

FINANCIAL REPORT
Audited
SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
(A Component Unit of Sullivan County, New York)
SULLIVAN COUNTY, NEW YORK
December 31, 2020

Audited for:

Board of Directors
Sullivan County Infrastructure Local Development Corporation

Audited by:

RBT CPAs, LLP
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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sullivan County Infrastructure Local Development Corporation
548 Broadway
Monticello, New York 12701

Report on the Financial Statements

We have audited the accompanying financial statements of the Sullivan County Infrastructure Local Development Corporation (the "Corporation"), a component unit of Sullivan County, New York, as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Corporation'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 audits. We conducted our audits 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 audit to obtain reasonable assurance about whether the basic financial statements are free of 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 financial position of the Sullivan County Infrastructure Local Development Corporation, a component unit of Sullivan County, New York, as of December 31, 2020 and 2019, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note VIII to the financial statements, the spread of the global pandemic, coronavirus disease (“COVID-19”), has created economic uncertainty.

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 3-5, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2021, on our consideration of the Sullivan County Infrastructure Local Development Corporation, 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 Sullivan County Infrastructure Local Development Corporation’s internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
June 1, 2021

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following “Management’s Discussion and Analysis” report (“MD&A”) provides the reader with an introduction and overview to the financial activities and performance of the Sullivan County Infrastructure Local Development Corporation (the “Corporation”) for the years ended December 31, 2020 and 2019. This information should be reviewed in conjunction with the Corporation’s audited financial statements.

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation’s financial position. The Corporation’s net position was \$(16,465,114) and \$(14,764,959) at December 31, 2020 and 2019 respectively. The decrease in net position of \$1,700,155 reflects the Corporation’s “loss” for 2020.

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

SUMMARY OF NET POSITION

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Current Assets	\$ 390,816	\$ 461,262	\$ (70,446)	-15%
Non-Current Assets	91,627,500	94,859,752	(3,232,252)	-3%
Total Assets	<u>92,018,316</u>	<u>95,321,014</u>	<u>(3,302,698)</u>	<u>-3%</u>
Liabilities				
Current Liabilities	2,687,272	2,614,389	72,883	3%
Non-Current Liabilities	105,796,158	107,471,584	(1,675,426)	-2%
Total Liabilities	<u>108,483,430</u>	<u>110,085,973</u>	<u>(1,602,543)</u>	<u>-1%</u>
Net Position				
Net Investment in Capital Assets	(15,570,832)	(13,855,839)	(1,714,993)	12%
Unrestricted	(894,282)	(909,120)	14,838	-2%
Total Net Position	<u>\$ (16,465,114)</u>	<u>\$ (14,764,959)</u>	<u>\$ (1,700,155)</u>	<u>12%</u>

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

FINANCIAL OPERATIONS HIGHLIGHTS

Based on the service agreement between the Town of Thompson (the “Town”) and the Corporation, the Town began levying special assessments on an annual basis, beginning January 1, 2019, to pay service fees covering the annual debt service and administrative costs. Service Fees increased by \$5,317,963 in 2020, providing funding for an entire year’s debt service.

The deficit in net position is due to the Corporation’s debt interest and depreciation expenses.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2020</u>	<u>2019</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Service Fees	\$ 7,326,991	\$ 2,009,028	\$ 5,317,963	265%
Total Operating Revenues	<u>7,326,991</u>	<u>2,009,028</u>	<u>5,317,963</u>	<u>265%</u>
Operating Expenses:				
Administrative Expenses	32,729	34,431	(1,702)	-5%
Professional Fees	17,313	20,306	(2,993)	-15%
Insurance Expenses	10,231	4,111	6,120	149%
Office Expenses	34	84	(50)	100%
Total Operating Expenses	<u>60,307</u>	<u>58,932</u>	<u>1,375</u>	<u>2%</u>
Operating Income	<u>7,266,684</u>	<u>1,950,096</u>	<u>5,316,588</u>	<u>273%</u>
Non-Operating Revenues (Expenses):				
Investment Income	62,104	159,229	(97,125)	-61%
Total Non-Operating Revenues	<u>62,104</u>	<u>159,229</u>	<u>(97,125)</u>	<u>-61%</u>
Non-Operating Expenses:				
Debt Interest Expense	(5,796,076)	(5,809,237)	13,161	0%
Depreciation Expense	<u>(3,232,867)</u>	<u>(3,232,867)</u>	<u>-</u>	<u>0%</u>
Total Non-Operating Expenses	<u>(9,028,943)</u>	<u>(9,042,104)</u>	<u>13,161</u>	<u>0%</u>
Non-Operating (Loss)	<u>(8,966,839)</u>	<u>(8,882,875)</u>	<u>(83,964)</u>	<u>1%</u>
Change in Net Position	<u>\$ (1,700,155)</u>	<u>\$ (6,932,779)</u>	<u>\$ 5,232,624</u>	<u>-75%</u>

