



**BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**AUDIT & FINANCE COMMITTEE MEETING**

March 18, 2020 at 11 a.m.

The Agency Conference Room, 2<sup>nd</sup> floor

FIVE South College Drive, Suite 201

Binghamton, NY 13905

**AGENDA**

1. Call to Order J. Stevens
2. Accept the Minutes – October 9, 2019 Audit & Finance Committee Meeting J. Stevens
3. Public Comment J. Stevens
- New Business
4. Review/Discussion/Recommendation of the 2019 Audit of the Broome County Industrial Development Agency, Conducted by Insero & Co. CPA's, LLP S. Duncan
- Old Business
5. Adjournment J. Stevens

**BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
AUDIT & FINANCE COMMITTEE MEETING MINUTES**

October 9, 2019 • 11:30 a.m.  
The Agency Conference Room, 2nd Floor  
FIVE South College Drive, Suite 201  
Binghamton, New York 13905

Audit & Finance Committee Members Present: J. Stevens, B. Rose, D. Crocker and J. Mirabito (phone)

Audit Committee Members Absent: None

Board Members Present: J. Bernardo

Staff: S. Duncan, T. Gray, N. Abbadessa, C. Hornbeck and B. O'Bryan

Guests: Jessica Blake, NBT Bank and Brad Eaton, NBT Bank

Audit Committee Member Presiding: J. Stevens

**Agenda Item 1:** Chairman Stevens called the meeting to order at 11:30 a.m.

**Agenda Item 2:** Accept minutes from the March 20, 2019 Audit & Finance Committee Meeting.  
MOTION: Acceptance of the March 20, 2019 minutes; on a Motion by Mr. Rose, seconded by Mr. Crocker; the MOTION CARRIED UNANIMOUSLY.

**Agenda Item 3:** Public Comment. None.

**Agenda Item 4:** NBT Review of Investment Portfolio Year-to-Date. Chairman Stevens stated the first item under New Business is the Investment Portfolio, managed by Mr. Brad Eaton and Ms. Jessica Blake, at NBT. Chairman Stevens directed the Committee members to the Broome County Industrial Development Agency Investment Review distributed prior to the meeting. Chairman Stevens asked Mr. Mirabito if he had the copy that was sent to him, which Mr. Mirabito confirmed. Mr. Eaton provided the committee members with an overview of the Investment Portfolio and described NBT's directive and philosophy. Mr. Eaton stated there will be challenges with the lower interest rate environment. Mr. Eaton advised the Committee that his role is managing the actual investments on a day-to-day basis and that Ms. Blake handles everything else. The first section of the portfolio is a narrative discussing the portfolio itself and how it is comprised. There are two accounts: the transition account that is a commercial DDA account. NBT uses this to collect all the dividends and interest from the investments. As securities mature off, those securities will roll into the transition account, until a decision is made about how to reinvest those funds back into the account in the form of another security. The second kind of account is an Investment Account. At the present time, the actual Investment Portfolio is a ladder portfolio of U.S. treasury securities. The Agency's investment policy does allow for U.S. treasuries, as well as certain tax-exempt securities and CD's. Mr. Eaton reviewed the income yields of the portfolio, activity on the transition account, a summary of the investments portfolio, fixed income maturity ladder, portfolio holdings, and projected income cash flows. Mr. Eaton discussed the inverted curve projection, explaining that the graph shows what has happened over the past several years. Following a lengthy presentation, Chairman Stevens asked if there were any questions. Mr. Mirabito asked whether The Agency can hold money

market funds. Chairman Stevens replied it is not The Agency's policy; it is the state's policy not to hold money market funds.

After a short discussion regarding money market funds, Chairman Stevens advised there is a change in the order of the agenda; the Committee will go directly into Executive Session.

**Agenda Item 5:** Executive Session: To Discuss Personnel Items.

MOTION: To Convene to Executive Session at 11:53 a.m. On a MOTION by Mr. Rose, seconded by Mr. Crocker; the MOTION CARRIED UNANIMOUSLY.

**Agenda Item 6:** Reconvene from Executive Session.

MOTION: To Reconvene back to Public Session at 12:16 p.m. On a MOTION by Mr. Rose, seconded by Mr. Crocker, the MOTION CARRIED UNANIMOUSLY.

**Agenda Item 7:** 2020 Budget. Chairman Stevens stated the 2020 budget has been presented. Chairman Stevens asked for a MOTION to recommend approval to the full Board.

MOTION: On a MOTION by Mr. Crocker, seconded by Mr. Rose; the MOTION CARRIED UNANIMOUSLY.

