

FINANCIAL REPORT
Audited
COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Sullivan County, New York)
MONTICELLO, NEW YORK
December 31, 2019

Audited for:

Board of Directors
County of Sullivan Industrial Development Agency

Audited by:

RBT CPAs, LLP
11 Racquet Road
Newburgh, NY 12550
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COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
County of Sullivan Industrial Development Agency
548 Broadway
Monticello, New York 12701

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Sullivan Industrial Development Agency (the "Agency"), 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 Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

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 audits to obtain reasonable assurance about whether the financial statements are free from 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County of Sullivan Industrial Development Agency, a component unit of Sullivan County, New York, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 3-4, 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 County of Sullivan Industrial Development Agency, a component unit of Sullivan County, New York's basic financial statements. The Schedule of Conduit Debt and Schedule of Supplemental Information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Conduit Debt and Schedule of Supplemental Information are the responsibility of management and were derived from and relate 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 audits 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 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 County of Sullivan Industrial Development Agency, 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 County of Sullivan Industrial Development Agency's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
April 13, 2020

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

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

FINANCIAL POSITION SUMMARY

Net position serves as an indicator of the Agency’s financial position. The Agency’s net position was \$8,640,981 and \$8,066,566 at December 31, 2019 and 2018, respectively.

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

SUMMARY OF NET POSITION

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets	\$ 6,556,366	\$ 4,572,699	\$ 1,983,667	43%
Non-Current Assets	3,419,097	5,239,089	(1,819,992)	-35%
Total Assets	<u>9,975,463</u>	<u>9,811,788</u>	<u>163,675</u>	<u>2%</u>
LIABILITIES				
Current Liabilities	1,046,453	1,434,694	(388,241)	-27%
Non-Current Liabilities	288,029	310,528	(22,499)	-7%
Total Liabilities	<u>1,334,482</u>	<u>1,745,222</u>	<u>(410,740)</u>	<u>-24%</u>
NET POSITION				
Net Investment in Capital Assets	2,967,050	3,189,000	(221,950)	-7%
Restricted	1,139,177	580,921	558,256	96%
Unrestricted	4,534,754	4,296,645	238,109	6%
Total Net Position	<u>\$ 8,640,981</u>	<u>\$ 8,066,566</u>	<u>\$ 574,415</u>	<u>7%</u>

FINANCIAL OPERATIONS HIGHLIGHTS

The increase in net position in 2019 of \$574,415 reflects the Agency’s “gain” for 2019. The increase in net position of \$574,415 is due to fee and other revenue continuing to exceed expenses.

Administrative and grant income decreased by \$472,937 and \$626,987 respectively in 2019, as shown below. This was primarily the result of a decrease in the size of new projects and a reduced number of grants. Revenues for 2018 have been reclassified to conform to the 2019 presentation. There is no effect on the 2018 change in net position.

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2019</u>	<u>2018</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>				
Project Fees	\$ 516,842	\$ 989,779	\$ (472,937)	-48%
Administrative Fees	52,000	52,000	-	100%
Lease Income	506,580	479,005	27,575	100%
Interest Income	20,501	25,325	(4,824)	-19%
Grant Income	35,218	662,205	(626,987)	-95%
Miscellaneous Income	680	2,828	(2,148)	-76%
Total Revenues	<u>1,131,821</u>	<u>2,211,142</u>	<u>(1,079,321)</u>	<u>-49%</u>
<u>EXPENSES</u>				
Salaries and Benefits	223,191	269,456	(46,265)	-17%
Professional, Project and Consulting Fees	50,509	102,877	(52,368)	-51%
Advertising Fees	75,075	75,000	75	0%
Interest Expense	7,026	6,904	122	2%
Depreciation Expense	118,856	63,858	54,998	86%
Other Expenses	82,749	171,579	(88,830)	-52%
Total Expenses	<u>557,406</u>	<u>689,674</u>	<u>(132,268)</u>	<u>-19%</u>
Change in Net Position	<u>\$ 574,415</u>	<u>\$ 1,521,468</u>	<u>\$ (947,053)</u>	<u>-62%</u>

FINANCIAL STATEMENTS

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

CURRENTLY KNOWN FACTS, DECISIONS, AND CONDITIONS

In the spring of 2019, the Agency collected Payment in Lieu of Tax (PILOT) payments from its projects and distributed 100% of payments received to the local taxing jurisdictions. Over the last ten years the Agency has increased its PILOT distributions from \$3,860,505 in 2010 to \$6,484,962 in 2019.

