

FINANCIAL REPORT
Audited
SULLIVAN COUNTY FUNDING CORPORATION
(A Component Unit of Sullivan County, New York)
SULLIVAN COUNTY, NEW YORK
December 31, 2019

Audited for:

Board of Directors
Sullivan County Funding Corporation

Audited by:

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
(845) 567-9000

SULLIVAN COUNTY FUNDING CORPORATION

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis (Unaudited)	3 - 5
Financial Statements:	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 11
Other Supplementary Information:	
Schedule of Conduit Debt	12
Other Reporting Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	13 - 14
Schedule of Findings	15



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sullivan County Funding Corporation
548 Broadway
Monticello, New York 12701

Report on the Financial Statements

We have audited the accompanying financial statements of the Sullivan County Funding Corporation (the "Corporation"), a component unit of Sullivan County, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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

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

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Funding Corporation, a component unit of Sullivan County, New York, as of December 31, 2019, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 3 - 5, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sullivan County Funding Corporation, a component unit of Sullivan County, New York's basic financial statements. The Schedule of Conduit Debt is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Conduit Debt is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the number of current full time equivalent jobs, information upon which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, except for the number of current full time equivalent jobs, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2020, on our consideration of the Sullivan County Funding Corporation, a component unit of Sullivan County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sullivan County Funding Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
April 13, 2020

**SULLIVAN COUNTY FUNDING CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following “Management’s Discussion and Analysis” report (MD&A) provides the reader with an introduction and overview to the financial activities and performance of the Sullivan County Funding Corporation (the “Corporation”) for the years ended December 31, 2019, as mandated by GASB 34. This information should be reviewed in conjunction with the Corporation’s audited financial statements.

The Corporation was established in 2010 to provide the authority for real estate leasing, acquisition, development and management, real estate project finance, and other community based economic development activities.

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation’s financial position. The Corporation’s net position was \$851,376 and \$1,157,916 at December 31, 2019 and 2018. The decrease in net position of \$306,540 reflects the Corporation’s “loss” for 2019.

For details of the Corporation’s finances, see the accompanying financial statements and notes thereof.

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 524,868	\$ 983,831	\$ (458,963)	-47%
Non-Current Assets	327,159	188,045	139,114	74%
Total Assets	<u>852,027</u>	<u>1,171,876</u>	<u>(319,849)</u>	<u>-27%</u>
Liabilities and Net Position				
Current Liabilities	<u>651</u>	<u>13,960</u>	<u>(13,309)</u>	<u>-95%</u>
Net Position				
Unrestricted	<u>851,376</u>	<u>1,157,916</u>	<u>(306,540)</u>	<u>-26%</u>
Total Net Position	<u>\$ 851,376</u>	<u>\$ 1,157,916</u>	<u>\$ (306,540)</u>	<u>-26%</u>

**SULLIVAN COUNTY FUNDING CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL OPERATIONS HIGHLIGHTS

There was a decrease in net position of \$306,540 in 2019, due to the final contribution of \$238,424 to the development of the Catskills Food Hub, a large-scale agricultural initiative to connect local farm and food producers with commercial and institutional buyers via matchmaking software and an array of transportation and logistics services.

Administrative Fee revenue decreased by \$140,302 in 2019. This was primarily the result of a decrease in the size of new projects for which administrative fees were required to be charged.

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Administrative Fees	\$ 3,623	\$ 143,925	\$ (140,302)	-97%
Interest on Notes Receivable	7,522	6,185	1,337	22%
Reimbursed Project Expenses	-	63,666	(63,666)	-100%
Miscellaneous Income	33	-	33	100%
Total Operating Revenues	<u>11,178</u>	<u>213,776</u>	<u>(202,598)</u>	<u>-95%</u>
Operating Expenses:				
Advertising and Marketing	25,350	25,000	350	1%
Admin Fees	40,000	40,000	-	0%
Consulting Services	4,952	160,275	(155,323)	-97%
Grant Expense	238,424	341,725	(103,301)	-30%
Other Administrative Expenses	10,301	9,774	527	5%
Reimbursable Project Expenses	-	63,666	(63,666)	-100%
Total Operating Expenses	<u>319,027</u>	<u>640,440</u>	<u>(321,413)</u>	<u>-50%</u>
Operating Loss	<u>(307,849)</u>	<u>(426,664)</u>	<u>118,815</u>	<u>-28%</u>
Non-Operating Revenues (Expenses):				
Interest Income	1,309	2,601	(1,292)	-50%
Net Non-Operating Revenues	<u>1,309</u>	<u>2,601</u>	<u>(1,292)</u>	<u>-50%</u>
Change in Net Position	<u>\$ (306,540)</u>	<u>\$ (424,063)</u>	<u>\$ 117,523</u>	<u>-28%</u>

