

SULLIVAN COUNTY FUNDING CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2018

SULLIVAN COUNTY FUNDING CORPORATION
DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of the Sullivan County
Funding Corporation
Monticello, NY 12701

We have audited the accompanying statement of net position of the Sullivan County Funding Corporation, a component unit of the County of Sullivan, New York, as of December 31, 2018 and 2017, and the related statements of revenues, expenses and changes in fund net position and cash flows for the years then ended, and the related notes to the financial statements.

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 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 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 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sullivan County Funding Corporation as of December 31, 2018 and 2017, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

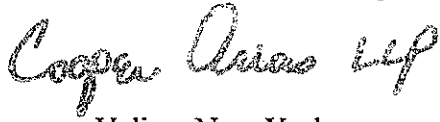
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sullivan County Funding Corporation's financial statements as a whole. The supplemental schedule listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplemental schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated in all material respects in relation to the 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 March 26, 2019, on our consideration of the Sullivan County Funding Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and

the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sullivan County Funding Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Cooper Quinn".

Mongaup Valley, New York
March 26, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2018

This section of the Sullivan County Funding Corporation's annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal year ended on December 31, 2018. Please read it in conjunction with the Corporation's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS

- Total net position decreased \$424,063 (27%)
 - The decrease in net position was mainly due to a \$341,725 fee related to funding of the new Food Hub as per agreement, and \$109,000 paid to the Sullivan County Partnership for Economic Development for media promotion of Sullivan Steps Up.
- Cash decreased \$575,007 (40%)
 - The decrease was due to funding the Food Hub and media promotion of Sullivan Steps Up.
- Liabilities decreased \$89,349 (86%)
 - The decrease was due to property being transferred back to Sullivan County, resulting in the release of the \$100,000 deposit being held by the Corporation.
- Operating revenues decreased \$110,127 (34%)
 - The decrease was due to a decrease in project fees.
- Operating expenses increased \$441,681 (222%)
 - The increase was due to increased expenses related to business promotion and project expenses.
- Operating income decreased \$551,808 from the prior year.
- Total net income decreased \$551,118 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. The Corporation's statements follow the accrual basis of accounting and are presented in a manner similar to a private business.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2018

FINANCIAL ANALYSIS OF THE CORPORATION

The following table summarizes the changes in net position between December 31, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Current Assets	\$ 983,831	\$ 1,469,719
Non-Current Assets	<u>188,045</u>	<u>215,569</u>
 Total Assets	 <u>1,171,876</u>	 <u>1,685,288</u>
 Current Liabilities	 13,960	 103,309
Long Term Liabilities	<u> -</u>	<u> -</u>
 Total Liabilities	 <u>13,960</u>	 <u>103,309</u>
 Unrestricted	 <u>1,157,916</u>	 <u>1,581,979</u>
 Total Net Position	 <u>\$ 1,157,916</u>	 <u>\$ 1,581,979</u>

Operating Income. The following table summarizes the changes in operating activity between fiscal years 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Administrative Fees	\$ 143,925	\$ 317,700
Interest on Notes Receivable	6,185	6,203
Reimbursed Project Expenses	<u>63,666</u>	<u> -</u>
 Total Operating Revenues	 <u>213,776</u>	 <u>323,903</u>
 Administration	 40,000	 40,000
Legal and Professional Fees	4,250	4,250
Reimbursable Project Expenses	63,666	-
Consulting	160,275	48,891
Business Promotion	366,725	100,000
Other Expenses	<u>5,524</u>	<u>5,618</u>
 Total Operating Expenses	 <u>640,440</u>	 <u>198,759</u>
 Operating Income (Loss)	 <u>\$ (426,664)</u>	 <u>\$ 125,144</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2018

OPERATIONS AND ACCOMPLISHMENTS

During 2018, the Board of Directors of the Sullivan County Funding Corporation (Corporation) met eight times. In February, the Corporation met to review its policies, mission statement, and performance measurements. In March, the Corporation conducted its annual board member self-evaluation. In October, the Corporation approved its 2019 budget. In addition to meetings of the full Board of Directors, the Governance Committee met in September to conduct its annual business.