During 2019 the Agency continued to engage the services of Partnership for Economic Development in Sullivan County, Inc. at an annual cost of \$75,000. The Agency provided funding for the regional economic development advocacy group Hudson Valley Pattern for Progress through its membership contribution in the amount of \$5,150.

Additionally, in 2019, the Agency was involved in the following projects:

- The administration of eight loans through the Agency's Rural Micro-entrepreneur Assistance Program (USDA).
- The administration of six loans to small local businesses through the Agency's Revolving Loan Fund Program.
- The administration of eighteen equipment lease agreements.
- The administration of one outstanding Industrial Development Bond, which is related to a not-for profit agency.
- The administration of 66 projects with Agency agreements, including 49 projects that made payments in lieu of taxes to the Agency and 29 projects that held valid sales tax exemption letters.

CONTACTING THE AGENCY'S MANAGEMENT

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

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
STATEMENT OF NET POSITION**

As of December 31	2019
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 4,529,411
Restricted Cash	1,588,491
Accounts Receivable	37,019
Prepaid Expense	2,700
Notes Receivable - Current	72,344
Due from Federal Agency	314,401
Due from Related Party (Note VI)	12,000
	<hr/>
Total Current Assets	6,556,366
Non-Current Assets:	
Notes Receivable (Note II)	141,578
Capital Assets	
Net of Accumulated Depreciation (Note IV)	3,277,519
	<hr/>
Total Non-Current Assets	3,419,097
	<hr/>
TOTAL ASSETS	9,975,463
LIABILITIES	
Current Liabilities:	
Accounts Payable	20,213
Accrued Payroll	8,863
Unearned Revenue	17,300
Project Escrow Liability	93,078
PILOT Escrow Liability	433,224
Sales Tax Escrow Liability	451,335
Current Portion of Note Payable (Note V)	22,440
	<hr/>
Total Current Liabilities	1,046,453
Non-Current Liabilities:	
Note Payable (Note V)	288,029
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TOTAL LIABILITIES	1,334,482
NET POSITION	
Net Investment in Capital Assets	2,967,050
Restricted	1,139,177
Unrestricted	4,534,754
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TOTAL NET POSITION	\$ 8,640,981
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See Notes to Financial Statements

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Year Ended December 31

2019

Operating Revenues:	
Project Fees	\$ 516,842
Administrative Fees	52,000
Lease Income	506,580
Interest on Notes Receivable	8,924
Grant Income	35,218
Miscellaneous Income	680
Total Operating Revenues	<u>1,120,244</u>
Operating Expenses:	
Payroll and Benefits	223,191
Professional Fees and Service Contracts	35,267
Advertising	75,075
Travel, Meetings and Conferences	1,055
Consulting Services	11,589
Insurance	13,658
Dues and Subscriptions	13,757
Project Expenses	3,653
Rent and Storage	37,519
Repairs and Maintenance	1,355
Office Expense	15,405
Total Operating Expenses	<u>431,524</u>
Operating Income	<u>688,720</u>
Non-Operating Revenues (Expenses):	
Interest Income	11,577
Interest Expense	(7,026)
Depreciation Expense	(118,856)
Net Non-Operating Expenses	<u>(114,305)</u>
Change in Net Position	574,415
Net Position - Beginning	<u>8,066,566</u>
Net Position - Ending	<u>\$ 8,640,981</u>

See Notes to Financial Statements

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
STATEMENT OF CASH FLOWS**

For the Year Ended December 31

2019

Cash Flows from Operating Activities	
Receipts from Providing Services	\$ 760,432
Receipts from Leases	121,605
Receipts from Grants	493,700
Receipts from Related Parties	62,000
Payments for Personal Services and Benefits	(260,617)
Payments to Contractors	(205,878)
Net Cash provided by Operating Activities	<u>971,242</u>
Cash Flows from Capital Financing Activities:	
Purchase of Fixed Assets	(207,375)
Principal and Interest Paid on Bonds	(29,061)
Net Cash used by Capital Financing Activities	<u>(236,436)</u>
Cash Flows from Investing Activities	
Interest Income	<u>11,577</u>
Net cash Provided by Investing Activities	<u>11,577</u>
Net Increase in Cash and Cash Equivalents	746,383
Cash and Cash Equivalents - Beginning	<u>5,371,519</u>
Cash and Cash Equivalents - Ending	<u>\$ 6,117,902</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating Income	\$ 688,720
Changes in Assets and Liabilities:	
Accounts Receivable	81,459
Prepaid Expense	8,605
Due from State and Federal Agencies	458,482
Due from Related Party	10,000
Notes Receivable	112,681
Accounts Payable	10,583
Accrued Payroll	(2,159)
Unearned Revenue	(181,750)
Project Escrow Liabilities	50,000
PILOT Escrow Liabilities	(269,179)
Sales Tax Escrow Liabilities	<u>3,800</u>
Net Cash Provided by Operating Activities	<u>\$ 971,242</u>

