

FINANCIAL REPORT
Audited
SULLIVAN COUNTY FUNDING CORPORATION
(A Component Unit of Sullivan County, New York)
SULLIVAN COUNTY, NEW YORK
December 31, 2021

Audited for:

Board of Directors
Sullivan County Funding Corporation

Audited by:

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

DUTCHESS COUNTY INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 6
Financial Statements:	
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to the Financial Statements	10 - 13
Other Information:	
Schedule of Conduit Debt	14
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>	15 - 16
Schedule of Findings	17



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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Sullivan County Funding Corporation (the "Corporation"), a component unit of Sullivan County, New York, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Funding Corporation as of December 31, 2021 and 2020, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4-6, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Conduit Debt but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or if the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County Funding Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
March 31, 2022

**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 year ended December 31, 2021, 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 \$998,121 and \$738,337 at December 31, 2021 and 2020. The increase in net position of \$242,784 reflects the Corporation’s “gain” for 2021.

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

SUMMARY OF NET POSITION

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 455,107	\$ 474,402	\$ (19,295)	-4%
Non-Current Assets	526,014	268,273	257,741	96%
Total Assets	<u>981,121</u>	<u>742,675</u>	<u>238,446</u>	<u>32%</u>
Liabilities and Net Position				
Current Liabilities	<u>-</u>	<u>4,338</u>	<u>(4,338)</u>	<u>-100%</u>
Net Position				
Unrestricted	981,121	738,337	242,784	33%
Total Net Position	<u>\$ 981,121</u>	<u>\$ 738,337</u>	<u>\$ 242,784</u>	<u>33%</u>

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

FINANCIAL OPERATIONS HIGHLIGHTS

There was an increase in net position of \$242,784 in 2021, due to the intra-entity transfers of assets.

Expenses decreased by \$36,430 from 2020 to 2021 because the Corporation's administrative fees decreased and because the Corporation did not incur any additional bad debt expense. However, the Corporation's consulting services expense increased due to a new agreement with Business Opportunities.

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Administrative Fees	\$ 2,000	\$ -	\$ 2,000	100%
Interest on Notes Receivable	6,582	8,415	(1,833)	-22%
Total Operating Revenues	<u>8,582</u>	<u>8,415</u>	<u>167</u>	<u>2%</u>
Operating Expenses:				
Advertising and Marketing	25,000	25,022	(22)	0%
Admin Fees	20,000	40,000	(20,000)	-50%
Consulting Services	37,838	5,700	32,138	564%
Other Administrative Expenses	2,976	12,078	(9,102)	-75%
Bad Debt Expense	-	39,444	(39,444)	N/A
Total Operating Expenses	<u>85,814</u>	<u>122,244</u>	<u>(36,430)</u>	<u>-30%</u>
Operating Loss	<u>(77,232)</u>	<u>(113,829)</u>	<u>36,597</u>	<u>-32%</u>
Non-Operating Revenues (Expenses):				
Interest Income	216	790	(574)	-73%
Contributed Assets	319,800	-	319,800	N/A
Net Non-Operating Revenues	<u>320,016</u>	<u>790</u>	<u>319,226</u>	<u>40408%</u>
Change in Net Position	<u>\$ 242,784</u>	<u>\$ (113,039)</u>	<u>\$ 355,823</u>	<u>-315%</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 (the "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 2021, the Board of Directors of the Sullivan County Funding Corporation (the "Corporation") met ten times. On February 8, the Board met to review the Corporation's policies, mission statement, and performance measurements. On June 1, the Board conducted its annual board member self-evaluation and approved the 2020 audit and Public Authorities Reporting Information System ("PARIS") reports. On October 18, the Board approved the Corporation's 2022 budget and financial plan. In addition to meetings of the full Board of Directors, the Governance Committee met in December to conduct its annual business.

During 2021 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. As a result of the COVID-19 pandemic, in February the Corporation authorized a modification of the repayment agreement relating to the 2014 bonds issued for the benefit of Sullivan County Community Dormitory Corporation. In November the Corporation authorized an extension of the call date relating to the 2011 bonds issued for the benefit of The Center for Discovery, Inc.

The Corporation continued its Millennium Revolving Loan Program in 2021. These are small loans for small businesses seeking to expand and grow in Sullivan County. No new loans were approved during 2021, but the Corporation continued the administration of eight existing loans using funds dedicated to the advancement of economic development.

In 2021, 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.

