

FINANCIAL REPORT
Audited
COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Sullivan County, New York)
MONTICELLO, NEW YORK
December 31, 2021

Audited for:

Board of Directors
County of Sullivan Industrial Development Agency

Audited by:

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

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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 Audit of the Financial Statements

Opinion

We have audited 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4-6, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included on pages 15-20. The other information comprises the Schedule of Other Information but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2022 on our consideration of the County of Sullivan Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Agency's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY

March 31, 2022

**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, 2021 and 2020, 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 \$9,935,476 and \$9,319,954 at December 31, 2021 and 2020, respectively.

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

SUMMARY OF NET POSITION

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets	\$ 8,066,256	\$ 7,282,827	\$ 783,429	11%
Non-Current Assets	<u>3,068,963</u>	<u>3,269,629</u>	<u>(200,666)</u>	<u>-6%</u>
Total Assets	<u>11,135,219</u>	<u>10,552,456</u>	<u>582,763</u>	<u>6%</u>
LIABILITIES				
Current Liabilities	957,337	967,366	(10,029)	-1%
Non-Current Liabilities	<u>242,406</u>	<u>265,136</u>	<u>(22,730)</u>	<u>-9%</u>
Total Liabilities	<u>1,199,743</u>	<u>1,232,502</u>	<u>(32,759)</u>	<u>-3%</u>
NET POSITION				
Net Investment in Capital Assets	2,749,166	2,919,512	(170,346)	-6%
Restricted	963,883	877,775	86,108	10%
Unrestricted	<u>6,222,427</u>	<u>5,522,667</u>	<u>699,760</u>	<u>13%</u>
Total Net Position	<u>\$ 9,935,476</u>	<u>\$ 9,319,954</u>	<u>\$ 615,522</u>	<u>7%</u>

FINANCIAL OPERATIONS HIGHLIGHTS

The increase in net position in 2021 of \$615,522 reflects the Agency’s “gain” for 2021 along with a prior period adjustment of \$32,721. The gain is due to increased receipt of fees in the current year.

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

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
<u>REVENUES</u>				
Project Fees	\$ 1,235,722	\$ 756,743	\$ 478,979	63%
Administrative Fees	32,000	52,000	(20,000)	-38%
Lease Income	117,587	271,813	(154,226)	-57%
Interest Income	8,731	20,467	(11,736)	-57%
Grant Income	-	101,587	(101,587)	-100%
Miscellaneous Income	377	122	255	209%
Total Revenues	<u>1,394,417</u>	<u>1,202,732</u>	<u>191,685</u>	<u>16%</u>
<u>EXPENSES</u>				
Salaries and Benefits	264,259	260,033	4,226	2%
Professional, Project and Consulting Fees	54,305	60,378	(6,073)	-10%
Advertising Fees	75,065	75,227	(162)	0%
Interest Expense	6,178	6,005	173	3%
Depreciation Expense	188,947	182,748	6,199	3%
Bad Debt Expense	147,832	-	147,832	100%
Other Expenses	75,030	72,368	2,662	4%
Total Expenses	<u>811,616</u>	<u>656,759</u>	<u>154,857</u>	<u>24%</u>
Change in Net Position	<u>\$ 582,801</u>	<u>\$ 545,973</u>	<u>\$ 36,828</u>	<u>7%</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

During 2021, 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 \$4,104,759 in 2012 to \$6,765,860 in 2021.

During 2021 the Agency continued to engage the services of Partnership for Economic Development in Sullivan County, Inc. The Agency provided funding for the regional economic development advocacy group, Hudson Valley Pattern for Progress, through its membership contribution.

Additionally, in 2021, the Agency was involved in the following projects:

- The administration of four 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 one loan and twenty leases through the Agency's AgriBusiness Revolving Loan and Lease Fund Program.
- The administration of one building lease agreement, relating to the Catskills Food Hub.
- The administration of 68 projects with Agency agreements, including 61 projects that made payments in lieu of taxes to the Agency and 14 projects that held valid sales tax exemption letters.