FINANCIAL STATEMENTS

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a proprietary fund. It is a component unit of Sullivan County, New York because the County Manager appoints the Corporation's nine-member board. Bonds issued through the Corporation are not a liability of the County or the Corporation, but remain the sole responsibility of the project developer. See the accompanying Notes to the Financial Statements.

**SULLIVAN COUNTY FUNDING CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

During 2019, the Board of Directors of the Sullivan County Funding Corporation (Corporation) met nine times. On March 11, the Board met to review the Corporation's policies, mission statement, and performance measurements, and to conduct its annual board member self-evaluation. On March 29, the Board approved the 2018 audit and Public Authorities Reporting Information System (PARIS) reports. In September, the Board adopted amended and restated by-laws. In October, the Board approved the Corporation's 2020 budget. In December, the Board adopted an amended and restated investment policy. In addition to meetings of the full Board of Directors, the Governance Committee met in September to conduct its annual business.

During 2019 the Corporation continued to administer bonds issued in prior years, to finance projects for the benefit of The Center for Discovery, Inc. and Sullivan County Community College Dormitory Corporation.

The Corporation continued its cost-sharing program to assist applicants seeking federal and state grant funds. This initiative began in 2015. The goal of the program is to help ensure that Sullivan County businesses are well positioned to access grant funds through high quality applications. Following review and approval of proposals, the Corporation funded a portion of the cost of professional preparation of several grant applications. The Corporation expended approximately \$4,950 on this initiative in 2019.

The Corporation continued its Millennium Revolving Loan Program in 2019. It administered eleven loans using funds dedicated to the advancement of economic development, including four loans approved during 2019. These are small loans for small businesses seeking to expand and grow in Sullivan County.

In 2019, the Corporation continued its commitment to the County's agricultural industry through its engagement of Hudson Valley AgriBusiness Development Corporation (HVADC). HVADC provides technical assistance to Sullivan County's agricultural businesses and supports large-scale initiatives to strengthen the County's overall farm and food economy.

The Corporation continued to support the development of Catskills Food Hub, a large-scale agricultural initiative to connect local farm and food producers with commercial and institutional buyers via matchmaking software and an array of transportation and logistics services. In 2016, the Corporation committed funding to help capitalize Catskills Food Hub. As of December 31, 2019 the Corporation has disbursed all endowment funds.

CONTACTING THE CORPORATION'S MANAGEMENT

If you have any questions about this report or need additional information, contact Jennifer Flad, Executive Director, Sullivan County Funding Corporation, at 548 Broadway Monticello, NY 12701.

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENT OF NET POSITION**

As of December 31	2019
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 436,882
Notes Receivable (Note II)	<u>87,986</u>
Total Current Assets	<u>524,868</u>
Non-Current Assets:	
Notes Receivable (Note II)	<u>327,159</u>
Total Non-Current Assets	<u>327,159</u>
TOTAL ASSETS	<u>852,027</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>651</u>
Total Current Liabilities	<u>651</u>
TOTAL LIABILITIES	<u>651</u>
NET POSITION	
Net Position:	
Unrestricted	<u>851,376</u>
TOTAL NET POSITION	<u>\$ 851,376</u>

See Notes to the Financial Statements

SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

<u>For the Year Ended December 31</u>	<u>2019</u>
Operating Revenues:	
Administrative Fees	\$ 3,623
Interest on Notes Receivable	7,522
Miscellaneous Income	33
Total Operating Revenues	<u>11,178</u>
Operating Expenses:	
Advertising and Marketing	25,350
Administrative Fees	40,000
Consulting Services	4,952
Grant Expense	238,424
Insurance	4,109
Office Expense	386
Professional Fees and Service Contracts	5,806
Total Operating Expenses	<u>319,027</u>
Operating (Loss)	<u>(307,849)</u>
Non-Operating Revenues:	
Interest Income	1,309
Net Non-Operating Revenues	<u>1,309</u>
Change in Net Position	(306,540)
Net Position - Beginning	<u>1,157,916</u>
Net Position - Ending	<u>\$ 851,376</u>

