

***THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION***

***FINANCIAL STATEMENTS
DECEMBER 31, 2023***

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION

DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of The Sullivan County Infrastructure
Local Development Corporation
Monticello, NY 12701

Opinions

We have audited the financial statements of the Sullivan County Infrastructure Local Development Corporation, New York (the "Corporation"), a component unit of Sullivan County, New York, as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit 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. 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 opinions.

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 opinions. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 4 through 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Corporation's internal control over financial reporting and compliance.

Cooper Arias, LLP

Mongaup Valley, New York
March 4, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

Year Ending December 31, 2023

The Management's Discussion and Analysis of the financial performance of The Sullivan County Infrastructure Local Development Corporation (the “Corporation”) provides an overall review of the Corporation's financial activities for the fiscal year ended December 31, 2023. The intent of this discussion and analysis is to look at the Corporation's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Corporation's financial performance.

Financial Highlights

In 2016 and 2017, the Corporation issued long term debt in the form of revenue bonds totaling \$108,959,250, net of a \$1,115,750 discount. The bonds bear interest at 4.85% and 5.35% per annum with final maturities of November 2031 and November 2049. The Corporation’s debt will be paid by the Town of Thompson, New York, through the collection of service fees paid from special assessments imposed on the chargeable properties benefiting from the public improvements.

Overview of the Financial Statements

This annual report consists of two parts – management’s discussion and analysis and the basic financial statements consisting of a *Statement of Net Position*; *Statement of Revenues, Expenses, and Changes in Net Position*; *Statement of Cash Flows*; and related footnotes. The Statement of Net Position represents the financial position of the Corporation and provides information about the activities of the Corporation, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows reflects how the Corporation finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ending December 31, 2023

Comparative Financial Analysis

	<u>2023</u>	<u>2022</u>
Assets:		
Current assets	\$ 415,174	\$ 419,522
Non-current assets	3,703,803	3,703,803
Capital assets, net	<u>78,225,096</u>	<u>81,457,963</u>
Total assets	<u>82,344,073</u>	<u>85,581,288</u>
Liabilities:		
Current liabilities	2,889,478	2,811,224
Long-term liabilities	<u>100,155,633</u>	<u>102,198,217</u>
Total Liabilities	<u>103,045,111</u>	<u>105,009,441</u>
Net Position		
Net investment in capital assets	(12,130,587)	(10,519,755)
Unrestricted	<u>(8,570,451)</u>	<u>(8,908,398)</u>
Total Net Position	<u>\$ (20,701,038)</u>	<u>\$ (19,428,153)</u>

The deficit in net position is due to the Corporation's administrative fees, bond issuance costs, debt service expenses and depreciation.

	<u>2023</u>	<u>2022</u>
Operating Revenues	<u>\$ 7,393,842</u>	<u>\$ 7,407,814</u>
Operating Expenses:		
Administrative Fees	80,820	41,412
Professional Fees	15,000	15,000
Insurance Expense	7,993	7,212
Office Expense	<u>-</u>	<u>120</u>
Total Operating Expenses	<u>103,813</u>	<u>63,744</u>
Operating Income	<u>7,290,029</u>	<u>7,344,070</u>
Non-operating Revenues:		
Investment Income	211,009	100,157
Non-operating Expenses:		
Interest Expense	(5,541,056)	(5,630,039)
Depreciation Expense	<u>(3,232,867)</u>	<u>(3,232,867)</u>
Total Non-Operating Expenses	<u>(8,562,914)</u>	<u>(8,762,749)</u>
Change in Net Position	<u>\$ (1,272,885)</u>	<u>\$ (1,418,679)</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ending December 31, 2023

Capital Assets

The Corporation’s capital assets consist of construction of the infrastructure improvements, including bond interest expense during the construction period. Net capital assets at December 31, 2023 and 2022 were \$78,225,096 and \$81,457,963, respectively. Depreciation expense was \$3,232,867 for each of the years ending December 31, 2023 and 2022.

