

County of Sullivan Industrial Development Agency
Report to the Board of Directors
December 31, 2021



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

March 31, 2022

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

Attn: Board of Directors

We are pleased to present this report related to our audit of the financial statements of County of Sullivan Industrial Development Agency (the "Agency") as of and for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Agency.

Sincerely,

RBT CPAs, LLP

Shannon M. Mannese, CPA, CFE

Shannon M. Mannese, CPA, CFE
Partner

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated November 29, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated November 29, 2021 regarding the planned scope and timing of our audit and identified significant risks. Describe changes, if any, to information in the previous communication that have not otherwise been discussed with those charged with governance.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices</p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions or Policies</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
Basis of Accounting	The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America for governmental units as established by the Governmental Accounting Standards Board ("GASB"). The financial statements were prepared on the assumption that the Agency will continue as a going concern.
Audit Adjustments	A summary of audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Agency are shown in the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Area	Comments
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating Internal Control Deficiencies	We have separately communicated the management suggestions over financial reporting identified during our audit of the financial statements, and this communication is attached as Exhibit A.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Agency, including the representation letter provided to us by management, are attached as Exhibit B.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's December 31, 2021 financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Allowance for Doubtful Accounts Receivable	Management reviews accounts receivable to specifically identify amounts due that would be uncollectible.	Estimated amounts are decided upon by the Agency, based on management's judgment regarding collectability. Management has determined that an allowance for doubtful accounts was not necessary as of December 31, 2021.	Appears reasonable based on history of collections and collection of significant receivables after the statement of net position sheet date.

Summary of Recorded Audit Adjustments

Description	Net Effect-Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenues	Expenditures
Income Statement Effect				\$ 297,947	\$ 363,867
Balance Sheet Effect	\$ (29,467)	\$ 17,305	\$ (46,772)		

The amounts above reflect the net increase/(decrease) to the indicated account classes as a result of 20 entries proposed during our audit procedures. These entries have been reviewed and accepted by Jennifer Flad, Executive Director.

Exhibit A - Letter Communicating Internal Control Deficiencies and Management Suggestions



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

March 31, 2022

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

In planning and performing our audit of the financial statements of County of Sullivan Industrial Development Agency (the "Agency") as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 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.

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We consider the following to be control deficiencies of a lessor magnitude than a significant deficiency:

*Balance Sheet Account Review

During the audit, RBT proposed several adjustments to significant accounts. RBT recommends that the Agency periodically reconcile its receivable and liability accounts, preferably at least quarterly, such that interim financial reports are more reliable and the year-end closing is simpler.

Escrow Liability

RBT noted during the audit that the Escrow liability account could not be completely tied to cash labeled as escrow cash on the Agency's trial balance. RBT suggests that this is reconciled completely.

We consider the following to be management suggestions:

Board Meetings

During inquiries, RBT noted that it is the Board's policy to review and approve financial reports quarterly. However the minutes only contained documentation of the Board's review and approval for one quarter. RBT recommends the Board document its review and approval of the Agency's financial reports in the minutes consistently.

Account Numbers

During the audit, RBT noted that not all of the accounts in QuickBooks have account numbers. RBT recommends that the Agency add numbers to all accounts and keep these numbers consistent with the audited trial balance.

Disaster Recovery Plan

RBT noted that the Agency does not have a formal (written) disaster recovery plan in place. RBT recommends that the Agency document its procedures in a formal disaster recovery plan to ensure minimal loss of data in the event of a major disaster in the Agency's systems.

*Capitalization

The Agency has not adopted a capitalization policy and does not maintain a fixed asset schedule. RBT recommends that the Board adopt a capitalization policy and maintain a fixed asset schedule, calculate depreciation expense, and record fixed asset additions and depreciation expense into QuickBooks on an annual basis.

Escrow Cash Accounts

During the audit, RBT noted that the Agency maintains the cash accounts related to the sales tax escrows as IDA assets. RBT recommends that the Agency clarify the proper classification and ownership of these accounts and reflect that classification and ownership on its books and with bank records.

PILOT Disbursements

During the audit RBT noted that the Agency did not maintain evidence of the review process during the development of the PILOT calculations. RBT recommends that documentation is maintained as evidence of the review in the future.

Stamped Receipts

RBT noted that one of the controls at the IDA is the use of a paid stamp. We noted during testing, not all invoices for billed loan or lease payments were stamped paid when paid. RBT recommends that the stamp is used consistently.

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Those comments denoted by an “*” are substantially unchanged from our 2021 letter and continue to be applicable.

This communication is intended solely for the information and use of the Agency and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

RBT CPAs, LLP

Shannon M. Mannese, CPA, CFE

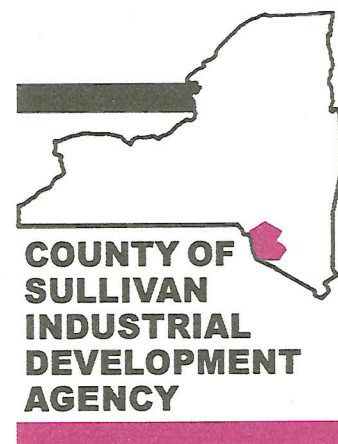
Shannon M. Mannese, CPA, CFE
Partner

**Exhibit B - Significant Written Communications Between Management
and Our Firm**

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March 31, 2022

RBT, CPAs, LLP
11 Racquet Road
Newburgh, NY, 12550



This representation letter is provided in connection with your audit of the basic 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, 2021 and 2020, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of March 31, 2021, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 29, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by the entity include those with the primary government, Sullivan County, having accountability for the entity and County of Sullivan Industrial Development Agency, having common board members and management:
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statement
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are

responsible for determining that we are not subject to the requirements of the Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

10. We have no knowledge of any uncorrected misstatements in the financial statements.
11. With respect to drafting the financial statements service performed in the course of the audit:
 - a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
16. We have no knowledge of allegations of fraud, or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
19. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. OR We have not consulted legal counsel concerning litigation or claims.
20. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
21. We are not aware of any significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.
22. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Other Information

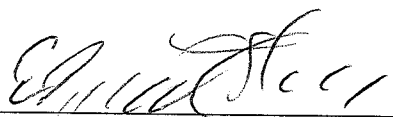
24. With respect to the Schedule of Conduit Indebtedness and the Schedule of Supplementary Information, other information presented without an opinion:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We acknowledge it is not part of the basic financial statements..
25. With respect to the Management's Discussion and Analysis ("MD&A"), presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe that such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

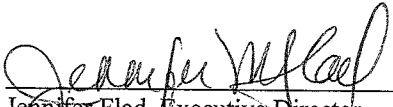
In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

26. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
27. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
28. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that have a material effect on the financial statements.
29. Is responsible 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.
30. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
31. Has a process to track the status of audit findings and recommendations.
32. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
33. Has identified for the auditor any investigations or legal proceedings that have been initiated with respect to the period under audit.
34. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.
35. Has identified and disclosed to the auditor any instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that would have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
36. Has identified and disclosed to the auditor any instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have material effect on the determination of financial statement amounts.
37. Has identified and disclosed to the auditor any instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
38. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.

Signed:


Suzanne Loughlin, Chairman
Edward T. Sykes, Vice Chairman

Signed:


Jennifer Flad, Executive Director