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
STATEMENTS OF NET POSITION**

As of December 31	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 396,020	\$ 418,953
Notes Receivable (Note II)	59,087	55,449
	455,107	474,402
Total Current Assets		
Non-Current Assets:		
Capital Assets (Note II)	319,800	-
Notes Receivable - Net of Current Portion (Note III)	206,214	268,273
	526,014	268,273
Total Non-Current Assets		
	981,121	742,675
TOTAL ASSETS		
 LIABILITIES		
Current Liabilities:		
Accounts Payable	-	4,338
	-	4,338
Total Current Liabilities		
	-	4,338
TOTAL LIABILITIES		
 NET POSITION		
Net Position:		
Unrestricted	981,121	738,337
	981,121	738,337
TOTAL NET POSITION		
	\$ 981,121	\$ 738,337

See Notes to the Financial Statements

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Years Ended December 31	2021	2020
Operating Revenues:		
Administrative Fees	\$ 2,000	\$ -
Interest on Notes Receivable	6,582	8,415
Total Operating Revenues	<u>8,582</u>	<u>8,415</u>
Operating Expenses:		
Advertising and Marketing	25,000	25,022
Administrative Fees	20,000	40,000
Bank Charges	5	-
Consulting Services	37,838	5,700
Insurance	2,618	10,231
Office Expense	-	247
Bad Debt Expense	-	39,444
Repairs and Maintenance	353	-
Professional Fees and Service Contracts	-	1,600
Total Operating Expenses	<u>85,814</u>	<u>122,244</u>
Operating (Loss)	<u>(77,232)</u>	<u>(113,829)</u>
Non-Operating Revenues:		
Interest Income	216	790
Contributed Assets	319,800	-
Net Non-Operating Revenues	<u>320,016</u>	<u>790</u>
Change in Net Position	242,784	(113,039)
Net Position - Beginning	<u>738,337</u>	<u>851,376</u>
Net Position - Ending	<u>\$ 981,121</u>	<u>\$ 738,337</u>

See Notes to the Financial Statements

**SULLIVAN COUNTY FUNDING CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENTS OF CASH FLOWS**

For the Years Ended December 31	2021	2020
Cash Flows from Operating Activities		
Receipts from providing services and loan repayments	\$ 67,003	\$ 60,394
Payments to contractors	(70,152)	(39,113)
Payments to related parties	(20,000)	(40,000)
Net cash used by operating activities	<u>(23,149)</u>	<u>(18,719)</u>
Cash Flows from Investing Activities		
Interest income	216	790
Net cash provided by investing activities	<u>216</u>	<u>790</u>
Net Decrease in Cash and Cash Equivalents	(22,933)	(17,929)
Cash and Cash Equivalents - Beginning	<u>418,953</u>	<u>436,882</u>
Cash and Cash Equivalents - Ending	<u>\$ 396,020</u>	<u>\$ 418,953</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating (Loss)	\$ (77,232)	\$ (113,829)
Changes in Assets and Liabilities:		
Notes Receivable	58,421	91,423
Accounts Payable	(4,338)	3,687
Net Cash Used by Operating Activities	<u>\$ (23,149)</u>	<u>\$ (18,719)</u>
Non-Cash Transactions:		
Sullivan County transferred property to SCFC	\$ 319,800	\$ -

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 the Governmental Accounting Standards Board (the “GASB”) Statement No. 14, “The Financial Reporting Entity”, as amended. Members of the governing board of the Corporation 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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation is presented as 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 Federal Deposit Insurance Corporation (“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, 2021, 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. Capital Assets

Capital Assets are reported at historical cost. The Corporation depreciates capital assets using the straight-line method over the estimated useful lives of the assets.

F. Notes Receivable

The Corporation's notes receivable consist primarily of receivables for note repayments plus accrued but unpaid interest on the notes. The Corporation reviews individual accounts based on past history and communication with payers to determine collectability during the year, making adjustments accordingly. The Corporation has not identified any material uncollectible accounts as of December 31, 2021 and 2020, therefore, no allowance has been recorded as of December 31, 2021 and 2020.

G. Business Promotion Costs

Advertising and marketing costs are expensed as incurred and totaled \$25,000 and \$25,022 for the years ended December 31, 2021 and 2020, respectively.

H. 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.

I. Subsequent Events

The Corporation evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2021, and through March 31, 2022, the date on which the financial statements were available for issuance.

II. CAPITAL ASSETS

Capital assets consisted of the following at December 31:

	Beginning Balances December 1, 2020	Increases	Decreases	Ending Balances December 31, 2021
Land	\$ -	\$ 319,800	\$ -	\$ 319,800

Per GASB 48, intra-entity transfers of assets should be recognized by the transferee at the carrying value of the transferor. Accordingly the Corporation has recorded the capital assets received from the County at the carrying amount recognized by the County at the transfer date.

