

FINANCIAL REPORT
Audited
SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
(A Component Unit of Sullivan County, New York)
SULLIVAN COUNTY, NEW YORK
December 31, 2021

Audited for:

Board of Directors
Sullivan County Infrastructure Local Development Corporation

Audited by:

RBT CPAs, LLP
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Newburgh, NY 12550
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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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the Sullivan County Infrastructure Local Development Corporation (the "Corporation"), a component unit of the Sullivan County, New York, as of and for the year ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Corporation'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 Sullivan County Infrastructure Local Development Corporation as of December 31, 2021 and 2020 and the changes in financial position and its cash flows for the year 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"), 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 Corporation, 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 Corporation'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 Corporation'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 Corporation'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 5-7, 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, 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 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 Corporation'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 Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, NY
March 21, 2022

**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, 2021, and 2020. 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 \$(18,009,474) and \$(16,465,114) at December 31, 2021 and 2020 respectively. The decrease in net position of \$1,544,360 reflects the Corporation’s “loss” for 2021.

For details of the Corporation’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	\$ 376,804	\$ 391,431	\$ (14,627)	-4%
Non-Current Assets	88,394,018	91,627,500	(3,233,482)	-4%
Total Assets	<u>88,770,822</u>	<u>92,018,931</u>	<u>(3,248,109)</u>	<u>-4%</u>
Liabilities				
Current Liabilities	2,740,249	2,687,272	52,977	2%
Non-Current Liabilities	104,040,047	105,796,158	(1,756,111)	-2%
Total Liabilities	<u>106,780,296</u>	<u>108,483,430</u>	<u>(1,703,134)</u>	<u>-2%</u>
Net Position				
Net Investment in Capital Assets	(17,130,966)	(15,570,832)	(1,560,134)	10%
Unrestricted	(878,508)	(894,282)	15,774	-2%
Total Net Position	<u>\$ (18,009,474)</u>	<u>\$ (16,465,114)</u>	<u>\$ (1,544,360)</u>	<u>9%</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.

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>2021</u>	<u>2020</u>	<u>\$ Change</u>	<u>% Change</u>
Operating Revenues:				
Service Fees	\$ 7,395,503	\$ 7,326,991	\$ 68,512	1%
Total Operating Revenues	<u>7,395,503</u>	<u>7,326,991</u>	<u>68,512</u>	<u>1%</u>
Operating Expenses:				
Administrative Expenses	34,347	32,729	1,618	5%
Professional Fees	16,500	17,313	(813)	-5%
Insurance Expenses	2,618	10,231	(7,613)	-74%
Office Expenses	-	34	(34)	100%
Total Operating Expenses	<u>53,465</u>	<u>60,307</u>	<u>(6,842)</u>	<u>-11%</u>
Operating Income	<u>7,342,038</u>	<u>7,266,684</u>	<u>75,354</u>	<u>1%</u>
Non-Operating Revenues (Expenses):				
Investment Income	61,536	62,104	(568)	-1%
Total Non-Operating Revenues	<u>61,536</u>	<u>62,104</u>	<u>(568)</u>	<u>-1%</u>
Non-Operating Expenses:				
Debt Interest Expense	(5,715,067)	(5,796,076)	81,009	-1%
Depreciation Expense	(3,232,867)	(3,232,867)	-	0%
Total Non-Operating Expenses	<u>(8,947,934)</u>	<u>(9,028,943)</u>	<u>81,009</u>	<u>-1%</u>
Non-Operating (Loss)	<u>(8,886,398)</u>	<u>(8,966,839)</u>	<u>80,441</u>	<u>-1%</u>
Change in Net Position	<u>\$ (1,544,360)</u>	<u>\$ (1,700,155)</u>	<u>\$ 155,795</u>	<u>-9%</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 2021, the Board of Directors of the Sullivan County Infrastructure Local Development Corporation met eight times, in February, April, June, August, September, October, November and December to conduct business. At its February 8 meeting, the Board reviewed the Corporation's Investment Policy, Procurement Policy, Disposition of Real Property Guidelines, Mission Statement, and Performance Measurements. At its April 12 meeting, the Board conducted its annual self-evaluation and adopted an Amended Governance Committee Policy. At its June 1 meeting, the Board approved the Corporation's 2020 audit report and Public Authorities Reporting Information System ("PARIS") reports. At its October 18 meeting, the Board approved the Corporation's 2022 budget. In addition to meetings of the full Board of Directors, the Governance Committee met on November 8 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 NET POSITION