Long-Term Debt

The Corporation’s outstanding long term debt consisted of the following:

<u>DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 12/31/23</u>	<u>OUTSTANDING 12/31/22</u>
Series 2016A	2016	2031	4.85%	\$ 10,975,000	\$ 12,075,000
Series 2016A	2016	2049	5.35%	49,015,000	49,085,000
Series 2016B	2016	2031	4.85%	1,575,000	1,735,000
Series 2016B	2016	2049	5.35%	6,995,000	7,005,000
Series 2016C	2017	2031	4.85%	1,535,000	1,690,000
Series 2016C	2017	2049	5.35%	6,910,000	6,920,000
Series 2016D	2017	2031	4.85%	1,010,000	1,110,000
Series 2016D	2017	2049	5.35%	4,535,000	4,540,000
Series 2016E	2017	2031	4.85%	3,715,000	4,090,000
Series 2016E	2017	2049	5.35%	<u>16,635,000</u>	<u>16,655,000</u>
				<u>\$ 102,900,000</u>	<u>\$ 104,905,000</u>

The total bonds issued of \$110,075,000 were used to finance infrastructure improvements, debt service costs and bond issuance costs. Interest is due semi-annually beginning in November 2016 and principal payments are due annually beginning in November 2020.

Operations and Accomplishments

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ending December 31, 2023

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 2023, the Board of Directors of The Sullivan County Infrastructure Local Development Corporation met eleven times to conduct business. At its March 13 meeting, the Board reviewed the Corporation's Investment Policy, Procurement Policy, Disposition of Real Property Guidelines, Mission Statement, and Performance Measurements. At its March 30 meeting, the Board conducted its annual self-evaluation, accepted the Corporation's 2022 audited financial statement and discussed the 2022 Public Authorities Reporting Information System (PARIS) reports. At its October 16 meeting, the Board approved the Corporation's 2024 budget. In addition to meetings of the full Board of Directors, the Governance Committee met on December 11 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
STATEMENT OF NET POSITION
DECEMBER 31,

ASSETS	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and Cash Equivalents	\$ 7,056	\$ 42,385
Cash and Cash Equivalents- Restricted	395,418	364,437
Interest Receivable - Restricted	<u>12,700</u>	<u>12,700</u>
Total Current Assets	<u>415,174</u>	<u>419,522</u>
Non-Current Assets:		
Investments- Restricted	3,703,803	3,703,803
Capital Assets, net	<u>78,225,096</u>	<u>81,457,963</u>
Total Non-Current Assets	<u>81,928,899</u>	<u>85,161,766</u>
TOTAL ASSETS	<u>82,344,073</u>	<u>85,581,288</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	7,005	3,071
Due To Related Parties	4,598	-
Accrued Interest Payable	902,875	918,153
Current Portion of Bonds Payable	<u>1,975,000</u>	<u>1,890,000</u>
Total Current Liabilities	<u>2,889,478</u>	<u>2,811,224</u>
Non-Current Liabilities		
Bonds Payable, net of discount	<u>100,155,633</u>	<u>102,198,217</u>
Total Non-Current Liabilities	<u>100,155,633</u>	<u>102,198,217</u>
TOTAL LIABILITIES	<u>103,045,111</u>	<u>105,009,441</u>
NET POSITION		
Net Investment in Capital Assets	(12,130,587)	(10,519,755)
Unrestricted	<u>(8,570,451)</u>	<u>(8,908,398)</u>
TOTAL NET POSITION	<u>\$ (20,701,038)</u>	<u>\$ (19,428,153)</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Service Fees	\$ 7,393,842	\$ 7,407,814
Total Operating Revenues	<u>7,393,842</u>	<u>7,407,814</u>
OPERATING EXPENSES		
Administrative Expenses	80,820	41,412
Professional Fees and Service Contracts	15,000	15,000
Insurance	7,993	7,212
Office Expense	<u>-</u>	<u>120</u>
Total Operating Expenses	<u>103,813</u>	<u>63,744</u>
NET OPERATING INCOME	<u>7,290,029</u>	<u>7,344,070</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	211,009	100,157
Interest Expense	(5,541,056)	(5,630,039)
Depreciation Expense	<u>(3,232,867)</u>	<u>(3,232,867)</u>
NET NON-OPERATING REVENUES (EXPENSES)	<u>(8,562,914)</u>	<u>(8,762,749)</u>
CHANGE IN NET POSITION	(1,272,885)	(1,418,679)
NET POSITION- Beginning of the Year	<u>(19,428,153)</u>	<u>(18,009,474)</u>
NET POSITION- End of the Year	<u>\$ (20,701,038)</u>	<u>\$ (19,428,153)</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

