

March 4, 2024

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

We have audited the financial statements of the Sullivan County Funding Corporation, a component unit of Sullivan County, New York, for the years ended December 31, 2023 and 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 16, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Sullivan County Funding Corporation are described in Note 1 to the financial statements. The Corporation has implemented the following new standards issued by the Governmental Accounting Standards Board (GASB) for the year ended December 31, 2023:

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB 96 – *Subscription-Based Information Technology Arrangements*

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023 except for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.

We noted no transactions entered into by the Corporation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no significant estimates affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 1 – Disclosure of the Corporation’s significant accounting policies.

Note 2 – Disclosure of the Corporation’s outstanding conduit debt.

Note 4 – Disclosure of the Corporation’s outstanding notes receivable.

Note 5 – Disclosure of the Corporation’s activity with related parties.

Note 7 – Restated balances for the year ended December 31, 2022.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The adjusting journal entries attached to this correspondence summarizes the material misstatements detected as a result of our audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Corporation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restrictions on Use

This information is intended solely for the information and use of the Board and management of the Sullivan County Funding Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Cooper Arias, LLP

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Sullivan County Funding Corporation
Material Audit Adjustments
12/31/23

AJE #	Account	Debit	Credit	Comment
1	480 - Prepaid Expenses	3,348.00		Record amount owed to IDA for SC Funding share of insurance expenses
	6001 - Insurance	1,249.82		
	Due To Related Party		4,597.82	
2	6010 - Promotion - HVABC	12,500.00		Adjust for prepaid portion of HVABC contract at 12/31/22
	3200 - Retained Earnings		12,500.00	
		<u>17,097.82</u>	<u>17,097.82</u>	