As of December 31	2021	2020
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 44,041	\$ 55,290
Cash and Cash Equivalents - Restricted (Note II)	320,063	323,441
Interest Receivable	12,700	12,700
	<hr/>	
Total Current Assets	376,804	391,431
Non-Current Assets:		
Investments - Restricted	3,703,188	3,703,803
Capital Assets (Note III)		
Net of Accumulated Depreciation (Note III)	84,690,830	87,923,697
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Total Non-Current Assets	88,394,018	91,627,500
	<hr/>	
TOTAL ASSETS	88,770,822	92,018,931
LIABILITIES		
Current Liabilities:		
Accounts Payable	678	15,585
Accrued Interest Payable	934,571	946,687
Current Portion of Bonds Payable (Note IV)	1,805,000	1,725,000
	<hr/>	
Total Current Liabilities	2,740,249	2,687,272
Non-Current Liabilities:		
Bonds Payable, Net of Discount (Note IV)	104,040,047	105,796,158
	<hr/>	
TOTAL LIABILITIES	106,780,296	108,483,430
NET POSITION		
Net Position:		
Net Investment in Capital Assets	(17,130,966)	(15,570,832)
Unrestricted	(878,508)	(894,282)
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TOTAL NET POSITION	\$ (18,009,474)	\$ (16,465,114)
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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	2021	2020
Operating Revenues:		
Service Fees (Note V)	\$ 7,395,503	\$ 7,326,991
Total Operating Revenues	<u>7,395,503</u>	<u>7,326,991</u>
Operating Expenses:		
Administrative Expenses	34,347	32,729
Professional Fees and Service Contracts	16,500	17,313
Insurance	2,618	10,231
Office Expense	-	34
Total Operating Expenses	<u>53,465</u>	<u>60,307</u>
Operating Income	<u>7,342,038</u>	<u>7,266,684</u>
Non-Operating Revenues (Expenses):		
Investment Income	61,536	62,104
Interest Expense	(5,715,067)	(5,796,076)
Depreciation Expense	(3,232,867)	(3,232,867)
Net Non-Operating Expenses	<u>(8,886,398)</u>	<u>(8,966,839)</u>
Change in Net Position	(1,544,360)	(1,700,155)
Net Position - Beginning	<u>(16,465,114)</u>	<u>(14,764,959)</u>
Net Position - Ending	<u><u>\$ (18,009,474)</u></u>	<u><u>\$ (16,465,114)</u></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	2021	2020
Cash Flows from Operating Activities		
Receipts from Service Fees	\$ 7,395,503	\$ 7,326,991
Payments to Contractors	(68,372)	(59,263)
Net Cash Provided by Operating Activities	<u>7,327,131</u>	<u>7,267,728</u>
Cash Flows from Capital Financing Activities:		
Bond Principal Payments	(1,725,000)	(1,640,000)
Interest Paid on Bonds	(5,678,294)	(5,759,663)
Net Cash Used By Capital Financing Activities	<u>(7,403,294)</u>	<u>(7,399,663)</u>
Cash Flows from Investing Activities		
Investment Income	<u>61,536</u>	62,104
Net Decrease in Cash and Cash Equivalents	(14,627)	(69,831)
Cash and Cash Equivalents - Beginning of Year	<u>4,081,919</u>	<u>4,151,750</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,067,292</u>	<u>\$ 4,081,919</u>
Presented as:		
Cash and Cash Equivalents	\$ 44,041	\$ 55,290
Cash and Cash Equivalents - Restricted	320,063	322,826
Investments - Restricted	<u>3,703,188</u>	<u>3,703,803</u>
Total	<u>\$ 4,067,292</u>	<u>\$ 4,081,919</u>
Reconciliation Of Operating Income To Net Cash Provided By Operating Activities		
Operating Income	\$ 7,342,038	\$ 7,266,684
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Change in Accounts Payable	(14,907)	13,044
Change in Due to Related Parties (Note VI)	<u>-</u>	<u>(12,000)</u>
Net Cash Provided by Operating Activities	<u>\$ 7,327,131</u>	<u>\$ 7,267,728</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 (“CSIDA”) 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 the Governmental Accounting Standards Board (the “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 GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation 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 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, 2021 and 2020, 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, 2021, and through March 21, 2022, 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, 2021				
	Category 1	Category 2	Category 3	Total
Cash and Cash Equivalents Balances:				
Cash in Bank	\$ 44,041	\$ -	\$ -	\$ 44,041
Money Market Funds	320,063	-	-	320,063
Cash and Cash Equivalents Total:	364,104	-	-	364,104
Investments:				
Investment Agreement	-	3,703,188	-	3,703,188
Investments Total	-	3,703,188	-	3,703,188
Total Cash, Cash Equivalents, and Investments	\$ 364,104	\$ 3,703,188	\$ -	\$ 4,067,292