FINANCIAL STATEMENTS

The Corporation’s financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (the “GASB”). The Corporation is structured as a proprietary fund. It is a component unit of Sullivan County, New York because the County Manager appoints the Corporation’s nine-member board. See the accompanying Notes to the Financial Statements.

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The Sullivan County Infrastructure Local Development Corporation was formed in 2016. Its mission is to develop, own, construct (or cause to be constructed), and maintain (or cause to be maintained) certain infrastructure and related improvements located on approximately 1,700 acres of land located in the Town of Thompson, Sullivan County in connection with the Adelaar Resort Project, and will be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, and lessen the burden of government and act in the public interest.

In furtherance of this mission, on June 13, 2016, the Corporation authorized the issuance, execution, sale and delivery of revenue bonds to finance the acquisition and construction of public infrastructure improvements for the Adelaar Project in the Town of Thompson.

In 2020, the Board of Directors of the Sullivan County Infrastructure Local Development Corporation met four times, in March, April, October and December to conduct business. At its March 9th meeting, the Board reviewed the Corporation's policies, mission statement, and performance measurements. At its April 13th meeting, the Board conducted its annual self-evaluation and approved the Corporation's 2019 audit report and Public Authorities Information System ("PARIS") reports. At its October 19th meeting, the Board approved the Corporation's 2021 budget. In addition to meetings of the full Board of Directors, the Governance Committee met in December to conduct its annual business.

CONTACTING CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Corporation's finances and to reflect the Corporation's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Flad, 548 Broadway Monticello, NY 12701.

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENTS OF NEW POSITION

As of December 31	2020	2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 55,290	\$ 46,495
Cash and Cash Equivalents - Restricted (Note II)	322,826	402,067
Interest Receivable	12,700	12,700
Total Current Assets	390,816	461,262
Non-Current Assets:		
Investments - Restricted	3,703,803	3,703,188
Capital Assets (Note III)		
Net of Accumulated Depreciation (Note III)	87,923,697	91,156,564
Total Non-Current Assets	91,627,500	94,859,752
TOTAL ASSETS	92,018,316	95,321,014
LIABILITIES		
Current Liabilities:		
Accounts Payable	15,585	2,541
Accrued Interest Payable	946,687	959,848
Due to Related Parties (Note VI)	-	12,000
Current Portion of Bonds Payable (Note IV)	1,725,000	1,640,000
Total Current Liabilities	2,687,272	2,614,389
Non-Current Liabilities:		
Bonds Payable, Net of Discount (Note IV)	105,796,158	107,471,584
TOTAL LIABILITIES	108,483,430	110,085,973
NET POSITION		
Net Position:		
Net Investment in Capital Assets	(15,570,832)	(13,855,839)
Unrestricted	(894,282)	(909,120)
TOTAL NET POSITION	\$ (16,465,114)	\$ (14,764,959)

See Notes to the Financial Statements

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31	2020	2019
Operating Revenues:		
Service Fees (Note V)	\$ 7,326,991	\$ 2,009,028
Total Operating Revenues	<u>7,326,991</u>	<u>2,009,028</u>
Operating Expenses:		
Administrative Expenses	32,729	34,431
Professional Fees and Service Contracts	17,313	20,306
Insurance	10,231	4,111
Office Expense	34	84
Total Operating Expenses	<u>60,307</u>	<u>58,932</u>
Operating Income	<u>7,266,684</u>	<u>1,950,096</u>
Non-Operating Revenues (Expenses):		
Investment Income	62,104	159,229
Interest Expense	(5,796,076)	(5,809,237)
Depreciation Expense	(3,232,867)	(3,232,867)
Net Non-Operating Expenses	<u>(8,966,839)</u>	<u>(8,882,875)</u>
Change in Net Position	<u>(1,700,155)</u>	<u>(6,932,779)</u>
Net Position - Beginning	(14,764,959)	(8,409,072)
Prior Period Adjustments (Note VII)	-	576,892
Net Position - Beginning, restated	<u>(14,764,959)</u>	<u>(7,832,180)</u>
Net Position - Ending	<u>\$ (16,465,114)</u>	<u>\$ (14,764,959)</u>