See Notes to the Financial Statements

SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENT OF CASH FLOWS

For the Year Ended December 31	2019
Cash Flows from Operating Activities	
Receipts from providing services	\$ 158,711
Payments for new loans	(248,770)
Payments to contractors	(43,912)
Contributions to Food Hub	(238,424)
Payments to related parties	(50,000)
Net cash used by operating activities	<u>(422,395)</u>
Cash Flows from Investing Activities	
Interest income	1,309
Net cash provided by investing activities	<u>1,309</u>
Net Decrease in Cash and Cash Equivalents	(421,086)
Cash and Cash Equivalents - Beginning	<u>857,968</u>
Cash and Cash Equivalents - Ending	<u>\$ 436,882</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating Loss	\$ (307,849)
Changes in Assets and Liabilities:	
Notes Receivable (Note II)	(101,237)
Accounts Payable	(3,309)
Due to Related Parties	(10,000)
Net Cash Used by Operating Activities	<u>\$ (422,395)</u>

See Notes to the Financial Statements

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The Sullivan County Funding Corporation (the “Corporation”) was established on November 24, 2010 under Section 1411 of the Not for Profit Corporation Law, which covers local development corporations. The purpose of the Corporation is to foster the creation, retention and expansion of jobs and economic opportunities within Sullivan County. The Corporation’s main revenue sources are administrative fees paid by entities seeking assistance and interest income generated by loans issued to local businesses.

The Corporation was established to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest by undertaking and promoting economic development initiatives in Sullivan County, New York.

The Corporation contracts with the County of Sullivan Industrial Development Agency (the “CSIDA”) for administrative services.

B. The Reporting Entity

The Corporation is considered a component unit of the financial reporting entity known as the County of Sullivan, New York. Inclusion in the financial reporting entity, the County of Sullivan, is determined based on financial accountability as defined by GASB Statement No. 14, “The Financial Reporting Entity”, as amended. Members of the governing board of the Agency are appointed by the Sullivan County Manager. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14, as amended.

C. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation is considered a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

D. Cash and Cash Equivalents

For the purpose of presenting the Statement of Cash Flows, the Corporation considers all demand deposits, time and savings accounts, and certificates of deposit with an original maturity of three months or less to be cash or cash equivalents.

The Corporation has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Corporation’s investment objectives, authorization and collateralization procedures and monitoring of compliance with stated policies. As described below, the Corporation is in compliance with such policies.

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposits, time and money market savings accounts, and certificates of deposit. Governmental Accounting Standards Board Statement No. 40 Deposits and Investment Risk Disclosure, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Corporation or its agent in the Corporation’s name. As of December 31, 2019, the Corporation’s cash balances were fully collateralized.

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Accounts Receivable

The Corporation's accounts receivable consist primarily of receivables for advertising and other marketing services. The Corporation reviews individual accounts based on past history and communication with payers to determine collectability, and has not identified any material uncollectible accounts. Accordingly, no allowance has been recorded as of December 31, 2019.

F. Business Promotion Costs

Advertising and marketing costs are expensed as incurred and totaled \$25,350 for the year ended December 31, 2019.

G. Use of Estimates

The preparation of basic 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

H. Subsequent Events

The Corporation evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2019, and through April 13, 2020, the date on which the financial statements were available for issuance.

II. NOTES RECEIVABLE

Notes receivable consist of amounts due from various business entities within Sullivan County. The purpose of these notes is to help local businesses expand and develop. Additions include new loans and accrued interest as appropriate. A schedule of notes receivable at December 31, 2019 is as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
Van Smokey Holding, LLC	\$ -	\$ 75,750	\$ -	\$ 75,750	\$ 10,333
Fat Lady LLC	-	36,507	(1,821)	34,686	9,192
BWW Brewers, Inc.	-	75,010	(5,357)	69,653	13,403
Western Catskills Truck Co. LLC	-	62,350	(6,714)	55,636	8,907
The Janice Center	75,000	792	(9,375)	66,417	16,026
Sticky Fingers Ice Cream, LLC/Leah Maidenbaum	8,840	-	(8,840)	-	-
RH Campus LLC	30,000	226	(7,500)	22,726	9,601
49 Main Street LLC	41,000	-	(6,000)	35,000	6,000
Country House Realty, Inc.	23,413	-	(7,580)	15,833	7,580
Apple's Small Engine	39,444	-	-	39,444	6,944
Total Receivables	<u>\$ 217,697</u>	<u>\$ 250,635</u>	<u>\$ (53,187)</u>	<u>\$ 415,145</u>	<u>\$ 87,986</u>

