributor of Halloween costumes and accessories	18	0
4703-15-11	Macy Estate LLC	N	186,768	119,707	Senior Housing	0	2
4703-15-12	Northrock Industries LLC/BAMM LLC	N	60,204	33,112	Manufacturer of construction equipment	5	17
4703-15-13	Qosina Corp/REP A-2027 LLC	N	229,674	112,602	Distributor of plastic medical components and cosmetic disposables	10	102
4703-15-14	Coline Cabinetry NY Inc./Hauppauge Holding LLC	N	106,706	21,333	Import and assemble cabinetry for residential and commercial use	11	9
4703-15-15	Land Tek/Islip Yards	N	114,293	38,268	Contruction of two new buildings and equipment storage yards.	30	275

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4703-15-16	Robert Marsh Enterprises Inc.	N	\$ 41,395	\$ 22,767	Distribution and selling of entertainment equipment	4	21
4703-15-17	Home Tile Center of NY Inc./Corfu Property LLC	N	91,797	50,489	Importer and distributor of ceramic tiles	4	6
4703-15-18	Nationwide Exhibitors Services Inc./Wm. J. Lot Realty LLC	N	152,694	83,982	Manufacturer of tradeshow booths	10	17
4703-15-19	Summit Manufacturing LLC	N	234,142	128,778	Manufacturer of advertising displays	11	225
4703-15-20	Restaurant Depot LLC/JMDH Real Estate of Bohemia LLC	N	18,978	18,978	Wholesale distributor of restaurant supplies	9	73
4703-15-21	Briad Lodging Group CI 2 LLC (2nd hotel)	N	1,587,028	60,084	Select service hotel with 125 rooms	30	0
4703-15-22	SUNation Solar Systems Inc.	N	36,221	19,921	Custom solar sales, design and installation company	31	64
4703-16-01	Hemisphere Trading/42 Windsor	N	212,004	116,602	Wholesaler/Distributor of household goods	9	7
4703-16-02	Suffolk County Industrial	N	1,006,123	302,474	Conversion of 500,000 sq. ft. manufacturing facility to multi-tenant/food production	150	0

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4703-16-03	Ri Wang Food Group/Paramount Land	N	\$ 108,703	\$ 54,352	Importer/ distributor of gourmet ethnic food products	57	0
4703-16-04	Continental Marble/Smithtown Onyx	N	38,404	19,202	Manufacturer of stone and marble counter tops	7	35
4703-16-05	Snake Tray/239 S Fehr Way LLC	N	97,089	64,564	Manufacturer of cable and power distribution trays	17	35
4703-16-06	JVR Electric, Inc.	N	29,191	14,596	Electrical contractors	12	18
4703-16-07	B&S Fragrances & Cosmetics	N	105,510	52,755	Cosmetic and fragrance distributor	12	17
4703-16-08	East/West Industries	N	117,057	51,962	Aerospace/defense manufacturer	23	60
4703-16-09	M S International	N	211,244	104,122	Warehouse/distribution of flooring, countertops, tile, and hardscaping	15	0
4703-16-11	Crown Royal Ventures	N	47,444	47,444	Construction of multi-tenanted industrial building	6	6
4703-16-12	Avco Industries (Freeport Paper)	N	153,230	76,615	Paper manufacturer	30	120

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4703-16-13	Best Yet Market LLC	N	\$ 131,229	\$ 131,229	Corporate HQ, food distribution, food incubator	200	0
4703-17-1	Designs for Vision 2017	N	242,769	93,845	design, engineer, and manufacture optical and illumination devices	5	151
4703-17-10	Galil Importing Corp	N	87,715	-0-	Food Importer and Distributor	6	24
4703-17-11	CVD Materials	N	655,089	223,648	high-tech manufacturing	20	166
4703-17-12	Towne Bus Corp	N	-0-	-0-	bus transportation	160	0
4703-17-3	Kenco LLC	N	66,704	33,352	manufacturer of aircraft parts and assemblies	4	43
4703-17-4	Lab Crafters 2017	N	207,364	103,682	manufacturer of metal furniture for laboratories and other customers	18	95
4703-17-6	Smart USA	N	-0-	-0-	manufacturer of aluminum and plastic food containers	35	0
4703-17-7	Bay Shore Main & 4th	N	69,431	-0-	mixed use downtown development	45	0

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4703-17-8	M&M Canvas 2017	N	\$ -0-	\$ -0-	manufacture awnings, powder coating	8	20
4703-17-9	Competition Architectural Metals	N	20,955	-0-	Manufacturer of architectural metal and glass products	9	21
4703-18-01	Jack Pedowitz Enterprises	N	26,063	-0-	Construction rigging equipment	15	82
4703-18-02	Atlantic Vet/75 Sunrise 2017 facility	N	-0-	-0-	veterinary hospital	10	106
4703-18-03	Bancker Construction	N	30,126	-0-	municipal construction company	15	30
4703-18-04	Plastirun Corp	N	-0-	-0-	manufacturer of disposable paper products	3	62
4703-18-06	Gull Haven Commons	N	67,500	-0-	multifamily housing	7	0
4703-18-07	Brightview Sayville, LLC	N	546,921	-0-	Assisted Living Facility	78	0
4703-18-08	Cottonwood Metals	N	125,000	-0-	manufacture metal fasteners	8	22