See Notes to the Financial Statements

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2020	2019
Cash Flows from Operating Activities		
Receipts from Service Fees	\$ 7,326,991	\$ 2,009,028
Payments to Contractors	<u>(59,263)</u>	<u>(69,506)</u>
Net cash provided by operating activities	<u>7,267,728</u>	<u>1,939,522</u>
Cash Flows from Capital Financing Activities:		
Purchase of Capital Assets	-	(11,543,805)
Bond Principal Payments	<u>(1,640,000)</u>	-
Interest Paid on Bonds	<u>(5,759,663)</u>	<u>(5,759,663)</u>
Net cash used by capital financing activities	<u>(7,399,663)</u>	<u>(17,303,468)</u>
Cash Flows from Investing Activities		
Investment Income	<u>62,104</u>	167,583
Net cash provided by investing activities	<u>62,104</u>	<u>167,583</u>
Net Decrease in Cash and Cash Equivalents	<u>(69,831)</u>	(15,196,363)
Cash and Cash Equivalents - Beginning of Year	<u>4,151,750</u>	<u>19,348,113</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,081,919</u>	<u>\$ 4,151,750</u>
Presented as:		
Cash and Cash Equivalents	\$ 55,290	\$ 46,495
Cash and Cash Equivalents - Restricted	322,826	402,067
Investments - Restricted	<u>3,703,803</u>	<u>3,703,188</u>
Total	<u>\$ 4,081,919</u>	<u>\$ 4,151,750</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating Income	\$ 7,266,684	\$ 1,950,096
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Change in Accounts Payable	13,044	(10,574)
Change in Due to Related Parties (Note VI)	<u>(12,000)</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 7,267,728</u>	<u>\$ 1,939,522</u>

See Notes to the Financial Statements

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

The Sullivan County Infrastructure Local Development Corporation (the “Corporation”) was established on February 10, 2016 under Section 1411 of the Not-for-Profit Corporation Law of the State of New York, which covers local development corporations. The purpose of the Corporation is to develop, own, construct, and maintain certain infrastructure and related improvements on approximately 1,700 acres in the Town of Thompson, Sullivan County, to foster the creation, retention, and expansion of jobs and economic opportunities for the benefit of the County, State and local economies.

The Corporation is a component unit of the County of Sullivan, New York. The County Manager appoints the Board members of the Corporation.

The Corporation contracts with the County of Sullivan Industrial Development Agency (the “SCIDA”) for administrative services.

B. The Reporting Entity

The Corporation 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, as amended “The Financial Reporting Entity”. Component units are legally separate entities for which the County of Sullivan, New York, is financially accountable. The Sullivan County Manager appoints all of the Corporation’s Board Members. This level of control meets the criteria for financial accountability as defined by GASB No. 14.

C. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), as applied to government units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation 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 Statements of Cash Flows, the Corporation 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 Corporation has adopted an investment policy in accordance with public authority law which is re-affirmed annually. Such policy defines the Corporation’s investment objectives, authorization and collateralization procedures and monitoring of compliance with stated policies. As described below, the Corporation is in compliance with such policies.

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Corporation 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 Corporation or its agent in the Corporation’s name. The Corporation’s cash balances were fully collateralized and not subject to custodial credit risk.

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Capital Assets

The Corporation records capital assets at historical cost and depreciates the assets on a straight-line basis over their estimated useful life of 30 years. Assets are not depreciated until placed in service. The Corporation does not maintain a capitalization threshold as all infrastructure assets are capitalized.

F. Receivables

Receivables represent investment interest income earned and accrued as of December 31. As of December 31, 2020 and 2019, interest receivable was \$12,700 and \$12,700, respectively.

G. Use of Estimates

The preparation of basic financial statements, in conformity with U.S. GAAP, 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 Corporation evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2020, and through June 1, 2021, the date on which the financial statements were available for issuance.

II. CASH, CASH EQUIVALENTS AND INVESTMENTS

Statutes authorize the Corporation to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations. The Corporation has investments in money market funds, which consist of U.S. Government obligations, are authorized in accordance with provisions of the Trust Indenture. Money Market accounts consist of unspent debt proceeds and are restricted to expenses related to the debt payments.