See Notes to Financial Statements

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The County of Sullivan Industrial Development Agency in Monticello, New York (the “Agency”) is a public benefit corporation established in 1970, under the terms of Article 18-A, “New York State Industrial Development Agency Act” of New York State general municipal law. The nine-member board is appointed by the legislature of Sullivan County. The Agency was established to promote and assist in acquiring or constructing various business and recreational facilities and, in the process, advance job opportunities, health, general prosperity and economic welfare of the people of Sullivan County.

The Agency’s function is to authorize the issuance of industrial revenue bonds and to provide property, mortgage, and sales tax exemptions, to private entities, in order to promote economic development. The Agency reviews and determines whether to recommend approval of those applicants wishing to obtain financing. The Agency receives application fees from applicants and closing fees from those accepted for industrial revenue financing, such fees are recorded when earned.

B. The Reporting Entity

The Agency is considered a component unit of the financial reporting entity known as Sullivan County, New York. Inclusion in the financial reporting entity, Sullivan County, New York, is determined based on financial accountability as defined by GASB Statement No. 14, “The Financial Reporting Entity,” as amended. Component units are legally separate entities for which Sullivan County, New York, is financially accountable. The Sullivan County Legislature appoints all of the Agency’s Board Members. 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 Agency have been prepared in conformity with generally accepted accounting principles (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. Under standards set by GASB, the Agency 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 Agency 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 Agency has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Agency’s investment objectives, authorization and collateralization procedures and monitoring of compliance with stated policies. As described below, the Agency is in compliance with such policies.

Agency monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposit, 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 Agency or its agent in the Agency’s name. The Agency’s cash balances were fully collateralized with securities held by the Agency’s third party custodian and not subject to custodial credit risk.

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Capital Assets

The Agency records capital assets at historical cost and depreciates the assets on a straight-line basis over their estimated useful life of 5-40 years. The Agency also has leased equipment that is depreciated on a straight-line basis over the life of the lease ranging from 8-40 years.

F. Equity Classification

Equity is classified as net position and displayed in three components:

Net investment in capital assets – Consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds attributable to acquisition, construction or improvement of those assets, increased by deferred outflows of resources and costs incurred to obtain such financing, and decreased by deferred inflows of resources and un-amortized cost reimbursements.

Restricted – Consist of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, or laws or regulations of the governments; or (2) law through constitutional provisions or enabling legislation; or (3) cash and cash equivalents that are restricted for capital asset acquisition.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

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 Agency 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 by providing funding for purchases of business assets and/or working capital. Funding sources include the Agency’s revolving loan fund and the United States Department of Agriculture Rural Microentrepreneur Assistance Program. See Long Term Debt, Note V.

A schedule of notes receivable at December 31, 2019 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
BHFM, Inc.	\$ 44,668	\$ -	\$ (9,435)	\$ 35,233	\$ 9,819
Jane Axamethy	5,216	-	(3,096)	2,120	2,120
Justin Sutherland	28,798	-	(6,930)	21,868	7,212
Appel	57,855	-	(10,092)	47,763	10,503
Salt and pepper the kitchen	35,264	-	(14,177)	21,087	14,758
Jeff Sanitation	32,815	-	(9,915)	22,900	10,322
Catskill Distillery	34,329	-	(4,789)	29,540	4,967
Kranky Pants	6,422	-	(6,422)	-	-
Pro Media Inc.	2,795	-	-	2,795	-
Prohibition Distillery Inc.	26,150	-	(7,288)	18,862	7,584
Red Cottage	11,349	-	(5,849)	5,500	3,352
Riverside	20,738	-	(20,738)	-	-
Samba Café	7,650	-	(1,396)	6,254	1,705
Total Receivables	<u>\$ 314,049</u>	<u>\$ -</u>	<u>\$ (100,127)</u>	<u>\$ 213,922</u>	<u>\$ 72,344</u>

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

III. LEASES

Equipment Leases

The Agency has entered into 19 lease agreements with several companies in which the Agency purchased equipment to be used by the lessee. The lessees will pay monthly payments in various amounts over the course of the leases. Upon expiration of the lease terms, the lessees have the option to purchase the equipment for various amounts. The equipment is included in Capital Assets described in Note IV and has a net book value of \$1,720,247.