**Agenda Item 8:** Adjournment. Chairman Stevens Requested a MOTION to Adjourn the Meeting. On a motion by Mr. Rose, seconded by Mr. Crocker; the MOTION CARRIED UNANIMOUSLY. Chairman Stevens adjourned the meeting at 12:19 p.m.

The next meeting of the IDA Audit & Finance Committee is to be determined.

**BROOME COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
AND LOCAL DEVELOPMENT  
CORPORATION**

**Binghamton, New York**

**EXECUTIVE SUMMARY**

**For the Year Ended  
December 31, 2019**

**BROOME COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
AND LOCAL DEVELOPMENT CORPORATION**

**EXECUTIVE SUMMARY OF 2019 AUDIT REPORT AND FINDINGS**

**Basic Financial Statements**

Independent Auditors' Report on Basic  
Financial Statements

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*

**Description of Report and Findings**

**Unmodified opinion** on the Broome County Industrial  
Development Agency's (the Agency) basic financial  
statements for the year ended December 31, 2019.

**Unmodified opinion** on the Broome County Local  
Development Corporation's (the Corporation) basic  
financial statements for the year ended December 31, 2019.

Report on the Agency's compliance with laws and  
regulations that may have a direct and material effect on the  
basic financial statements, and on the Agency's internal  
control structure, policies, and procedures based on the  
auditors' understanding of the internal control structure and  
assessment of control risk obtained as part of the audit of  
the basic financial statements. This report identified **no  
instances of noncompliance and no material internal  
control weaknesses** at the financial statement level.

Report on the Corporation's compliance with laws and  
regulations that may have a direct and material effect on the  
basic financial statements, and on the Corporation's internal  
control structure, policies, and procedures based on the  
auditors' understanding of the internal control structure and  
assessment of control risk obtained as part of the audit of  
the basic financial statements. This report identified **no  
instances of noncompliance and no material internal  
control weaknesses** at the financial statement level.

***BROOME COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
AND LOCAL DEVELOPMENT CORPORATION***

**EXECUTIVE SUMMARY OF 2019 AUDIT REPORT AND FINDINGS**

Communication with Those Charged with Governance at the Conclusion of the Audit

A letter that specifically addresses certain required communications to the Boards of the Agency and the Corporation in accordance with professional standards. There were **no comments of concern** to be reported regarding the following:

- Qualitative Aspects of Accounting Practices
- Difficulties Encountered in Performing the Audit
- Corrected and Uncorrected Misstatements
- Disagreements with Management
- Management Representations
- Management Consultations with Other Independent Accountants
- Other Audit Findings or Issues
- Other Matters

Management Comment Letter

The Agency: Letter of comments dated \_\_\_\_\_, 2020 that communicates no significant deficiencies or material weaknesses have been reported.

The Corporation: Letter of comments dated \_\_\_\_\_, 2020 that communicates no significant deficiencies or material weaknesses have been reported.

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **AND LOCAL DEVELOPMENT CORPORATION**