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

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
STATEMENTS OF NET POSITION**

As of December 31	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 6,421,328	\$ 5,517,313
Restricted Cash	1,585,876	1,471,692
Accounts Receivable	17,182	53,832
Prepaid Expense	2,700	2,700
Notes Receivable - Current (Note II)	39,170	237,290
	<hr/>	<hr/>
Total Current Assets	8,066,256	7,282,827
Non-Current Assets:		
Notes Receivable (Note II)	54,035	62,088
Capital Assets		
Net of Accumulated Depreciation (Note III)	3,014,928	3,207,541
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Total Non-Current Assets	3,068,963	3,269,629
	<hr/>	<hr/>
TOTAL ASSETS	11,135,219	10,552,456
LIABILITIES		
Current Liabilities:		
Accounts Payable	18,924	17,553
Accrued Payroll	4,109	12,625
Unearned Revenue	195,750	21,000
Project Escrow Liability	63,077	83,077
PILOT Escrow Liability	363,027	365,392
Sales Tax Escrow Liability	289,094	444,826
Current Portion of Note Payable (Note V)	23,356	22,893
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Total Current Liabilities	957,337	967,366
Non-Current Liabilities:		
Note Payable (Note V)	242,406	265,136
	<hr/>	<hr/>
TOTAL LIABILITIES	1,199,743	1,232,502
NET POSITION		
Net Investment in Capital Assets	2,749,166	2,919,512
Restricted	963,883	877,775
Unrestricted	6,222,427	5,522,667
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TOTAL NET POSITION	\$ 9,935,476	\$ 9,319,954
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See Notes to the Financial Statement

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

For the Years Ended December 31	2021	2020
Operating Revenues:		
Project Fees	\$ 1,235,722	\$ 756,743
Administrative Fees	32,000	52,000
Lease Income	117,587	271,813
Interest on Notes Receivable	4,707	7,659
Grant Income	-	101,587
Miscellaneous Income	377	122
Total Operating Revenues	<u>1,390,393</u>	<u>1,189,924</u>
Operating Expenses:		
Payroll and Benefits	264,259	260,033
Professional Fees and Service Contracts	53,521	60,283
Advertising	75,065	75,227
Travel, Meetings and Conferences	189	928
Consulting Services	784	95
Insurance	10,848	18,478
Dues and Subscriptions	10,785	6,851
Rent and Storage	35,394	35,153
Office Expense	17,644	10,958
Total Operating Expenses	<u>468,489</u>	<u>468,006</u>
Operating Income	<u>921,904</u>	<u>721,918</u>
Non-Operating Revenues (Expenses):		
Interest Income	4,024	12,808
Interest Expense	(6,178)	(6,005)
Depreciation Expense	(188,947)	(182,748)
Gain/Loss on Disposal of Assets	(170)	-
Bad Debt	(147,832)	-
Net Non-Operating Expenses	<u>(339,103)</u>	<u>(175,945)</u>
Change in Net Position	<u>582,801</u>	<u>545,973</u>
Net Position - Beginning	9,319,954	8,773,981
Prior Period Adjustment (Note VIII)	<u>32,721</u>	-
Net Position - Beginning Restated	9,352,675	-
Net Position - Ending	<u>\$ 9,935,476</u>	<u>\$ 9,319,954</u>