Property Lease

The Agency has entered into a lease agreement for a property constructed by the Agency through various federal, State and local grants. The lease agreement runs from 2018 through 2028 with no payments required during the first year, and escalating rent increases in subsequent years. The property is included in Capital Assets described in Note IV and has a net book value of \$1,553,514. The Agency received \$5,250 in lease income for the year ended December 31, 2019.

The future minimum lease payments to be received by the Agency under the terms of the agreement are as follows:

Year ended December 31,	
2020	\$ 7,875
2021	11,813
2022	17,063
2023	15,750
2024	21,000
2025-2028	84,000
	<u>\$ 157,500</u>

IV. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2019 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Buildings and Improvements	\$ 1,596,177	\$ 7,408	\$ -	\$ 1,603,585
Equipment	1,794,675	199,967	-	1,994,642
	<u>3,390,852</u>	<u>207,376</u>	<u>-</u>	<u>3,598,227</u>
Less: Accumulated Depreciation	(201,852)	(118,856)	-	(320,708)
Capital Assets, Net	<u>\$ 3,189,000</u>	<u>\$ 88,519</u>	<u>\$ -</u>	<u>\$ 3,277,519</u>

Depreciation was recorded in the amount of \$118,856 for the year ended December 31, 2019. The leased assets constitute \$3,582,784 of the total cost, \$309,023 of total accumulated depreciation, resulting in net book value of \$3,273,761 for the year ended December 31, 2019.

V. LONG TERM DEBT

The Agency entered into an agreement with the United States Department of Agriculture (“USDA”) to create a Rural Microloan Revolving Fund (“RMRF”), which will provide loans to local eligible businesses. The funds drawn down from the USDA, which must be used to capitalize a Rural Microentrepreneur Assistance Program (“RMAP”), are in the form of a loan that must be repaid to the USDA in the amount of \$440,000. The Agency has given the USDA a security interest in any cash proceeds, loans receivable and the assets backing those loans. The Agency maintains separate bank accounts for receipt of these funds and a loan loss reserve account, amounting to \$365,297 at December 31, 2019 and are included in Restricted Cash. The outstanding loan balance accrues interest at 2% per annum and must be repaid in equally amortized monthly payments of principal and interest over a period not to exceed 20 years. The first payment, consisting of principal and interest, was due in May 2014.

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

V. LONG TERM DEBT (CONTINUED)

The changes in the Agency’s long term debt during the year ended December 31, 2019 were summarized as follows:

Loan	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
USDA loan	\$ 332,504	\$ -	\$ 22,035	\$ 310,469	\$ 22,440

The following is a summary of the Agency’s future debt service requirements:

Year ended December 31,	Principal	Interest	Total
2020	\$ 22,440	\$ 6,004	\$ 28,445
2021	22,893	5,551	28,445
2022	23,356	5,089	28,445
2023	23,827	4,618	28,445
2024	24,308	4,137	28,445
2025-2029	129,100	13,125	142,225
2030-2034	64,545	1,566	66,111
	<u>\$ 310,469</u>	<u>\$ 40,091</u>	<u>\$ 350,560</u>

VI. CONDUIT DEBT – INDUSTRIAL DEVELOPMENT REVENUE BONDS

To further economic development in the County, the Agency has issued bonds that provide capital financing to a not-for-profit entity for the acquisition and construction of service facilities. The properties financed are pledged as collateral, and the bonds are payable solely from payment received from the not-for-profit entity on the underlying mortgage or promissory notes. In addition, no commitments beyond the collateral, the payments from the not-for-profit entity, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the Agency for any of those bonds. At December 31, 2019, the bonds were paid in full.

VII. RELATED PARTY TRANSACTIONS

Members of the board of directors of the Agency are also the members of the boards of the Sullivan County Infrastructure Local Development Corporation (the “SCILDC”) and the Sullivan County Funding Corporation (the “SCFC”), therefore each entity is considered a related party with the other entities. The Agency provides administrative services to both SCILDC and SCFC and has an annual professional service contract with them. Expenses under the service contract totaled \$12,000 and \$40,000 for the year ended December 31, 2019 for SCILDC and SCFC respectively. Due from related parties totaled \$12,000 and \$0 for the year ended December 31, 2019 for SCILDC and SCFC respectively.