See independent auditors' report.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF BONDS, NOTES AND LEASES**  
 December 31, 2018

<u>Project Code</u>	<u>Lease Project Name</u>	<u>Is the applicant a Not for Profit corporation?</u>	<u>Estimated Amount of Tax Exemptions</u>	<u>Amount of PILOT Payments</u>	<u>Purpose for which Each Transaction was Made</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>
4703-18-09	Agilintas Energy LLC	N	\$ 477,489	\$ -0-	Solar Farm	0	0
4703-18-10	Tensator Inc	N	10,000	-0-	manufacture metal stanchions for crowd control	7	66
4703-18-11	Big Apple Sign Corp	N	58,136	-0-	Manufacturer/packaging of signage, visual display, digital printing	14	105
4703-18-12	Sartorius 2018/Aerotech	N	22,500	-0-	Provider of cutting-edge equipment for the bio pharmaceutical industry	5	80
4703-18-13	The Cornerstone at Hauppauge	N	220,697	-0-	Senior Citizen Rental Housing	4	0
4703-18-14	Castella Imports, Inc.	N	83,957	-0-	Manufacturer/Distributor of specialty food products	20	274
4703-18-15	Hilo Equipment & Services	N	-0-	-0-	Sales, service and rental of various material handling equipment and overhead doors	13	103
4703-18-16	Universal Fire Proof Door	N	17,006	-0-	Manufacturer of metal and wooden fire proof doors	35	0
4703-18-17	Brothers Duo 3 LLC	N	-0-	-0-	Youth atheletic fields for team play, tournaments, training	62	52

See independent auditors' report.

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF BONDS, NOTES AND LEASES**  
 December 31, 2018

<u>Project Code</u>	<u>Lease Project Name</u>	<u>Is the applicant a Not for Profit corporation?</u>	<u>Estimated Amount of Tax Exemptions</u>	<u>Amount of PILOT Payments</u>	<u>Purpose for which Each Transaction was Made</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>
4703-18-18	La Ricura Foods	N	\$ -0-	\$ -0-	Warehouse distribution in support of food manufacturing	101	351
4703-96-06A	Cintas Corporation	N	385,353	385,353	Commercial Laundry Services	75	45
4703-98-09A	NBTY/Cartwright Loop	N	178,172	178,172	Gelcap Mfr. Facility/New Industrial Park	118	-0-
4703-98-11A	Dayton T. Brown Inc.	N	491,577	491,577	Expansion of Testing Facilities	21	305
4703-98-15A	Jetro Cash & Carry	N	174,964	130,103	Commercial Food/Rest. Supplies	45	-0-
4703-98-16A	NBTY/105 Orville	N	162,576	162,576	Tablet Manufacturing Facility/One of Multiple NBTY Facilities (See Prev. Ann. Rep)	100	599
4703-99-09A	Rothco	N	-0-	-0-	Distributor of Military Surplus Products	30	70

There was no other method of financial assistance utilized by these projects, other than the tax exemptions.

See independent auditors' report.

**OTHER REPORTS**



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

To the Agency Board  
Town of Islip Industrial Development Agency  
Islip, 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 Town of Islip Industrial Development Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated June 7, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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.

BEYOND THE NUMBERS...

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

245 PARK AVENUE, 39TH FLOOR  
NEW YORK, NY 10167  
T: 212.792.4075

25 SUFFOLK COURT  
HAUPPAUGE, NY 11788-3715  
T: 631.434.9500 F: 631.434.9518

www.avz.com  
INDEPENDENT MEMBER OF BKR INTERNATIONAL

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Albert, Vazir, Zaf & Gony PC.

Hauppauge, New York  
June 7, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH AGENCY INVESTMENT POLICY

To the Agency Board  
Town of Islip Industrial Development Agency  
Islip, New York

**Report**

We have examined the Town of Islip Industrial Development Agency's (the "Agency"), a component unit of the Town of Islip, New York, compliance with the Agency's investment policy during the period January 1, 2018 through December 31, 2018.

**Management's Responsibility**

Management of the Agency is responsible for the Agency's compliance with their investment policy.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Agency's compliance with their investment policy 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 Agency'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 Agency's compliance with specified requirements.

**Opinion**

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the period January 1, 2018 through December 31, 2018.

**Other Matters**

This report is intended solely for the information and use of the Board, audit committee, management of the Agency, 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 & Company P.C.*

Hauppauge, New York  
June 7, 2019

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