SULLIVAN COUNTY INFRASTRUCTURE LOCAL DEVELOPMENT CORPORATION
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31,

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Service Fees	\$ 7,393,842	\$ 7,407,814
Payments to Contractors	<u>(95,281)</u>	<u>(63,178)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>7,298,561</u>	<u>7,344,636</u>
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES		
Bond Principal Payments	(2,005,000)	(1,805,000)
Interest paid on Bonds	<u>(5,508,918)</u>	<u>(5,596,460)</u>
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	<u>(7,513,918)</u>	<u>(7,401,460)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment Income	<u>211,009</u>	<u>99,542</u>
NET CASH PROVIDED BY INVESTMENT INCOME	<u>211,009</u>	<u>99,542</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,348)	42,718
CASH AND CASH EQUIVALENTS- Beginning of the Year (Restated)	<u>406,822</u>	<u>364,104</u>
CASH AND CASH EQUIVALENTS- End of the Year	<u>\$ 402,474</u>	<u>\$ 406,822</u>
Presented in Financial Statements:		
Cash and Cash Equivalents	\$ 7,056	\$ 42,385
Cash and Cash Equivalents - Restricted	<u>395,418</u>	<u>364,437</u>
Total	<u>\$ 402,474</u>	<u>\$ 406,822</u>
Reconciliation of operating revenue (loss) to net cash provided (used) by operating activities:		
Operating Income (Loss)	\$ 7,290,029	\$ 7,344,070
Changes in Assets and Liabilities		
Increase (Decrease) in Accounts Payable	3,934	566
Increase (Decrease) in Accounts Payable	<u>4,598</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 7,298,561</u>	<u>\$ 7,344,636</u>

SEE ACCOMPANYING NOTES AND AUDITOR'S OPINION

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 – REPORTING ENTITY

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 financial activities of the Corporation are combined with the financial activities of the County of Sullivan and other component units, which constitutes the entire reporting entity for the County of Sullivan.

The Corporation’s management believes these financial statements present all activities for which the Corporation is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

The Corporation follows the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred. Fixed assets and long-term liabilities related to these activities are recorded within the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

In the statement of revenues, expenses and changes in fund net position, operating revenues and expenses include all activity that is part of the Corporation's normal operating activities. Interest earned on investment or cash balances, depreciation, debt service and unusual or infrequent items are included as non-operating activities.

Cash and Equivalents

For the statement of cash flows, the Corporation considers cash and investments in money market accounts as cash equivalents.

New Accounting Standards

The Corporation has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At December 31, 2023 the Corporation implemented the following new standards:

GASB 93 – *Replacement of Interbank Offered Rates*, effective for the year ending December 31, 2022, except for the removal of LIBOR as an appropriate benchmark interest rate, which is effective for the year ending December 31, 2023.

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

GASB 96 – *Subscription-Based Information Technology Arrangements*

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023 except for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.

Future Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following standards that will become effective in future fiscal years:

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 99 – *Omnibus 2022*, effective for the year ending December 31, 2023 except for the portion related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53, which is effective for the year ending December 31, 2024.

GASB 100 – *Accounting Changes and Error Corrections – an amendment of GASB 62*, effective for year ending December 31, 2024

GASB 101 – *Compensated Absences*, effective for the year ending December 31, 2024

The Corporation will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Equity Classifications

In the financial statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

Restricted – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted – reports all other net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Corporation.

Order of Use of Net Position:

When an expense is incurred for which both restricted and unrestricted resources are available, the Board will assess the current financial condition of the Corporation and then determine which classification of net position will be applied.