VIII. 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 Agency exists to provide support for economic development. 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 Agency as of April 13, 2020, management does not believe that a material impact on the Agency's financial position and results of future operations is reasonably possible.

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

IX. NEW REPORTING STANDARDS

In June of 2017, GASB issued Statement No. 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 or resources. The requirements of GASB 87 are effective for periods beginning after December 15, 2019. The Agency 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. The Agency 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 Statements 89, 90 and 92, none of which are expected to have any substantive effects on the Agency's net position.

OTHER SUPPLEMENTARY INFORMATION

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
 SCHEDULE OF CONDUIT DEBT
 DECEMBER 31, 2019**

Project Name	Original Issue Amount	Original Issue Date	Interest Rate	Outstanding Balance December 31, 2018	New Issue 2019	Principal Payments 2019	Outstanding Balance December 31, 2019	Final Maturity Date
Crystal Run Village	\$ 1,980,000	6/1/2006	4.90%	\$ 235,000	\$ -	\$ (235,000)	-	7/1/2021

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):		FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
				2019	# FTEs before IDA status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of FTE			Net Employment Change
								Current # of FTEs	Construction Jobs during fiscal year		
Sales Tax	Real Property Tax	Mortgage Tax									
457 Equities Monticello Corporation	\$ -	\$ 56,554.63	\$ -	\$ 41,724.12	4	20	4	36	10	32	
Addenbrooke	-	67,157	-	40,089	14	8	14	40	-	26	
Adelaar Developer	160,491	51,600	-	39,237	-	350	-	278	74	278	
Amytra Development	620,656	-	-	-	-	24	-	4	70	4	
Be Neet LLC / Jeff Sanitation	-	20,125	-	13,536	10	3	10	13	-	3	
Beaverkill Studio, Inc.	-	17,828	-	15,216	1	3	1	3	-	2	
Bethel Performing Arts Center	-	-	-	69,677	-	15	-	92	-	92	
BRR Brothers III LLC	2,809	45,435	30,000	28,363	3	7	3	6	-	3	
Canopy Liberty LLC	-	144,230	-	91,947	-	3	-	1	-	1	
Catskill Distilling Co. Ltd.	-	57,159	-	17,159	-	2	-	6	-	6	
Catskill Hospitality Holding LLC	40,322	-	-	-	-	12	-	-	12	-	
Center One Holdings LLC	-	51,474	15,000	38,334	-	15	-	-	-	-	
Chapin Hospitality Group, LLC	**	-	-	-	-	-	-	**	**	**	
Crystal Run Village, Inc.	-	-	-	-	60	-	60	163	-	103	
DC Fabrication	-	19,287	-	10,477	-	3	-	5	-	5	
Deb El Food Products LLC	10,040	50,020	-	66,718	10	10	10	114	-	104	
Dimifini-Fallsburg LLC	-	29,272	-	25,206	68	4	68	300	7	232	
Doetsch Family II LLC	14,527	-	-	-	-	13	-	1	3	1	
Doetsch Family III LLC	-	-	-	-	-	-	-	-	4	-	
Ella Ruffo LLC	-	15,982	-	5,768	-	3	-	2	-	2	
Empire Resorts Real Estate I LLC	554,262	109,814	-	146,565	-	55	-	-	46	-	
Empire Resorts Real Estate II LLC	424,503	16,339	-	45,802	-	63	-	21	32	21	
EPT Concord II	4,771	259,324	-	348,539	-	520	-	1	-	1	
Forestburgh Hospitality	2,884	-	-	-	-	12	-	2	6	2	
Four Goats, LLC.	-	31,226	-	21,976	-	15	-	14	2	14	
Hudsut LLC	-	32,012	-	19,977	-	10	-	4	-	4	
Ideal Snacks Coprporation	-	559,670	-	446,095	50	10	50	382	-	332	
International Contractors Cop/ Jam Two LLC	-	16,391	-	11,458	4	2	4	6	5	2	

