Cooper Arias, LLP
Accounting & Accountability

March 22, 2023

To The Board of the County of Sullivan
Industrial Development Agency
Monticello, NY 12701

We have audited the financial statements of the County of Sullivan Industrial Development Agency, a component unit of Sullivan County, New York, for the year ended December 31, 2022, and have issued our report thereon dated March 22, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated November 16, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Sullivan Industrial Development Agency are described in Note 1 to the financial statements. The Agency has implemented the following new standards issued by the Governmental Accounting Standards Board (GASB) for the year ended December 31, 2022:

GASB 87 – *Leases*
GASB 92 – *Omnibus 2020*
GASB 93 – *Replacement of Interbank Offered Rates*, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.
GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No.32*

892 State Route 17B, P.O. Box 190 Mongaup Valley, NY 12762 — Phone: 845-796-1800 — Fax: 845-796-1826 — www.cooperarias.com

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates affecting the financial statements were capital assets, accumulated depreciation and depreciation expense.

> The Agency's fixed assets are capitalized in the statement of net position and depreciated over their estimated useful lives in the statement of activities. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

> Note 1 – Disclosure of the Agency's significant accounting policies.
> Note 3 – Disclosure of outstanding notes receivable
> Note 5 – Disclosure of outstanding operating leases receivable in accordance with GASB 87.
> Note 6 – Disclosure of outstanding capital leases receivable
> Note 8 - Disclosure of the Agency's transactions with related parties.
> Note 9 – Disclosure of outstanding long term debt
> Note 11 – Disclosure of a change in accounting principle for the year ended December 31, 2022
> Note 12 – Disclosure of restated beginning balances for the year ended December 31, 2022.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 22, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedule of Other Information, which accompanies the financial statements but is not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Very truly yours,

Cooper Arias, LLP

Cooper Arias, LLP

County of Sullivan Industrial Development Agency
Material Audit Adjustments
12/31/22

AJE #	Account	Debit	Credit	Comment
1	1113 - Accounts Receivable	207,417.00		
	2810 - Unearned Revenue		207,417.00	Reclass deferred agency fees
2	8000 - Depreciation Expense	159,314.00		
	1210 - Accumulated Depreciation		159,314.00	Annual Depreciation
3	1500 - Capital Leases Receivable	267,968.00		
	1210 - Accumulated Depreciation	199,068.00		
	Grant Funded Fixed Assets		428,465.00	
	3900 - Net Position		38,571.00	Restate beginning balances for capital lease previously reported as an operating lease
4	4013.13d - Lease Income	34,033.30		
	1500 - Capital Leases Receivable		25,974.00	
	4005.1 - Interest Income - Leases		8,059.30	Reclass capital lease activity reported as an operating lease
5	1501 - Operating Leases Receivable	862,576.00		
	2960 - Deferred Inflows of Resources - Leases		862,576.00	Restate beginning balances for implementation of GASB 87
6	2960 - Deferred Inflows of Resources - Leases	78,429.00		
	1501 - Operating Leases Receivable		78,429.00	
	4013.99 - Lease Income	14,720.00		
	4005.1 - Interest Income - Leases		14,720.00	Reclass lease activity in accordance with GASB 87
7	4000 - Project Fees	25,073.00		
	3900 - Net Position		25,073.00	Adjust beginning net position for overstated ST Escrow adjusted to incorrect account
		1,848,598.30	**1,848,598.30**	