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

III. CONDUIT DEBT - LOCAL DEVELOPMENT REVENUE BONDS

To further economic development in the County, the Corporation has issued bonds that provide capital financing to not-for-profit entities for the acquisition and construction of industrial and commercial facilities. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the not-for-profit entity borrowers towards the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the not-for-profit entities, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Corporation for any of those bonds. At December 31, 2019, the bonds have an aggregate principal amount payable of \$70,322,000.

While in most cases the Corporation is the holder of legal title to properties acquired with local development revenue bond financing until such point in time as the construction of property improvements has been completed, or satisfaction of the obligation has been effected in full, the Corporation does not act as a guarantor in the event collateralized properties and revenues as specified in the applicable financing agreement are insufficient to meet debt service requirements.

In October 2019, the Corporation approved a resolution authorizing various studies in advance of the Corporation making a determination whether to approve financial assistance, including issuing taxable and tax-exempt revenue bonds of \$70,000,000 for The Center for Discovery, Inc. project. Such determination has not been made as of December 31, 2019.

IV. RELATED PARTY TRANSACTIONS

Members of the board of directors of the Corporation make up the board of the CSIDA, therefore the two entities are considered related parties. The Corporation has a professional service contract with the CSIDA. CSIDA provides management and administrative services to the Corporation. Expenses under the service contract totaled \$40,000 for the year ended December 31, 2019. Payables totaled \$0 for the year ended December 31, 2019.

V. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. The Corporation exists to provide support for job growth and economic opportunity. Management has advised staff to work remotely as a response to current NYS on Pause regulations. Accordingly, while management cannot quantify the financial and any other impacts to the Corporation as of April 13, 2020, management does not believe that a material impact on the Corporation's financial position and results of future operations is reasonably possible.

VI. NEW REPORTING STANDARDS

In June 2017, GASB issued Statement 87, *Leases*. Under this Statement, a lessee is required 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 Corporation is required to implement this standard for year ended December 31, 2020. The Corporation has not evaluated the effect of GASB 87 on its financial statements.

In May 2019, GASB issued Statement 91, *Conduit Debt Obligations*. This Statement clarifies the existing definition of a conduit debt obligation, the obligors, and the accounting and financial reporting of commitments related thereto. Although implementation is not required until the year ended December 31, 2021, the Corporation has implemented this standard for the year ended December 31, 2019. There has been no effect on net position as a result of this implementation. GASB has also issued Statement 89, 90 and 92, which is not expected to have any substantive effects on the Corporation's net position.

OTHER SUPPLEMENTARY INFORMATION

**SULLIVAN COUNTY FUNDING CORPORATION
SCHEDULE OF CONDUIT DEBT
DECEMBER 31, 2019**

Project Name	Original Issue Amount	Original Issue Date	Interest Rate	Outstanding Beginning of the Year	Issued During the Year	Paid During the Year	Outstanding End of the Year	Final Maturity Date
The Center For Discovery, Inc.	\$ 69,710,000	12/16/11	variable	\$ 42,580,000	-	\$ (3,960,000)	\$ 38,620,000	2037
The Center For Discovery, Inc.	26,690,000	06/20/17	variable	25,670,000	-	(690,000)	24,980,000	2042
Sullivan County Community College Dormitory Corporation	7,442,000	06/01/14	4.30%	6,638,000	-	(206,000)	6,432,000	2039
Sullivan County Community College Dormitory Corporation - Taxable	558,000	06/01/14	5.34%	348,000	-	(58,000)	290,000	2024
Total	\$ 104,400,000			\$ 75,236,000	-	\$ (4,914,000)	\$ 70,322,000	

OTHER REPORTING REQUIRED by
GOVERNMENT AUDITING STANDARDS



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S 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**

The Board of Directors
Sullivan County Funding Corporation
548 Broadway
Monticello, New York 12701

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 Sullivan County Funding Corporation (the "Corporation"), a component unit of Sullivan County, New York, as of and for the year ended December 31, 2019, 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 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph 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.

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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 is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, NY
April 13, 2020

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
SCHEDULE OF FINDINGS**

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.