THE SULLIVAN COUNTY INFRASTRUCTURE
 LOCAL DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources, which represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported no deferred outflows or inflows of resources as of December 31, 2023 and 2022.

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. Interest expense during the period of construction is capitalized.

NOTE 3 – CASH AND EQUIVALENTS

Cash received by the Corporation is deposited with a financial institution or invested. Bank balances and money market accounts are presented in the financial statements as cash and equivalents. Bank balances are fully covered by FDIC insurance and money market accounts, which consist of US Government obligations, are authorized in accordance with provisions of the Trust Indenture. The Corporation’s cash and equivalents consisted of the following at December 31:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Checking Account	\$ 7,056	\$ 42,385
Money Market Accounts	<u>395,418</u>	<u>364,437</u>
	<u>\$ 402,474</u>	<u>\$ 406,822</u>

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - INVESTMENTS

Investments, which have a credit quality rating of A1 from Moody’s, are in accordance with the provisions of the Trust Indenture. Investments are reported at cost and consisted of the following at December 31:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>2023</u>	<u>2022</u>
Guaranteed Investment Contract	1.640%	11/1/27	\$ <u>3,703,803</u>	\$ <u>3,703,803</u>
			<u>\$ 3,703,803</u>	<u>\$ 3,703,803</u>

Investments consist of unspent debt proceeds and are restricted to expenses related to the debt issue.

NOTE 5 – CAPITAL ASSETS

The Corporation’s capital asset activity for the years ended December 31, 2023 and 2022 was as follows:

<u>2023</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Improvements:				
Sewer District	\$ 16,794,654	\$ -	\$ -	\$ 16,794,654
Water District	14,308,578	-	-	14,308,578
Drainage District	14,712,903	-	-	14,712,903
Lighting District	10,943,934	-	-	10,943,934
Road District	29,065,401	-	-	29,065,401
Water Storage	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Total Improvements	88,825,470	-	-	88,825,470
Capitalized Bond Interest	<u>8,160,548</u>	<u>-</u>	<u>-</u>	<u>8,160,548</u>
Total Historical Cost	<u>\$ 96,986,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,986,018</u>

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – CAPITAL ASSETS (Continued)

<u>2023</u>	Beginning Balance	Additions	Deletions	Ending Balance
Accumulated Depreciation:				
Sewer District	\$ 2,650,433	\$ 559,822	\$ -	\$ 3,210,255
Water District	2,298,467	476,952	-	2,775,419
Drainage District	2,354,959	490,430	-	2,845,389
Lighting District	1,763,176	364,798	-	2,127,974
Road District	4,662,945	968,847	-	5,631,792
Water Storage	483,330	100,000	-	583,330
Capitalized Bond Interest	<u>1,314,745</u>	<u>272,018</u>	<u>-</u>	<u>1,586,763</u>
Total Accumulated Depreciation	<u>15,528,055</u>	<u>3,232,867</u>	<u>-</u>	<u>18,760,922</u>
Net Book Value	<u>\$ 81,457,963</u>	<u>\$ (3,232,867)</u>	<u>\$ -</u>	<u>\$ 78,225,096</u>

<u>2022</u>	Beginning Balance	Additions	Deletions	Ending Balance
Improvements:				
Sewer District	\$ 16,794,654	\$ -	\$ -	\$ 16,794,654
Water District	14,308,578	-	-	14,308,578
Drainage District	14,712,903	-	-	14,712,903
Lighting District	10,943,934	-	-	10,943,934
Road District	29,065,401	-	-	29,065,401
Water Storage	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
Total Improvements	88,825,470	-	-	88,825,470
Capitalized Bond Interest	<u>8,160,548</u>	<u>-</u>	<u>-</u>	<u>8,160,548</u>
Total Historical Cost	<u>\$ 96,986,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,986,018</u>

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – CAPITAL ASSETS (Continued)