#### **5 YEAR FINANCIAL STATEMENT ANALYSIS**

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016, restated	December 31, 2015, restated
<b>INDUSTRIAL DEVELOPMENT AGENCY</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents - Unrestricted	\$ 671,806	\$ 821,729	\$ 2,513,915	\$ 1,596,799	\$ 6,037,720
Cash and Cash Equivalents - Restricted	1,005,843	621,416	596,154	1,062,227	683,370
Investments	6,897,363	7,053,674	4,474,448	4,455,830	
Accounts Receivable	52,500		174,225	335,000	51,507
Pass Through Receivable	12,464	79,938			323,530
Due from County	285,700	322,542	327,542	339,612	893,088
Due from Binghamton Local Development Corp.	385,000				
Notes Receivable	1,530,422	578,577	619,391	762,336	1,947,476
Loans Receivable	1,777,902	2,078,542	1,965,642	1,569,057	
Mortgage Receivable	3,222,492	3,246,654	3,324,296		
Property Held Under PILOT Agreements				6,087,377	6,087,377
Property Held for Resale	2,097,017	3,908,116	3,787,533	5,664,117	4,365,018
Capital Assets, Net	7,915,531	9,972,433	10,175,046	6,363,334	6,340,672
<b>Total Assets</b>	<b>\$ 25,854,040</b>	<b>\$ 28,683,621</b>	<b>\$ 27,958,192</b>	<b>\$ 28,235,689</b>	<b>\$ 26,729,758</b>
<b>LIABILITIES</b>					
Accounts Payable, Accrued Expenses, and Other	\$ 77,357	\$ 58,635	\$ 44,641	\$ 6,157,841	\$ 6,152,495
<b>Total Liabilities</b>	<b>77,357</b>	<b>58,635</b>	<b>44,641</b>	<b>6,157,841</b>	<b>6,152,495</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	7,915,531	9,972,433	10,175,046	6,363,334	6,340,672
Restricted for Loans	2,544,862	2,845,902	2,561,815	2,624,511	2,624,511
Unrestricted	15,316,290	15,806,651	15,176,690	13,090,001	11,512,080
<b>Total Net Position</b>	<b>25,776,683</b>	<b>28,624,986</b>	<b>27,913,551</b>	<b>22,077,846</b>	<b>20,577,263</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 25,854,040</b>	<b>\$ 28,683,621</b>	<b>\$ 27,958,192</b>	<b>\$ 28,235,687</b>	<b>\$ 26,729,758</b>
<b>LOCAL DEVELOPMENT CORPORATION</b>					
<b>ASSETS</b>					
Cash and Cash Equivalents - Unrestricted	\$ 114,269	\$ 148,862	\$ 177,434	\$ 167,673	\$ 232,675
Accounts Receivable	75,000				
<b>Total Assets</b>	<b>\$ 189,269</b>	<b>\$ 148,862</b>	<b>\$ 177,434</b>	<b>\$ 167,673</b>	<b>\$ 232,675</b>
<b>LIABILITIES</b>					
Unearned Revenue and Accounts Payable	\$ 3,700	\$ 9,394	\$ 53,450	\$	\$
<b>Total Liabilities</b>	<b>3,700</b>	<b>9,394</b>	<b>53,450</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>					
Unrestricted	185,569	139,468	123,984	167,673	232,675
<b>Total Net Position</b>	<b>185,569</b>	<b>139,468</b>	<b>123,984</b>	<b>167,673</b>	<b>232,675</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 189,269</b>	<b>\$ 148,862</b>	<b>\$ 177,434</b>	<b>\$ 167,673</b>	<b>\$ 232,675</b>

*Note: Abstracted from Audited Financials - See Audit Reports for Complete Information*

# **BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND LOCAL DEVELOPMENT CORPORATION**

## **5 YEAR FINANCIAL STATEMENT ANALYSIS**

	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
<b>INDUSTRIAL DEVELOPMENT AGENCY</b>					
<b>REVENUES</b>					
Fee Income	\$ 1,128,390	\$ 848,571	\$ 939,807	\$ 646,564	\$ 868,855
Rental Income	98,612	90,598	883,724	2,765,877	1,190,061
Other Income	64,195	88,954	32,892	5,530	49,539
State Grant		484,194	3,865,806		
State Aid		2,000	718,839	293,908	332,390
Grant Income		300,000			
Investment Income	267,874	89,314	33,210	53,651	37,743
Loan Interest Earned	61,272	163,138	92,285	71,972	65,527
Gain (Loss) on Sale of Assets	(3,082,597)	1,908	1,923,402		
<b>Total Revenues</b>	<b>(1,462,254)</b>	<b>2,068,677</b>	<b>8,489,965</b>	<b>3,837,502</b>	<b>2,544,115</b>
<b>EXPENSES</b>					
Rental Expense			474,946	594,359	1,747,915
Salaries and Benefits	666,583	662,781	597,650	581,395	435,520
Depreciation	227,941	226,549	132,571	347,313	347,925
Professional Fees	139,148	98,682	175,217	197,340	153,990
Office Expense	59,764	51,218	101,149	120,615	148,082
Multi-Modal Expenses		2,000	621,901	85,275	
Other Expenses	292,613	316,012	550,828	410,620	330,313
<b>Total Expenses</b>	<b>1,386,049</b>	<b>1,357,242</b>	<b>2,654,262</b>	<b>2,336,917</b>	<b>3,163,745</b>
<b>Change in Net Position</b>	<b>\$ (2,848,503)</b>	<b>\$ 711,435</b>	<b>\$ 5,835,703</b>	<b>\$ 1,500,585</b>	<b>\$ (619,630)</b>
<b>LOCAL DEVELOPMENT CORPORATION</b>					
<b>REVENUES</b>					
Fee Income	\$ 175,175	\$ 24,675	\$ 23,675	\$ 23,675	\$ 236,750
Other Income	83,177	174,950	1,491		
<b>Total Revenues</b>	<b>258,352</b>	<b>199,625</b>	<b>25,166</b>	<b>23,675</b>	<b>236,750</b>
<b>EXPENSES</b>					
Sponsorship Expenses	148,641	152,239	60,805	81,211	65,840
General and Administrative Expenses	63,610	31,902	8,050	7,466	7,296
<b>Total Expenses</b>	<b>212,251</b>	<b>184,141</b>	<b>68,855</b>	<b>88,677</b>	<b>73,136</b>
<b>Change in Net Position</b>	<b>\$ 46,101</b>	<b>\$ 15,484</b>	<b>\$ (43,689)</b>	<b>\$ (65,002)</b>	<b>\$ 163,614</b>