In addition, the Corporation, through the Trust Indenture adopted by resolution on June 13, 2016, is authorized to invest funds held under the Indenture in "Permitted Investments". Permitted Investments include the above described investments as well as certain types of commercial paper, Government Certificates, obligations issued, guaranteed or assumed by the International Bank, Asian Development Bank or African Development Bank, certain types of corporate notes and investment agreements.

The Corporation has entered into an investment agreement with Natixis Funding Corporation ("NFC"), a subsidiary of Natixis, a public limited corporation with a board of directors (*societe anonyme conseil d'administration*) governed by French law, which provides for the investment of certain restricted funds until the maturity date of the bonds. Natixis has provided a guaranty of NFC's obligations under the investment agreement. The Debt Service Reserve is earning 1.64% fixed rate per year until November 1, 2027, other restricted funds are currently earning 2.07% and are invested in a Federated Government Obligations money market fund.

Cash deposits are secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The Corporation's deposits are categorized below to give an indication of the level of risk assumed by the Corporation.

- 1) Insured or collateralized with securities held by the Corporation or by its agent in the Corporation's name;
- 2) Collateralized with securities held by the pledging institution's trust department or agent in the Corporation's name;
- 3) Uncollateralized.

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

II. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments are categorized into these three categories of credit risk:

- 1) Insured or registered, or securities held by the Corporation or its agent in the Corporation's name; included in Category 1 are funds invested in securities of the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations;
- 2) Uninsured and registered, with securities held by the counter-party's trust department or agent in the Corporation's name;
- 3) Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the Corporation's name.

Balances as of December 31, 2020				
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Cash and Cash Equivalents Balances:				
Cash in Bank	\$ 55,290	\$ -	\$ -	\$ 55,290
Money Market Funds	<u>322,826</u>	-	-	<u>322,826</u>
Cash and Cash Equivalents Total:	<u>378,116</u>	-	-	<u>378,116</u>
Investments:				
Investment Agreement	-	<u>3,703,803</u>	-	<u>3,703,803</u>
Investments Total	<u>-</u>	<u>3,703,803</u>	<u>-</u>	<u>3,703,803</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 378,116</u>	<u>\$ 3,703,803</u>	<u>\$ -</u>	<u>\$ 4,081,919</u>

Balances as of December 31, 2019				
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Cash and Cash Equivalents Balances:				
Cash in Bank	\$ 46,495	\$ -	\$ -	\$ 46,495
Money Market Funds	<u>402,067</u>	-	-	<u>402,067</u>
Cash and Cash Equivalents Total:	<u>448,562</u>	-	-	<u>448,562</u>
Investment Agreement	-	<u>3,703,188</u>	-	<u>3,703,188</u>
Investments Total	<u>-</u>	<u>3,703,188</u>	<u>-</u>	<u>3,703,188</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 448,562</u>	<u>\$ 3,703,188</u>	<u>\$ -</u>	<u>\$ 4,151,750</u>

Bank balances differ from the Corporation's cash balances by the amount of outstanding items clearing in the following month. Disclosures relating to risk and type of investments as presented above are indicative of activity and positions held during the year.

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

II. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Restricted Assets

The Restricted assets of the Corporation consist of unexpended bond proceeds and related investment earnings, which is invested in money market funds and investments under the control of the Bond Trustee.

Restricted Assets are summarized as follows:

Series 2016 Bonds - Current	2020	2019
Cost of Issuance Fund	<u>\$ 16,497</u>	\$ 16,454
Admin and Interest Reserve Funds	201,208	267,052
Excess Debt Service Reserve Funds	-	13,718
Construction Reserve Funds	<u>105,121</u>	104,843
Total Current - Restricted Assets	<u>\$ 322,826</u>	<u>\$ 402,067</u>
Series 2016 Bonds - Non-Current		
Debt Service Reserve Funds	<u>\$ 3,703,803</u>	<u>\$ 3,703,188</u>
Total Non-Current - Restricted Assets	<u>\$ 3,703,803</u>	<u>\$ 3,703,188</u>

III. CAPITAL ASSETS

Capital assets consisted of the following at December 31:

	Restated Beginning Balances			Ending Balances
	December 31, 2019	Increases	Decreases	December 31, 2020
Infrastructure:				
Drainage	\$ 14,712,903	\$ -	\$ -	\$ 14,712,903
Lighting	10,943,934	-	-	10,943,934
Roads	29,065,401	-	-	29,065,401
Sewer	16,794,654	-	-	16,794,654
Water	14,308,578	-	-	14,308,578
Water Storage	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
	88,825,470	-	-	88,825,470
Add: Capitalized Interest	8,160,548	-	-	8,160,548
Less: Accumulated Depreciation	<u>(5,829,454)</u>	<u>(3,232,867)</u>	<u>-</u>	<u>(9,062,321)</u>
Total Capital Assets, Net	<u>\$ 91,156,564</u>	<u>\$ (3,232,867)</u>	<u>\$ -</u>	<u>\$ 87,923,697</u>