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):		FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
				2019	# FTEs before IDA status	Original	Original	# of FTE		Net Employment Change	
						Estimate of Jobs to be Created	Estimate of Jobs to be Retained	Current # of FTEs	Construction Jobs during fiscal year		
Sales Tax	Real Property Tax	Mortgage Tax									
Kaufman	\$ -	\$ 15,244	\$ -	\$ 12,724	9	6	9	13	-	4	
Kohl's Department Stores	-	700,979	-	594,168	-	500	-	354	-	354	
Loughlin & Billig	-	12,201	-	11,573	30	15	30	25	-	(5)	
Madasa	-	18,621	-	10,526	-	6	-	1	-	1	
Metallized Carbon Corporation	-	39,523	-	6,601	-	10	-	12	-	12	
Millennium Pipeline Company	-	1,464,439	-	742,665	-	17	-	-	-	-	
Mogenavland (Bethel)	-	185,102	-	52,450	9	-	9	38	-	29	
Mogenavland (Tusten)	-	96,008	-	21,604	9	-	9	39	-	30	
Montreign Operating Company	81,514	5,976,030	-	1,984,736	-	1,050	-	1,212	54	1,212	
Mountain Pacific	-	152,152	-	131,112*	20	20	20	1	-	(19)	
Nonni's Acquisition Company	-	116,240	-	116,783	-	14	-	45	-	45	
NY Delaware I LLC	-	-	-	20,000	-	-	-	-	-	-	
NY Delaware II LLC	8,175	-	-	-	-	-	-	-	29	-	
NY Delaware III, LLC	9,100	-	-	-	-	-	-	-	13	-	
NY Delaware IV, LLC	3,619	-	-	-	-	-	-	-	13	-	
NY Delaware V, LLC	6,353	-	-	-	-	-	-	-	13	-	
NY Delaware VI, LLC	4,207	-	-	-	-	-	-	-	14	-	
NY Liberty I LLC	14,494	-	-	-	-	-	-	-	33	-	
NY Thompson I LLC	7,256	-	-	-	-	-	-	-	25	-	
NY Thompson II LLC	12,012	-	28,813	-	-	-	-	-	25	-	
NY Tusten I, LLC	7,479	-	-	-	-	-	-	-	33	-	
Peck's Market of Jeffersonville	-	25,508	-	20,453	8	8	8	21	-	13	
Pestech Exterminating	-	18,748	-	13,014	10	4	10	57	-	47	
Poley Paving Corp.	-	54,741	-	25,970	8	4	8	-	-	(8)	
Regency Manor Senior Housing	-	134,474	-	17,776	-	3	-	-	-	-	
RHH Land	-	70,591	-	46,123	-	6	-	17	-	17	
Rock Meadow Partners	650	41,306	-	6,595	-	4	-	5	-	5	
SPT IVEY 61 Emerald MOB LLC	-	556,252	-	304,443	-	200	-	232	-	232	

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTARY INFORMATION (CONTINUED)
DECEMBER 31, 2019**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):	FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
					2019	# FTEs before IDA status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	Current # of FTEs	# of FTE Construction Jobs during fiscal year
	Sales Tax	Real Property Tax	Mortgage Tax							
Sullivan County Community College Dormitory	\$ -	\$ -	\$ -	\$ -	-	9	-	2	-	2
Sullivan Property Acquisitions LLC	-	91,062	-	32,974	-	250	-	-	-	-
Sullivan Resorts LLC	50,168	-	-	-	-	25	-	6	16	6
The Center for Discovery Inc.	-	-	-	25,000	-	-	-	10	-	10
Theowins LLC	-	28,609	-	13,436	5	4	5	22	15	17
Tiv Leivov LLC	-	16,073	-	8,901	-	3	-	3	-	3
Turtlehead Enterprises	-	26,696	-	14,405	-	6	-	4	-	4
Veria Lifestyle, Inc. (Infrastructure)	4,231	314,857	-	181,680	-	-	-	-	-	-
Veria Lifestyle, Inc. (Wellness Center)	362	1,538,352	-	77,863	-	200	-	132	-	132
Veteran NY Sturgis 55 LLC	-	44,497	-	27,898	-	12	-	14	-	14
Villa Roma	7,164	406,202	-	377,830	-	200	-	240	6	240
West Delaware Associates	-	506,369	-	160,000	-	2	-	1	-	1
Woodridge Family Restaurant	-	12,543	-	7,264	-	9	-	1	-	1
Yasgur Road Productions LLC	28,269	-	-	-	-	7	-	-	10	-

*PILOT amount for 2019 is outstanding as of the date of this report.

**Tax amounts and employment numbers were unavailable at the time of the audit.

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**

Board of Directors
County of Sullivan Industrial Development Agency
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 County of Sullivan Industrial Development Agency (the "Agency"), a component unit of Sullivan County, New York, as of and for the years ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 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 audits 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 Agency'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.

RBT CPAs, LLP

Newburgh, New York
April 13, 2020