During 2018 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 engaged Hudson Valley Pattern for Progress during 2018 for consulting services to conduct baseline economic studies for Sullivan County.

During 2018 the Corporation completed its engagement of Momentum Communications Group (through a contract with the Partnership for Economic Development in Sullivan County, Inc.) for the development of Sullivan Steps Up, a public service campaign aimed at helping residents and visitors take advantage of new economic opportunities in Sullivan County.

During 2018 the Corporation authorized the transfer of title of several parcels of land to the County of Sullivan. The County transferred title to the Corporation in 2014 for the purpose of negotiating a development agreement with a qualified developer. The parcels have not been developed, and during 2018 the County requested and the Corporation agreed to transfer the parcels back to the County.

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 grant applications. The Corporation expended approximately \$64,000 on this initiative in 2018.

The Corporation continued its Millennium Revolving Loan Program in 2018. It administered eight loans using funds dedicated to the advancement of economic development. These are small loans for small businesses seeking to expand and grow in Sullivan County.

In 2018, the Corporation continued its commitment to the County's agricultural industry with its annual membership payment to 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2018

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 and during 2017 and 2018 the Corporation continued to monitor the development of the project.

CAPITAL ASSETS

The Corporation had no capital assets as of December 31, 2018 and 2017.

DEBT

The Corporation had no debt as of December 31, 2018 and 2017.

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
STATEMENT OF NET POSITION
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 857,968	\$ 1,432,975
Accounts Receivable	96,211	-
Notes Receivable – Current Portion	<u>29,652</u>	<u>36,744</u>
Total Current Assets	<u>983,831</u>	<u>1,469,719</u>
Non-Current Assets:		
Notes Receivable	<u>188,045</u>	<u>215,569</u>
Total Non-Current Assets	<u>188,045</u>	<u>215,569</u>
TOTAL ASSETS	<u>\$ 1,171,876</u>	<u>\$ 1,685,288</u>
LIABILITIES AND POSITION		
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 3,309	\$ -
Due To Other Governments	651	-
Due To Related Parties (Note 4)	10,000	-
Deferred Revenue	-	3,309
Deposit on Sale (Note 5)	<u>-</u>	<u>100,000</u>
Total Current Liabilities	<u>13,960</u>	<u>103,309</u>
TOTAL LIABILITIES	<u>13,960</u>	<u>103,309</u>
NET POSITION		
Unrestricted	<u>1,157,916</u>	<u>1,581,979</u>
TOTAL NET POSITION	<u>1,157,916</u>	<u>1,581,979</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,171,876</u>	<u>\$ 1,685,288</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Administrative Fees	\$ 143,925	\$ 317,700
Interest on Notes Receivable	6,185	6,203
Reimbursed Project Expenses	<u>63,666</u>	<u>-</u>
TOTAL OPERATING REVENUES	<u>213,776</u>	<u>323,903</u>
OPERATING EXPENSES		
Legal and Professional Fees	4,250	4,250
Reimbursable Project Expenses	63,666	-
Administration	40,000	40,000
Consulting	160,275	48,891
Business Promotion	366,725	100,000
Insurance	4,150	3,819
Miscellaneous Expense	<u>1,374</u>	<u>1,799</u>
TOTAL OPERATING EXPENSES	<u>640,440</u>	<u>198,759</u>
NET OPERATING REVENUE	(426,664)	125,144
NON-OPERATING REVENUE		
Interest Income	<u>2,601</u>	<u>1,911</u>
CHANGE IN NET POSITION	(424,063)	127,055
NET POSITION - Beginning of Period	<u>1,581,979</u>	<u>1,454,924</u>
NET POSITION – End of Period	<u>\$ 1,157,916</u>	<u>\$ 1,581,979</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from providing services	\$ 152,181	\$ 374,049
Cash payments for contractual expenses	(629,789)	(333,262)
Cash deposits related to property sale	<u>(100,000)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(577,608)</u>	<u>40,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>2,601</u>	<u>1,911</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,601</u>	<u>1,911</u>
NET INCREASE (DECREASE) IN CASH	(575,007)	42,698
CASH- BEGINNING OF PERIOD	<u>1,432,975</u>	<u>1,390,277</u>
CASH- END OF PERIOD	<u>\$ 857,968</u>	<u>\$ 1,432,975</u>
Reconciliation of operating revenue (loss) to net cash provided (used) by operating activities:		
Operating Revenue (Less)	\$ (426,664)	\$ 125,144
Revolving Loans Issued	-	(125,000)
Revolving Loans Repaid	34,616	50,146
(Increase) Decrease In Operating Assets:		
Accounts Receivable	(96,211)	-
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	3,309	-
Due To Other Governments	651	-
Due To Related Parties	10,000	(10,000)
Deferred Revenue	(3,309)	497
Deposit on Sale	<u>(100,000)</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (577,608)</u>	<u>\$ 40,787</u>