See Notes to the Financial Statement

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

For the Years Ended December 31	2021	2020
Cash Flows from Operating Activities		
Receipts from Providing Services	\$ 1,145,273	\$ 370,481
Receipts from Leases	328,467	482,945
Receipts from Grants	-	548,988
Receipts from Related Parties	32,000	64,000
Payments for Personal Services and Benefits	(263,757)	(256,271)
Payments to Contractors	(202,859)	(210,633)
Net Cash Provided by Operating Activities	<u>1,039,124</u>	<u>999,510</u>
Cash Flows from Capital Financing Activities:		
Purchase of Capital Assets	3,496	(112,770)
Principal and Interest Paid on Bonds	(28,445)	(28,445)
Net Cash Used by Capital Financing Activities	<u>(24,949)</u>	<u>(141,215)</u>
Cash Flows from Investing Activities		
Interest Income	4,024	12,808
Net Cash Provided by Investing Activities	<u>4,024</u>	<u>12,808</u>
Net Increase in Cash and Cash Equivalents	1,018,199	871,103
Cash and Cash Equivalents - Beginning	<u>6,989,005</u>	<u>6,117,902</u>
Cash and Cash Equivalents - Ending	<u>\$ 8,007,204</u>	<u>\$ 6,989,005</u>
Presented as:		
Cash and Cash Equivalents	\$ 6,421,328	\$ 5,517,313
Restricted Cash	1,585,876	1,471,692
Total	<u>\$ 8,007,204</u>	<u>\$ 6,989,005</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating Income	\$ 921,904	\$ 721,918
Changes in Assets and Liabilities:		
Accounts Receivable	60,353	(16,813)
Due from Federal Agency	-	447,401
Due from Related Party	-	12,000
Notes Receivable	58,341	(85,456)
Accounts Payable	1,371	(2,660)
Accrued Payroll	502	3,762
Unearned Revenue	174,750	3,700
Project Escrow Liabilities	(20,000)	(10,001)
PILOT Escrow Liabilities	(2,365)	(67,832)
Sales Tax Escrow Liabilities	(155,732)	(6,509)
Net Cash Provided by Operating Activities	<u>\$ 1,039,124</u>	<u>\$ 999,510</u>

See Notes to the Financial Statement

**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 Governmental Accounting Standards Board (“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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Agency is presented as a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

D. Cash and Cash Equivalents

For the purpose of presenting the Statements 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.

E. Capital Assets

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Equity Classification

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

Net investment in capital assets – Consists 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 – Consists 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 reported 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, 2021, and through March 31, 2022, the date on which the financial statements were available for issuance.

I. Reclassification of Amounts

Certain amounts for the year ended December 31, 2020 have been reclassified to conform with the presentation of amounts for the period ended December 31, 2021. There is no effect on the 2020 results from operations.

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, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Current Portion</u>
BHFM, Inc.	\$ 25,413	\$ -	\$ (9,352)	\$ 16,061	\$ 10,600
Jane Axamethy	266	-	(266)	-	-
Justin Sutherland	18,665	-	(5,441)	13,224	8,728
Appel	39,222	-	(5,665)	33,557	9,479
Salt and Pepper the Kitchen	6,329	-	(6,329)	-	-
Jeff Sanitation	12,575	-	(9,831)	2,744	2,744
Catskill Distillery	180,693	-	(180,693)	-	-
Pro Media Inc.	2,795	-	-	2,795	2,795
Prohibition Distillery Inc.	11,277	-	(7,224)	4,053	4,053
Red Cottage	2,143	-	(1,372)	771	771
Agrarian Feast	-	20,000	-	20,000	-
Total Receivables	<u>\$ 299,378</u>	<u>\$ 20,000</u>	<u>\$ (226,173)</u>	<u>\$ 93,205</u>	<u>\$ 39,170</u>

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

II. NOTES RECEIVABLE (CONTINUED)

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

	Beginning Balance	Additions	Payments	Ending Balance	Current Portion
BHFM, Inc.	\$ 35,233	\$ -	\$ (9,820)	\$ 25,413	\$ 9,788
Jane Axaemethy	2,120	-	(1,854)	266	266
Justin Sutherland	21,868	-	(3,203)	18,665	7,188
Appel	47,763	-	(8,541)	39,222	10,468
Salt and Pepper the Kitchen	21,087	-	(14,758)	6,329	6,329
Jeff Sanitation	22,900	-	(10,325)	12,575	10,742
Catskill Distillery	29,540	151,153	-	180,693	180,693
Pro Media Inc.	2,795	-	-	2,795	2,795
Prohibition Distillery Inc.	18,862	-	(7,585)	11,277	7,585
Red Cottage	5,500	-	(3,357)	2,143	1,436
Samba Café	6,254	-	(6,254)	-	-
Total Receivables	<u>\$ 213,922</u>	<u>\$ 151,153</u>	<u>\$ (65,697)</u>	<u>\$ 299,378</u>	<u>\$ 237,290</u>

III. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2021 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Buildings and Improvements	\$ 1,603,585	\$ -	\$ -	\$ 1,603,585
Equipment	2,107,412	3,125	(8,809)	2,101,728
	<u>3,710,997</u>	<u>3,125</u>	<u>(8,809)</u>	<u>3,705,313</u>
Less: Accumulated Depreciation	(503,456)	(188,947)	2,018	(690,385)
Capital Assets, Net	<u>\$ 3,207,541</u>	<u>\$ (185,822)</u>	<u>\$ (6,791)</u>	<u>\$ 3,014,928</u>

Capital asset balances and activity for the year ended December 31, 2020 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Buildings and Improvements	\$ 1,603,585	\$ -	\$ -	\$ 1,603,585
Equipment	1,994,642	112,770	-	2,107,412
	<u>3,598,227</u>	<u>112,770</u>	<u>-</u>	<u>3,710,997</u>
Less: Accumulated Depreciation	<u>(320,708)</u>	<u>(182,748)</u>	<u>-</u>	<u>(503,456)</u>
Capital Assets, Net	<u>\$ 3,277,519</u>	<u>\$ (69,978)</u>	<u>\$ -</u>	<u>\$ 3,207,541</u>

Depreciation was recorded in the amount of \$188,947 and \$182,748 for the years ended December 31, 2021 and 2020, respectively. The leased assets constitute \$3,682,983 of the total cost and \$674,261 of total accumulated depreciation, resulting in net book value of \$3,008,722 as of December 31, 2021.

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

IV. LEASES

Equipment Leases

The Agency has entered into 20 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 III and has a net book value of \$1,536,055.

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 III and has a net book value of \$1,472,667. The Agency received \$5,250 and \$2,625 in lease income for the years ended December 31, 2021 and 2020, respectively. The Agency forgave the lease for much of 2021 and 2022.

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

Year ended December 31,

2022	\$	-
2023		21,000
2024		21,000
2025		21,000
2026		21,000
2027-2028		42,000
	\$	<u>126,000</u>

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 \$337,800 and \$355,527 at December 31, 2021 and 2020, respectively, 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.

The changes in the Agency’s long term debt during the year ended December 31, 2021 are summarized as follows:

Loan	Beginning Balance	Issued/ Earned	Redeemed/ Paid	Ending Balance	Current Portion
USDA loan	\$ 288,029	\$ -	\$ (22,267)	\$ 265,762	\$ 23,356

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

V. LONG TERM DEBT (CONTINUED)

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

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 23,356	\$ 5,089	\$ 28,445
2023	23,827	4,617	28,444
2024	24,308	4,137	28,445
2025	24,798	3,646	28,444
2026	25,299	3,146	28,445
2027-2031	134,364	7,860	142,224
2032	9,810	38	9,848
	<u>\$ 265,762</u>	<u>\$ 28,533</u>	<u>\$ 294,295</u>

VI. 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 each of them. Revenues from SCILDC and SCFC under the two service contracts totaled \$32,000 and \$52,000 for the years ended December 31, 2021 and 2020, respectively. Due from related parties totaled \$0 and \$0 for the years ended December 31, 2021 and December 31, 2020, respectively.

VII. SUBSEQUENT EVENTS

In January 2022, the IDA Board extended the one-year deferral, that started in February 2021, of all 6 equipment lease payments due from Sullivan Catskills Regional Food Hub, Inc., through December 2022. The IDA Board also forgave all building lease payments due from Sullivan Catskills Regional Food Hub, Inc. through December 2022.