Balances as of December 31, 2020				
	Category 1	Category 2	Category 3	Total
Cash and Cash Equivalents Balances:				
Cash in Bank	\$ 55,290	\$ -	\$ -	\$ 55,290
Money Market Funds	323,441	-	-	323,441
Cash and Cash Equivalents Total:	378,731	-	-	378,731
Investment Agreement	-	3,703,188	-	3,703,188
Investments Total	-	3,703,188	-	3,703,188
Total Cash, Cash Equivalents, and Investments	\$ 378,731	\$ 3,703,188	\$ -	\$ 4,081,919

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	2021	2020
Cost of Issuance Fund	<u>\$ 16,500</u>	\$ 16,497
Admin and Interest Reserve Funds	198,416	201,823
Construction Reserve Funds	<u>105,147</u>	105,121
Total Current - Restricted Assets	<u><u>\$ 320,063</u></u>	<u>\$ 323,441</u>
Series 2016 Bonds - Non-Current		
Debt Service Reserve Funds	<u>\$ 3,703,188</u>	\$ 3,703,188
Total Non-Current - Restricted Assets	<u><u>\$ 3,703,188</u></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, 2020	Increases	Decreases	December 31, 2021
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>3,000,000</u>
	<u>88,825,470</u>	-	-	<u>88,825,470</u>
Add: Capitalized Interest	8,160,548	-	-	8,160,548
Less: Accumulated Depreciation	<u>(9,062,321)</u>	<u>(3,232,867)</u>	-	<u>(12,295,188)</u>
Total Capital Assets, Net	<u><u>\$ 87,923,697</u></u>	<u><u>\$ (3,232,867)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 84,690,830</u></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, 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	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	(5,829,454)	(3,232,867)	-	(9,062,321)
Total Capital Assets, Net	<u>\$ 91,156,564</u>	<u>\$ (3,232,867)</u>	<u>\$ -</u>	<u>\$ 87,923,697</u>

For the years ended December 31, 2021 and December 31, 2020, depreciation expense amounted to \$3,232,867 and \$3,232,867 respectively.

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. For the years ended December 31, 2021 and December 31, 2020, the principal payments amounted to \$1,725,000 and \$1,640,000 respectively.

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, 2021</u>	<u>December 31, 2020</u>
Series 2016A-1	6/1/16	4.85%	2031	\$ 13,125,000	\$ 14,130,000
Series 2016A-2	6/1/16	5.35%	2049	49,085,000	49,085,000
Series 2016B-1	6/1/16	4.85%	2031	1,885,000	2,030,000
Series 2016B-2	6/1/16	5.35%	2049	7,005,000	7,005,000
Series 2016C-1	6/1/16	4.85%	2031	1,840,000	1,980,000
Series 2016C-2	6/1/16	5.35%	2049	6,920,000	6,920,000
Series 2016D-1	6/1/16	4.85%	2031	1,210,000	1,305,000
Series 2016D-2	6/1/16	5.35%	2049	4,540,000	4,540,000
Series 2016E-1	6/1/16	4.85%	2031	4,445,000	4,785,000
Series 2016E-2	6/1/16	5.35%	2049	16,655,000	16,655,000
				106,710,000	108,435,000
Less: Current Maturities of Bonds Payable				(1,805,000)	(1,725,000)
Bonds Payable - Long Term				104,905,000	106,710,000
Less: Unamortized Discount				(864,953)	(913,842)
Bonds Payable - Long Term, net of unamortized discount				\$ 104,040,047	\$ 105,796,158

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, 2021 and December 31, 2020 was \$864,953 and \$913,842, respectively. The amortization included in expense was \$48,889 and \$49,574 for the years ended December 31, 2021 and 2020, respectively.

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 \$3,703,188. 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
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	2,180,000	5,220,585	7,400,585
2027-2031	12,575,000	24,412,457	36,987,457
2032-2036	16,135,000	20,888,005	37,023,005
2037-2041	20,915,000	16,086,647	37,001,647
2042-2046	27,140,000	9,861,655	37,001,655
2047-2049	20,015,000	2,179,055	22,194,055
Totals	\$ 106,710,000	\$ 100,492,500	\$ 207,202,500

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 is 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 \$7,395,503 and \$7,326,991 in special assessment fees for years ending December 31, 2021 and 2020 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 CSIDA, therefore the two entities are considered related parties. The Corporation has a professional service contract with the CSIDA to provide management and administrative services to the Corporation. Expenses under the contract totaled \$12,000 and \$12,000 for the years ended December 31, 2021 and 2020, respectively. Amounts due to related parties totaled \$0 and \$0 for the years ended December 31, 2021 and 2020, respectively.

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

VII. 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.

The GASB has issued Statements 87 through 98, with varying implementation dates, those of which could have any substantive effects on the Corporation's net position are noted above. The Corporation early adopted Statement 91, *Conduit Debt Obligations*, for the year ended December 31, 2019.

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, 2021, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated March 21, 2022.

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
March 21, 2022

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2021

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted.