SEE ACCOMPANYING NOTES AND AUDITORS' OPINION

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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 is a component unit of the County of Sullivan, New York. The County Manager appoints the board members of the Corporation. The financial activities of the Corporation are combined with the financial activities of the County of Sullivan and other component units, which constitutes the entire reporting entity for the County of Sullivan.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

The Corporation follows the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Operating Revenues and Expenses

In the statement of revenues, expenses and changes in fund net position, operating revenues and expenses include all activity that is part of the Corporation's normal operating activities. Interest earned on cash balances, depreciation and unusual or infrequent items are included as non-operating activities.

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Equivalents

For the statement of cash flows, the Corporation considers all highly liquid investments as cash.

New Accounting Standards

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2018 the Corporation implemented the following new standards:

GASB 75 – *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*

GASB 85 – *Omnibus 2017*

GASB 86 – *Certain Debt Extinguishment Issues*

Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

GASB 83 – *Certain Asset Retirement Obligations*, effective for the year ending December 31, 2019.

GASB 84 – *Fiduciary Activities*, effective for the year ending December 31, 2019

GASB 87 – *Leases*, effective for the year ending December 31, 2020

GASB 88 – *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the year ending December 31, 2019.

GASB 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending December 31, 2020.

GASB 90 – *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, effective for the year ending December 31, 2019.

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Equity Classifications

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Agency.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Corporation and then determine which classification of net position will be applied.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported no deferred outflows or inflows of resources as of December 31, 2018 and 2017.

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 2 – REVENUE BONDS

Certain revenue bonds arranged by the Corporation are not obligations of the Corporation. The Corporation does not record the assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees that are negotiated on a project by project basis.

Revenue bond activity for the year ended December 31, 2018 is as follows:

<u>PROJECT NAME</u>	<u>JANUARY 1, 2018</u>	<u>ISSUED</u>	<u>REDEEMED</u>	<u>DECEMBER 31, 2018</u>
The Center For Discovery, Inc.	\$ 46,440,000	\$ -	\$ 3,860,000	\$ 42,580,000
The Center For Discovery, Inc.	26,330,000	-	660,000	25,670,000
Sullivan County Community College Dormitory Corporation	6,836,000	-	198,000	6,638,000
Sullivan County Community College Dormitory Corporation	<u>396,365</u>	<u>-</u>	<u>48,365</u>	<u>348,000</u>
	<u>\$ 80,002,365</u>	<u>\$ -</u>	<u>\$ 4,766,365</u>	<u>\$ 75,236,000</u>

NOTE 3 – CASH AND INVESTMENTS

The Corporation has its own written investment policy. Corporation monies may be deposited in FDIC-insured commercial banks in the form of demand deposits or certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State. Repurchase agreements must be purchased from banks located within New York State and the underlying securities must be obligations of the United States of America or guaranteed by agencies of the United States of America.

Collateral is required for demand deposits and certificates of deposit on all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States of America and its agencies and obligations of New York State and its municipalities and school districts. The Corporation's aggregate bank balances included balances not covered by depository insurance at year end, collateralized as follows:

Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the Corporation's name.	<u>\$ 607,968</u>
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SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 4 – RELATED PARTIES

County of Sullivan Industrial Development Agency

During the year ended December 31, 2011, the Board of the County of Sullivan Industrial Development Agency (the “Agency”), a component unit of the County of Sullivan, authorized the Corporation to take over certain functions that were previously carried out by the Agency.