VIII. RESTATEMENT

The Agency has restated its 2020 financial statements by increasing beginning net position in the amount of \$32,721, representing changes to prior revenues and expenses to correct recording errors.

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 of resources. The Agency is required to implement this standard for the year ended December 31, 2022. The Agency has not evaluated the effect of GASB 87 on its financial statements.

GASB has also issued Statements 87 through 98, with varying implementation dates, those which could have any substantive effects on the Corporation’s net position are noted above.

OTHER INFORMATION

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION
DECEMBER 31, 2021**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS): 2021	FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
					# 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	Net Employment Change
457 Equities Monticello Corporation	\$ -	\$ 58,910	\$ -	\$ 39,210	4	20	4	39	8	35
Addenbrooke LLC	-	66,585	-	40,064	14	8	14	40	-	26
Adelaar Developer	-	3,053,563	-	309,513	-	350	-	91	-	91
Amytra Development	211,210	34,579	-	34,579	-	24	-	35	12	35
Be Neet LLC / Jeff Sanitation	-	20,780	-	12,611	10	3	10	13	-	3
Beaverkill Studio, Inc.	-	17,533	-	9,891	1	3	1	1	-	-
Bethel Performing Arts Center	-	-	-	69,677	-	15	-	63	-	63
BRR Brothers III LLC	-	45,269	-	27,198	3	7	3	18	-	15
MHC 83 (HW Portfolio) LLC f//k/a Canopy Liberty L	-	141,842	-	112,164	-	3	-	2	-	2
Catskill Distilling Co. Ltd.	-	60,416	-	19,603	-	2	-	1	-	1
Catskill Hospitality Holding LLC	84,375	18,044	8,874	18,044	-	12	-	-	20	-
Center One Holdings LLC	-	49,569	-	37,594	-	15	-	-	-	-
DC Fabrication	-	18,231	-	10,960	-	3	-	7	-	7
Deb El Food Products LLC	-	52,026	-	62,056	10	10	10	104	-	94
Dimifini-Fallsburg LLC	-	29,165	-	23,595	68	4	68	293	-	225
Doetsch Family II LLC	6,248	65,945	-	5,640	-	13	-	8	6	8
Doetsch Family III LLC	4,306	-	6,000	-	-	-	-	1	-	1
Ella Ruffo LLC	-	15,846	-	5,995	-	3	-	-	-	-
Empire Resorts Real Estate I LLC	-	114,218	-	132,059	-	55	-	-	3	-
Empire Resorts Real Estate II LLC	378	488,004	-	41,268	-	63	-	6	-	6
EPT Concord II	-	272,132	-	314,042	-	520	-	6	-	6
Forestburgh Hospitality	-	49,385	-	35,576	-	12	-	-	-	-
Four Goats, LLC.	-	32,246	-	21,865	-	15	-	16	-	16
Hudsut LLC	-	37,621	-	19,021	-	10	-	14	-	14
Ideal Snacks Coprporation	-	554,367	-	452,018	50	10	50	287	-	237
International Contractors Cop/ Jam Two LLC	-	18,297	-	10,910	4	2	4	5	3	1

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION (CONTINUED)
DECEMBER 31, 2021**