<u>2022</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Accumulated Depreciation:				
Sewer District	\$ 2,090,611	\$ 559,822	\$ -	\$ 2,650,433
Water District	1,821,515	476,952	-	2,298,467
Drainage District	1,864,529	490,430	-	2,354,959
Lighting District	1,398,378	364,798	-	1,763,176
Road District	3,694,098	968,847	-	4,662,945
Water Storage	383,330	100,000	-	483,330
Capitalized Bond Interest	<u>1,042,727</u>	<u>272,018</u>	<u>-</u>	<u>1,314,745</u>
 Total Accumulated Depreciation	 <u>12,295,188</u>	 <u>3,232,867</u>	 <u>-</u>	 <u>15,528,055</u>
 Net Book Value	 <u>\$ 84,690,830</u>	 <u>\$ (3,232,867)</u>	 <u>\$ -</u>	 <u>\$ 81,457,963</u>

NOTE 6 – LIABILITIES

Long Term Debt

Revenue Bonds

The Corporation has been authorized to issue \$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 Corporation, will impose and collect special assessments in an amount sufficient to pay the annual Service Fee (Note 7). 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. As of December 31, 2023, the Corporation has issued the total authorization.

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 SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 – LIABILITIES (Continued)

Changes

The changes in the Corporation’s indebtedness during the years ended December 31, 2023 and 2022 are as follows:

<u>2023</u>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Series 2016A Bonds	\$ 61,160,000	\$ -	\$ 1,170,000	\$ 59,990,000	\$ 1,155,000
Series 2016B Bonds	8,740,000	-	170,000	8,570,000	165,000
Series 2016C	8,610,000	-	165,000	8,465,000	160,000
Series 2016D	5,650,000	-	105,000	5,545,000	105,000
Series 2016E	<u>20,745,000</u>	<u>-</u>	<u>395,000</u>	<u>20,350,000</u>	<u>390,000</u>
Bonds Payable	104,905,000	-	2,005,000	102,900,000	1,975,000
Less: Unamortized discount	<u>(816,783)</u>	<u>47,416</u>	<u>-</u>	<u>(769,367)</u>	<u>46,627</u>
Bonds Payable, net of discount	<u>\$ 104,088,217</u>	<u>\$ 47,416</u>	<u>\$ 2,005,000</u>	<u>\$ 102,130,633</u>	<u>\$ 2,021,627</u>
<u>2022</u>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Series 2016A Bonds	\$ 62,210,000	\$ -	\$ 1,050,000	\$ 61,160,000	\$ 1,100,000
Series 2016B Bonds	8,890,000	-	150,000	8,740,000	160,000
Series 2016C	8,760,000	-	150,000	8,610,000	155,000
Series 2016D	5,750,000	-	100,000	5,650,000	100,000
Series 2016E	<u>21,100,000</u>	<u>-</u>	<u>355,000</u>	<u>20,745,000</u>	<u>375,000</u>
Bonds Payable	106,710,000	-	1,805,000	104,905,000	1,890,000
Less: Unamortized discount	<u>(864,953)</u>	<u>48,170</u>	<u>-</u>	<u>(816,783)</u>	<u>47,416</u>
Bonds Payable, net of discount	<u>\$ 105,845,047</u>	<u>\$ 48,170</u>	<u>\$ 1,805,000</u>	<u>\$ 104,088,217</u>	<u>\$ 1,937,416</u>

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 – LIABILITIES (Continued)

Maturity

The following is a summary of maturity of indebtedness:

<u>DESCRIPTION</u>	<u>ISSUE DATE</u>	<u>FINAL MATURITY</u>	<u>INTEREST RATE</u>	<u>OUTSTANDING 12/31/23</u>	<u>OUTSTANDING 12/31/22</u>
Series 2016A	2016	2031	4.85%	\$ 10,975,000	\$ 12,075,000
Series 2016A	2016	2049	5.35%	49,015,000	49,085,000
Series 2016B	2016	2031	4.85%	1,575,000	1,735,000
Series 2016B	2016	2049	5.35%	6,995,000	7,005,000
Series 2016C	2017	2031	4.85%	1,535,000	1,690,000
Series 2016C	2017	2049	5.35%	6,910,000	6,920,000
Series 2016D	2017	2031	4.85%	1,010,000	1,110,000
Series 2016D	2017	2049	5.35%	4,535,000	4,540,000
Series 2016E	2017	2031	4.85%	3,715,000	4,090,000
Series 2016E	2017	2049	5.35%	<u>16,635,000</u>	<u>16,655,000</u>
				<u>\$ 102,900,000</u>	<u>\$ 104,905,000</u>