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

III. CAPITAL ASSETS (CONTINUED)

	Restated Beginning Balances				Ending Balances
	December 31, 2018	Increases	Decreases		December 31, 2019
Infrastructure:					
Drainage	\$ 14,712,903	\$ -	\$ -		\$ 14,712,903
Lighting	10,943,934	-	-		10,943,934
Roads	29,065,401	-	-		29,065,401
Sewer	16,794,654	-	-		16,794,654
Water	14,308,578	-	-		14,308,578
Water Storage	3,000,000	-	-		3,000,000
	<u>88,825,470</u>	<u>-</u>	<u>-</u>		<u>88,825,470</u>
Add: Capitalized Interest	8,160,548	-	-		8,160,548
Less: Accumulated Depreciation	(2,581,301)	(3,248,153)	-		(5,829,454)
Total Capital Assets, Net	<u>\$ 94,404,717</u>	<u>\$ (3,248,153)</u>	<u>\$ -</u>		<u>\$ 91,156,564</u>

For the years ended December 31, 2020 and December 31, 2019, depreciation expense amounted to \$3,232,867 and \$3,232,867 respectively. The effect on accumulated depreciation due to the prior period adjustment was \$15,286 as described in Note VII.

IV. BONDS PAYABLE

Revenue Bonds

In June 2016, the Corporation executed a trust indenture authorizing the issuance of \$110,075,000 in revenue bonds to finance public infrastructure improvements, to fund a debt service reserve fund, to fund the payment of interest on the bonds prior to and during construction, and to pay costs of issuing the bonds. The Town of Thompson, New York, on behalf of the Improvement Districts benefitting from the infrastructure improvements, agreed to impose and collect special assessments in an amount sufficient to pay the annual Service Fee. See Note V. Economic Dependency. The bonds are special limited obligations of the Corporation payable solely from and secured by a pledge of the Service Fee and certain funds held by the Trustee. The first principal payment of \$1,640,000 was due November 1, 2020.

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

IV. BONDS PAYABLE (CONTINUED)

<u>Series</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Series 2016A-1	6/1/16	4.85%	2031	\$ 14,130,000	\$ 15,085,000
Series 2016A-2	6/1/16	5.35%	2049	49,085,000	49,085,000
Series 2016B-1	6/1/16	4.85%	2031	2,030,000	2,165,000
Series 2016B-2	6/1/16	5.35%	2049	7,005,000	7,005,000
Series 2016C-1	6/1/16	4.85%	2031	1,980,000	2,115,000
Series 2016C-2	6/1/16	5.35%	2049	6,920,000	6,920,000
Series 2016D-1	6/1/16	4.85%	2031	1,305,000	1,395,000
Series 2016D-2	6/1/16	5.35%	2049	4,540,000	4,540,000
Series 2016E-1	6/1/16	4.85%	2031	4,785,000	5,110,000
Series 2016E-2	6/1/16	5.35%	2049	16,655,000	16,655,000
				108,435,000	110,075,000
Less: Current Maturities of Bonds Payable				(1,725,000)	(1,640,000)
Bonds Payable - Long Term				106,710,000	108,435,000
Less: Unamortized Discount				(913,842)	(963,416)
Bonds Payable - Long Term, net of unamortized discount				\$ 105,796,158	\$ 107,471,584

Revenue bonds (continued)

The bonds were issued at a discount totaling \$1,115,750, which is being amortized using the effective interest method over the life of the bonds. The unamortized balance as of December 31, 2020 and December 31, 2019 was \$913,842 and \$963,416, respectively. The amortization included in expense was \$49,574 for each of the years ended December 31, 2020 and 2019.

Bond Covenants

The Corporation has covenanted under the indenture that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under and secured by this Indenture at the places, on the dates and in the manner specified in this Indenture and the Bonds; provided, however, that such obligations are limited obligations of the Issuer and are payable solely from the Service Fee and other property pledged and assigned by the Indenture to secure payment of the Bonds. The Corporation is required to maintain an amount equal to six months of the maximum principal and interest due on the bonds in the current or any future fiscal year to meet the debt service requirements, currently \$3,703,803. The trust indenture also defines events of default, including non-payment of principal and/or interest. However the trust indenture does not require acceleration of any payments. No events of default have occurred during the year.

**SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS**

IV. BONDS PAYABLE (CONTINUED)

Maturity

Annual Amortization requirements for Bonds Payable are as follows:

Years ended			
December 31,	Principal	Interest	Total
2021	1,725,000	5,680,123	\$ 7,405,123
2022	1,805,000	5,596,460	7,401,460
2023	1,890,000	5,508,918	7,398,918
2024	1,975,000	5,417,253	7,392,253
2025	2,080,000	5,321,465	7,401,465
2026-2030	11,995,000	24,994,215	36,989,215
2031-2035	15,325,000	21,694,093	37,019,093
2036-2040	19,855,000	17,148,890	37,003,890
2041-2045	25,755,000	11,239,548	36,994,548
2046-2049	26,030,000	3,571,660	29,601,660
Totals	\$ 108,435,000	\$ 106,172,625	\$ 214,607,625

V. ECONOMIC DEPENDENCY

As referenced in Note IV above, the Corporation has entered into a Public Infrastructure Services Agreement (the “PISA”) with the Town of Thompson on behalf of the Improvement Districts to receive services fees, defined generally as the amount of principal and interest due annually on the bonds, less any amounts on deposit with the Corporation in accounts intended for payment of debt service, plus any amounts due under the Indenture to replenish any reserve funds and administrative expense funds created under the Indenture. The Town is required to levy special assessments in an amount equal to the special assessment requirement in order to pay the service fees due, subject to annual appropriation by the Town Board. The Corporation is required to provide the Town with the special assessment roll and a special assessment report annually which will be used to levy the special assessments in the following year. The Corporation has engaged Municap, Inc., administrator for the bonds, to prepare the annual report. The Town of Thompson collected \$7,326,991 and \$2,009,028 in special assessment fees for years ending December 31, 2020 and 2019 respectively, which was the calculated amount due the Corporation for payment of debt service and other costs.

VI. RELATED PARTY TRANSACTION

Members of the Board of Directors of the Corporation make up the Board of the SCIDA, therefore the two entities are considered related parties. The Corporation has a professional service contract with the SCIDA to provide management and administrative services to the Corporation. Expenses under the contract totaled \$12,000 for the year ended December 31, 2019. Amounts due to related parties totaled \$0 and \$12,000 for the years ended December 31, 2020 and 2019.

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SULLIVAN COUNTY, NEW YORK
NOTES TO THE FINANCIAL STATEMENTS

VII. PRIOR PERIOD ADJUSTMENTS

In 2019, the following prior period adjustments were recorded to properly state net assets as of January 1, 2019:

<u>Amount</u>	<u>Reason</u>	<u>Effect</u>
\$ 550,316	To reverse prior year capitalized investment income.	Increase in Capital Assets Increase in Net Position
\$ 41,862	To record additional capital assets for prior year.	Increase in Capital Assets Increase in Net Position
\$ (15,286)	To reverse prior year amortized capitalized investment income.	Decrease in Capital Assets Decrease in Net Position
<u>\$ 576,892</u>		

VIII. UNCERTAINTY

During 2020, local, U.S., and world governments 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 and its long-term economic ramifications. The Corporation exists to provide support for job growth and economic opportunity. Management has advised staff to work remotely as a response to current NYS regulations. While management cannot quantify the financial and any other impacts to the Corporation as of June 1, 2021, management does not believe that a material impact on the Corporation's financial position and results of future operations is reasonably possible.

IX. NEW REPORTING STANDARDS

In June 2017, GASB issued Statement 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 Corporation is required to implement this standard for year ended December 31, 2022. The Corporation has not evaluated the effect of GASB 87 on its financial statements.

In March 2018, GASB issued Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The Corporation has implemented this statement for the year ended December 31, 2019 as required. There is no effect on the Corporation's statement of activities or net position.

In June 2018, GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which it is incurred for financial statements prepared on the economic resources measurement basis and not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Corporation implemented this standard on a prospective basis for the year ended December 31, 2019. There is no effect on the Corporation's statement of activities or net position.

GASB has also issued Statements 90 through 97, none of which are expected to have any substantive effects on the Corporation's net position.

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
Sullivan County Infrastructure Local Development Corporation
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 Sullivan County Infrastructure Local Development Corporation (the “Corporation”), a component unit of Sullivan County, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated June 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’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 Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, NY
June 1, 2021