Beginning in the year ended December 31, 2012, the Corporation took over the receipt and administration of the annual \$108,000 payments related to the Millenium Pipeline agreement for the remaining seven years of the agreement. In addition, the Corporation reimburses the Agency on a monthly basis for bookkeeping and related administrative costs. For the years ended December 31, 2018 and 2017, the Corporation paid \$40,000 and \$40,000, respectively, to the Agency for bookkeeping and administrative costs.

As of December 31, 2018 and 2017, there was an outstanding liability of \$10,000 and \$0, respectively, related to the fourth quarter administrative costs owed to the Agency.

NOTE 5 – DEPOSIT ON SALE

On February 28, 2014, the County of Sullivan transferred a parcel of property to the Corporation of which a portion was sold in January 2015. The proceeds were disbursed to the various taxing jurisdictions, with the Corporation retaining a portion as an administrative fee. The buyers paid a deposit of \$100,000 toward the purchase price of an adjoining parcel. The deposit was being held by the Corporation as of December 31, 2017. During the year ended December 31, 2018, the property was transferred back to the County of Sullivan and the \$100,000 deposit was disbursed to the Corporation and the County to cover project expenses and administrative fees.

SULLIVAN COUNTY FUNDING CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 6 – 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. A schedule of notes receivable at December 31, 2018 and 2017 is as follows:

<u>Borrower</u>	<u>Original Loan</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>BALANCE</u>	
				<u>2018</u>	<u>2017</u>
RH Campus, LLC	75,000	2022	4.00%	\$ 30,000	\$ 37,500
Fat Lady, LLC	75,000	2018	3.00%	-	7,500
Country House Realty, Inc.	70,121	2022	3.00%	23,413	31,008
Apples Small Engine Repair	50,000	2019	3.00%	39,444	39,444
Leah Maidenbaum	22,500	2021	4.00%	8,840	12,987
49 Main St., LLC	10,000	2022	3.00%	7,000	9,524
49 Main St. LLC	40,000	2027	3.00%	34,000	39,100
The Jarice Center	75,000	2024	4.00%	<u>75,000</u>	<u>75,250</u>
Total Notes Receivable				<u>\$ 217,697</u>	<u>\$ 252,313</u>

NOTE 7 – EVENTS OCCURRING AFTER REPORTING DATE

The Sullivan County Funding Corporation has evaluated events and transactions that occurred between December 31, 2018 and March 26, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

SULLIVAN COUNTY FUNDING CORPORATION
 REVENUE BONDS
 DECEMBER 31, 2018

<u>PROJECT NAME</u>	<u>TAX STATUS</u>	<u>ISSUE DATE</u>	<u>INTEREST RATE</u>	<u>ISSUE AMOUNT</u>	<u>TAX EXEMPTIONS</u>		
					<u>COUNTY</u>	<u>LOCAL</u>	<u>SCHOOL</u>
The Center For Discovery, Inc.	Not-For-Profit	12/11	Variable	\$ 69,710,000	\$ -	\$ -	\$ -
The Center For Discovery, Inc.	Not-For-Profit	6/17	Variable	26,690,000	-	-	-
Sullivan County Community College Dormitory Corporation	Not-For-Profit	6/14	4.30%	7,442,000	-	-	-
Sullivan County Community College Dormitory Corporation	Not-For-Profit	6/14	5.34%	558,000	-	-	-

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*

Independent Auditor's Report

To the Board of the Sullivan County
Funding Corporation
Monticello, New York 12701

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Sullivan County Funding Corporation, a component unit of the County of Sullivan, New York, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Sullivan County Funding Corporation's financial statements and have issued our report thereon dated March 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sullivan County Funding 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan County Funding Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sullivan County Funding 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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, as defined above. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described below to be a significant deficiency in internal control:

Management does not possess the necessary training required to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America.

Management Response: The Corporation's accounting office has the knowledge and ability to post the ongoing day to day activity in accordance with the accrual basis of accounting. However, management feels that it would not be cost effective to take the necessary educational courses to be able to prepare the complete financial statements, including all required notes, in accordance with generally accepted accounting principles.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Sullivan County Funding Corporation, New York'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*.

Response to Findings

The Sullivan County Funding Corporation's response to the finding identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Mongaup Valley, New York
March 26, 2019