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

III. 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, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Bad Debt</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Van Smokey Holding, LLC	\$ 67,618	\$ -	\$ -	\$ (9,544)	\$ 58,074	\$ 7,500
*Fat Lady LLC	31,423	153	-	(3,678)	27,898	3,715
BWW Brewers, Inc.	60,031	-	-	(14,499)	45,532	10,714
*Western Catskills Truck Co. LLC	54,248	263	-	(4,543)	49,968	9,085
*The Janice Center	58,013	825	-	(5,683)	53,155	15,402
RH Campus LLC	15,151	-	-	(7,650)	7,501	7,500
49 Main Street LLC	28,985	-	-	(5,985)	23,000	5,000
Country House Realty, Inc.	8,253	-	-	(8,080)	173	171
Total Receivables	<u>\$ 323,722</u>	<u>\$ 1,241</u>	<u>\$ -</u>	<u>\$ (59,662)</u>	<u>\$ 265,301</u>	<u>\$ 59,087</u>

*Received one year deferment of principal payments.

A schedule of notes receivable at December 31, 2020 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Bad Debt</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Van Smokey Holding, LLC	\$ 75,750	\$ 168	\$ -	\$ (8,300)	\$ 67,618	\$ 8,418
*Fat Lady LLC	34,686	466	-	(3,729)	31,423	4,125
BWW Brewers, Inc.	69,653	1,104	-	(10,726)	60,031	10,245
*Western Catskills Truck Co. LLC	55,636	805	-	(2,193)	54,248	5,259
*The Janice Center	66,417	591	-	(8,995)	58,013	6,171
RH Campus LLC	22,726	151	-	(7,726)	15,151	7,651
49 Main Street LLC	35,000	-	-	(6,015)	28,985	6,000
Country House Realty, Inc.	15,833	-	-	(7,580)	8,253	7,580
Apple's Small Engine	39,444	-	(39,444)	-	-	-
Total Receivables	<u>\$ 415,145</u>	<u>\$ 3,285</u>	<u>\$ (39,444)</u>	<u>\$ (55,264)</u>	<u>\$ 323,722</u>	<u>\$ 55,449</u>

*Received one year deferment of principal payments.

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

IV. 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, 2021 and 2020, the bonds have an aggregate principal amount payable of \$63,452,360 and \$66,823,000, respectively.

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. The Corporation has taken no further action with respect to the issuance of these bonds as of December 31, 2021.

V. 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 \$20,000 and \$40,000 for the years ended December 31, 2021 and 2020, respectively. Payables totaled \$0 and \$0 for the years ended December 31, 2021 and 2020.

The Corporation is considered a component unit of the County of Sullivan, New York. In 2021, the County transferred land to the Corporation with a value of \$319,800. This land is expected to be sold in 2022 and the proceeds will be paid back to the County.

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 the year ended December 31, 2022. The Corporation has not evaluated the effect of GASB 87 on its financial statements.

The GASB has issued Statements 87 through 98, with varying implementation dates, those of which could have any substantive effects on the Corporation's net position are noted above. The Corporation early adopted Statement 91, *Conduit Debt Obligations*, for the year ended December 31, 2019.

OTHER INFORMATION

**SULLIVAN COUNTY FUNDING CORPORATION
SCHEDULE OF CONDUIT DEBT
DECEMBER 31, 2021**

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	\$ 35,942,500	\$ -	\$ (3,450,000)	\$ 32,492,500	2037
The Center For Discovery, Inc. **	26,690,000	06/20/17	variable	24,432,500	-	-	24,432,500	2042
Sullivan County Community College Dormitory Corporation ***	7,442,000	06/01/14	4.30%	6,218,000	58,978	-	6,276,978	2039
Sullivan County Community College Dormitory Corporation - Taxable ***	558,000	06/01/14	5.34%	230,000	20,382	-	250,382	2024
Total	\$ 104,400,000			\$ 66,823,000	\$ 79,360	\$ (3,450,000)	\$ 63,452,360	

* June 1, 2020 through August 1, 2020 principal payments deferred until May 1, 2025.

**Information not provided.

***November 1, 2020 through August 1, 2021 principal and interest payments deferred until June 1, 2024. Interest added and payments made shown net.

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, 2021, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated March 31, 2022.

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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance.

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, NY
March 31, 2022

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

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No internal control findings noted.