	<u>Sales Tax</u>	<u>Real Property Tax</u>	<u>Mortgage Tax</u>	<u>2021</u>	<u># FTEs before IDA status</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>	<u>Current # of FTEs</u>	<u># of FTE Construction Jobs during fiscal year</u>	<u>Net Employment Change</u>
Kohl's Department Stores	\$ -	\$ 711,597	\$ -	\$ 555,015	-	500	-	341	-	341
Loughlin & Billig	-	12,709	-	10,833	30	15	30	23	-	(7)
Metallized Carbon Corporation	-	35,895	-	7,113	-	10	-	12	-	12
Millennium Pipeline Company	-	1,464,439	-	1,057,189	-	17	-	-	-	-
Mogenavland (Bethel)	-	195,651	-	66,191	9	-	9	7	-	(2)
Mogenavland (Tusten)	-	93,591	-	28,797	9	-	9	59	8	50
Montreign Operating Company	19,912	6,215,720	1,550,000	1,788,296	-	1,050	-	912	6	912
Nonni's Acquisition Company	-	126,957	-	126,957	-	14	-	47	-	47
NY Bethel I LLC	9,224	-	-	-	-	-	-	-	-	-
NY Delaware I LLC	-	-	-	20,000	-	-	-	-	-	-
NY Delaware II LLC	-	-	-	10,000	-	-	-	-	-	-
NY Delaware III, LLC	-	-	-	21,422	-	-	-	-	-	-
NY Delaware IV, LLC	-	-	-	21,422	-	-	-	-	-	-
NY Delaware V, LLC	-	-	-	16,000	-	-	-	-	-	-
NY Delaware VI, LLC	-	-	-	20,000	-	-	-	-	-	-
NY Liberty I LLC	-	-	-	21,210	-	-	-	-	-	-
NY Thompson I LLC	-	-	-	21,210	-	-	-	-	-	-
NY Thompson II LLC	-	-	-	10,500	-	-	-	-	1	-
NY Tusten I, LLC	-	-	-	20,000	-	-	-	-	-	-
Peck's Market of Jeffersonville	-	26,102	-	20,804	8	8	8	22	-	14
Pestech Exterminating	-	18,142	-	10,574	10	4	10	60	-	50
Psychedelic Solar LLC	-	-	-	-	-	1	-	-	4	-
Regency Manor Senior Housing	-	140,074	-	17,043	-	3	-	-	-	-
RGG Realty LLC/ Columbia Ice & Cold Storage Corp	4,380	-	-	-	-	5	-	1	-	1
RHH Land	-	12,729	-	9,701	-	6	-	-	-	-
Rock Meadow Partners	-	40,266	-	9,436	-	4	-	5	-	5
Rosemond Solar LLC	1,096	-	-	16,000	-	-	-	-	-	-
SPT IVEY 61 Emerald MOB LLC	-	578,562	-	289,745	-	200	-	203	-	203

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION (CONTINUED)
DECEMBER 31, 2021**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):	FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
	Sales Tax	Real Property Tax	Mortgage Tax	2021	# FTEs before IDA status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	Current # of FTEs	Construction Jobs during fiscal year	Net Employment Change
Sullivan County Community College Dormitory Corp.	\$ -	\$ -	\$ -	\$ -	-	9	-	1	-	1
Sullivan Resorts LLC	-	198,523	-	200,000	-	25	-	6	-	6
SVG 26 LLC (f/k/a Catskill Distilling Co. Ltd.)	-	-	25,000	-	-	5	-	1	-	1
The Center for Discovery Inc.	-	-	-	25,000	-	-	-	5	-	5
Theowins LLC	-	29,856	-	13,746	5	4	5	14	3	9
Tiv Leivov LLC	-	17,324	-	8,443	-	3	-	-	-	-
Turtlehead Enterprises	-	27,767	-	13,680	-	6	-	-	-	-
Veria Lifestyle, Inc. (Infrastructure)	-	281,226	-	163,698	-	-	-	-	-	-
Veria Lifestyle, Inc. (Wellness Center)	-	1,600,053	-	70,156	-	200	-	114	-	114
Veteran NY Sturgis 55 LLC	-	46,351	-	34,763	-	12	-	14	-	14
West Delaware Hydro Associates	-	351,613	-	163,200	-	2	-	1	-	1
Woodridge Family Restaurant	-	12,583	-	7,434	-	9	-	-	-	-
Yasgur Road Productions LLC	-	6,716	-	5,131	-	7	-	3	-	3