For year ending December 31:	Principal	Interest
2024	\$ 1,975,000	\$ 5,411,100
2025	2,080,000	5,315,312
2026	2,180,000	5,214,433
2027	2,280,000	5,108,702
2028	2,395,000	4,998,123
2029-2033	13,855,000	23,117,350
2034-2038	17,905,000	19,084,787
2039-2043	23,205,000	13,758,060
2044-2048	30,115,000	6,849,606
2049	<u>6,910,000</u>	<u>369,685</u>
Total	<u>\$ 102,900,000</u>	<u>\$ 89,227,158</u>

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 – LIABILITIES (Continued)

Interest

Interest expense on long-term debt consisted of the following:

	<u>2023</u>	<u>2022</u>
Interest Paid	\$ 5,508,918	\$ 5,596,460
Less: Interest Accrued in the Prior Year	(918,153)	(932,743)
Plus: Interest Accrued in the Current Year	902,875	918,153
Amortization of Bond Discount	47,416	48,169
Total Interest	\$ 5,541,056	\$ 5,630,039

NOTE 7 – REVENUES

Pursuant to the Infrastructure Agreement, the Town of Thompson, New York is obligated to impose special assessments on property within the Infrastructure Improvement Districts in an amount sufficient to pay the annual Service Fee. The Service Fee consists of 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 special assessment requirements for the years ended December 31, 2023 and 2022 were \$7,393,842 and \$7,407,814, respectively.

NOTE 8 – RELATED PARTIES

During the years ended December 31, 2023 and 2022, the Corporation paid \$12,000 and \$12,000, respectively, for administrative services to the County of Sullivan Industrial Development Agency (“Agency”), which is a component unit of the County of Sullivan. There was no outstanding balance owed to the Agency related to administrative services as of December 31, 2023 and 2022.

Additionally, the Agency pays insurance premiums during the year of which the Corporation reimburses them for its portion of the coverage. There was an outstanding balance of \$4,598 and \$0 owed to the Agency related to insurance premiums as of December 31, 2023 and 2022.

THE SULLIVAN COUNTY INFRASTRUCTURE
LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET INVESTMENT IN CAPITAL ASSETS

	<u>2023</u>	<u>2022</u>
Capital Assets, Net	\$ 78,225,096	\$ 81,457,964
Less: Bonds Payable	(91,049,594)	(92,823,689)
Plus: Unamortized Bond Discount	680,763	722,719
Unspent Debt Proceeds	13,148	123,251
Net Investment in Capital Assets	<u>\$ (12,130,587)</u>	<u>\$ (10,519,755)</u>

NOTE 10 – EVENTS OCCURRING AFTER REPORTING DATE

The Corporation has evaluated events and transactions that occurred between December 31, 2023 and March 4, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 11 – RESTATED BALANCES

The beginning balance of cash and cash equivalents in the statement of cash flows for the year ended December 31, 2022 has been reduced by \$3,703,188 to remove investments, which do not meet the criteria of cash and cash equivalents, from the schedule. The restatement has no effect on the beginning net position for the year ended December 31, 2022.

INDEPENDENT AUDITORS' 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*

To the Board of The Sullivan County Infrastructure
Local Development Corporation
Monticello, New York 12701

We have audited, 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, the financial statements of the Sullivan County Infrastructure Local Development Corporation, a component unit of the County of Sullivan, New York, as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Sullivan County Infrastructure Local Development Corporation's financial statements and have issued our report thereon dated March 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sullivan County Infrastructure Local Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan County Infrastructure Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sullivan County Infrastructure Local Development 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sullivan County Infrastructure Local Development Corporation's financial statements are free of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cooper Arias, LLP

Mongaup Valley, New York
March 4, 2024