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION (CONTINUED)
DECEMBER 31, 2020**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):	FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
	Sales Tax	Real Property Tax	Mortgage Tax	2020	# 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	Net Employment Change
457 Equities Monticello Corporation	\$ 1,652	\$ 57,131	\$ -	\$ 40,321	4	20	4	33	8	29
Addenbrooke LLC	-	66,540	-	41,402	14	8	14	40	-	26
Adelaar Developer	-	2,981,649	-	326,969	-	350	-	184	-	184
Amytra Development	466,776	31,996	-	31,996	-	24	-	4	90	4
Be Neet LLC / Jeff Sanitation	-	20,606	-	13,450	10	3	10	14	-	4
Beaverkill Studio, Inc.	-	17,579	-	10,365	1	3	1	2	-	1
Bethel Performing Arts Center	-	-	-	69,677	-	15	-	56	-	56
BRR Brothers III LLC	-	45,177	-	29,276	3	7	3	8	-	5
MHC 83 (HW Portfolio) LLC f/k/a Canopy Liberty L	-	142,220	49,200	120,834	-	3	-	2	-	2
Catskill Distilling Co. Ltd.	-	60,366	-	18,741	-	2	-	3	-	3
Catskill Hospitality Holding LLC	23,432	2,704	-	2,704	-	12	-	-	10	-
Center One Holdings LLC	-	49,250	-	39,088	-	15	-	-	-	-
Crystal Run Village, Inc.	-	-	-	-	60	-	60	160	-	100
DC Fabrication	-	18,280	-	11,485	-	3	-	7	-	7
Deb El Food Products LLC	-	50,801	-	64,531	10	10	10	122	-	112
Dimifini-Fallsburg LLC	-	29,106	-	25,125	68	4	68	234	4	166
Doetsch Family II LLC	34,960	6,014	-	5,758	-	13	-	3	6	3
Doetsch Family III LLC	14,909	-	-	-	-	-	-	-	-	-
Ella Ruffo LLC	-	15,835	-	6,078	-	3	-	1	-	1
Empire Resorts Real Estate I LLC	-	111,528	-	139,507	-	55	-	-	3	-
Empire Resorts Real Estate II LLC	728	476,512	-	43,596	-	63	-	15	-	15
EPT Concord II	-	265,724	-	331,754	-	520	-	1	-	1
Forestburgh Hospitality	-	51,227	-	36,902	-	12	-	1	-	1
Four Goats, LLC.	-	32,089	-	22,175	-	15	-	16	-	16
Hudsut LLC	-	37,406	-	19,891	-	10	-	10	-	10
Ideal Snacks Coprporation	-	554,524	-	451,335	50	10	50	464	-	414
International Contractors Cop/ Jam Two LLC	-	18,193	-	11,409	4	2	4	5	4	1

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION (CONTINUED)
DECEMBER 31, 2020**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):	FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
	Sales Tax	Real Property Tax	Mortgage Tax	2020	# 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	Net Employment Change
Kaufman	\$ -	\$ 15,399	\$ -	\$ 12,099	9	6	9	9	-	-
Kohl's Department Stores	-	702,017	-	571,880	-	500	-	370	-	370
Loughlin & Billig	-	12,325	-	11,161	30	15	30	23	-	(7)
Madasa	-	18,515	-	10,378	-	6	-	5	-	5
Metallized Carbon Corporation	-	35,271	-	7,539	-	10	-	12	-	12
Millennium Pipeline Company	-	1,464,439	-	1,082,553	-	17	-	-	-	-
Mogenavland (Bethel)	-	195,488	-	59,624	9	-	9	4	-	(5)
Mogenavland (Tusten)	-	92,414	-	25,876	9	-	9	12	-	3
Montreign Operating Company	3,333	6,069,336	3,300,000	1,889,156	-	1,050	-	571	6	571
Nonni's Acquisition Company	-	124,301	-	123,399	-	14	-	39	-	39
NY Bethel I LLC	30,480	-	-	-	-	-	-	1	-	1
NY Delaware I LLC	-	-	-	20,000	-	-	-	-	-	-
NY Delaware II LLC	-	-	-	20,000	-	-	-	-	-	-
NY Delaware III, LLC	8,160	-	-	-	-	-	-	1	-	1
NY Delaware IV, LLC	2,560	-	-	-	-	-	-	1	-	1
NY Delaware V, LLC	1,040	-	-	-	-	-	-	-	-	-
NY Delaware VI, LLC	3,360	-	-	-	-	-	-	-	-	-
NY Liberty I LLC	1,440	-	-	20,000	-	-	-	1	-	1
NY Thompson I LLC	-	-	-	20,000	-	-	-	-	-	-
NY Thompson II LLC	-	-	-	10,500	-	-	-	-	-	-
NY Tusten I, LLC	5,040	-	-	-	-	-	-	-	-	-
Peck's Market of Jeffersonville	-	25,720	-	20,701	8	8	8	20	-	12
Pestech Exterminating	-	18,486	-	10,723	10	4	10	59	-	49
Psychedelic Solar LLC	-	-	-	-	-	1	-	-	-	-
Regency Manor Senior Housing	-	135,844	-	17,355	-	3	-	-	-	-
RGG Realty LLC/ Columbia Ice & Cold Storage Corp	-	-	3,150	-	-	5	-	-	-	-
RHH Land	-	70,745	-	45,590	-	6	-	12	-	12
Rock Meadow Partners	765	39,759	-	8,018	-	4	-	4	-	4
Rosemond Solar LLC	30,400	-	-	-	-	-	-	-	-	-
SPT IVEY 61 Emerald MOB LLC	-	564,937	-	297,934	-	200	-	212	-	212

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OTHER INFORMATION (CONTINUED)
DECEMBER 31, 2020**

Project Name	Total amounts without exemption			Payments in Lieu of Taxes (PILOTS):	FULL-TIME EQUIVALENT JOBS CREATED AND RETAINED:					
	Sales Tax	Real Property Tax	Mortgage Tax	2020	# 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	Net Employment Change
Sullivan County Community College Dormitory Corp.	\$ -	\$ -	\$ -	\$ -	-	9	-	1	-	1
Sullivan Property Acquisitions LLC	-	29,928	-	28,049	-	250	-	-	-	-
Sullivan Resorts LLC	-	256,536	-	200,000	-	25	-	6	5	6
The Center for Discovery Inc.	-	-	-	25,000	-	-	-	5	-	10
Theowins LLC	-	28,752	-	13,887	5	4	5	15	2	10
Tiv Leivov LLC	-	17,367	-	8,645	-	3	-	2	-	2
Turtlehead Enterprises	-	27,113	-	14,081	-	6	-	4	-	4
Veria Lifestyle, Inc. (Infrastructure)	-	320,240	-	172,930	-	-	-	-	-	-
Veria Lifestyle, Inc. (Wellness Center)	1,155	1,562,371	-	160,363	-	200	-	74	-	74
Veteran NY Sturgis 55 LLC	-	44,951	-	27,231	-	12	-	14	-	14
West Delaware Hydro Associates	-	433,632	-	163,200	-	2	-	1	-	240
Woodridge Family Restaurant	-	12,502	-	7,548	-	9	-	1	-	1
Yasgur Road Productions LLC	-	-	-	-	-	7	-	-	4	-

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

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.

rbtcpas.com

11 Racquet Road
Newburgh, NY 12550
T: (845) 567-9000
F: (845) 567-9228

2678 South Road, Suite 101
Poughkeepsie, NY 12601
T: (845) 485-5510
F: (845) 485-5547

P.O. Box 209
51 Sullivan Street
Wurtsboro, NY 12790
T: (845) 888-5656
F: (845) 888-2789

340 Madison Avenue
19th Floor
New York, NY 10173
T: (718) 772-0850
F: (718) 772-0851

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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
March 31, 2022

**COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS
DECEMBER 31, 2021**

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.