*Note: Abstracted from Audited Financials - See Audit Reports for Complete Information*



# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **5 YEAR FINANCIAL STATEMENT ANALYSIS**

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
<b>Cash Flows From Operating Activities</b>					
Cash Received from Providing Services	\$ 294,843	\$ 1,124,410	\$ 2,703,145	\$ 3,494,828	\$ 2,229,130
Cash Payments - Salaries Expense	(666,583)	(662,781)	(597,650)	(581,395)	(435,520)
Cash Payments - Contractual Expenses	(455,375)	(453,918)	(1,916,972)	(1,397,333)	(2,408,219)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(827,115)</b>	<b>7,711</b>	<b>188,523</b>	<b>1,516,100</b>	<b>(614,609)</b>
<b>Cash Flows From Non-Capital Financing Activities</b>					
Principal Payments from County	36,842	5,000	12,070	83,918	89,039
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>36,842</b>	<b>5,000</b>	<b>12,070</b>	<b>83,918</b>	<b>89,039</b>
<b>Cash Flows From Capital and Related Financing Activities</b>					
Grant Revenue		784,194	3,865,806		
Sale of Capital Assets	1,837,684			720,183	
Sale (Purchase) of Property Held for Resale	1,811,099	(120,583)			
Purchase of Capital Assets	(8,723)	(23,936)	(3,499,227)	(1,090,158)	(1,951,516)
Loss on Sale of Assets	(3,088,783)				
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>551,277</b>	<b>639,675</b>	<b>366,579</b>	<b>(369,975)</b>	<b>(1,951,516)</b>
<b>Cash Flows From Investing Activities</b>					
Principal Payments on Notes Receivable	42,055	40,814	142,944	130,752	306,994
Principal Payments on Loans Receivable	400,640	577,100	407,915	378,419	98,569
New Loans Issued	(485,000)	(690,000)	(804,500)		(562,120)
New Notes Issued					(710,000)
Mortgage Payments Received	24,162	77,642	31,480		
Purchase of Assets Held for Sale				(1,399,099)	
Sale of Assets Held for Sale					710,000
Investment Income	274,060	91,222	33,210	53,651	
Purchase of Investments	(984,269)	(3,384,384)			(5,224,267)
Sale of Investments	1,140,580	805,158		714,786	
Interest Income Received	61,272	163,138	72,822	53,651	37,743
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>473,500</b>	<b>(2,319,310)</b>	<b>(116,129)</b>	<b>(67,840)</b>	<b>(5,343,081)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>234,504</b>	<b>(1,666,924)</b>	<b>451,043</b>	<b>1,162,203</b>	<b>(7,820,167)</b>
Cash and Cash Equivalents, Beginning of Year	1,443,145	3,110,069	2,659,026	1,496,823	9,316,990
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,677,649</b>	<b>\$ 1,443,145</b>	<b>\$ 3,110,069</b>	<b>\$ 2,659,026</b>	<b>\$ 1,496,823</b>
<b>Reconciliation of Net Operating Gain (Loss) to</b>					
<b>Net Cash Provided (Used) by Operating Activities:</b>					
Operating (Loss) Gain	\$ (94,852)	\$ (327,119)	\$ (79,000)	\$ 1,111,934	\$ (657,373)
<b>Gain to Net Cash Provided by Operating Activities:</b>					
Depreciation	227,941	226,549	132,571	347,313	347,925
(Increase) Decrease in Accounts Receivable	(52,500)	174,225	160,775	51,507	(51,507)
(Increase) Decrease in Notes Receivable	(993,900)				
Increase (Decrease) in Prepaid Expenses	43,226	(79,938)			7,945
Increase (Decrease) in Accounts Payable	60,398	13,994	7,069	10,876	(35,864)
Increase (Decrease) in Unearned Revenue	(17,428)		(32,892)	(5,530)	(225,735)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (827,115)</b>	<b>\$ 7,711</b>	<b>\$ 188,523</b>	<b>\$ 1,516,100</b>	<b>\$ (614,609)</b>

*Note: Abstracted from Audited Financials - See Audit Reports for Complete Information*

***BROOME COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
AND LOCAL DEVELOPMENT CORPORATION***

**AUDIT FOCUS: REPORTING OBJECTIVES**

- 1) Basic Financial Statements
  - \*Management's Discussion and Analysis
  - \*Statement of Net Position
  - \*Statement of Revenues, Expenses, and Changes in Net Position
  - \*Statement of Cash Flows
  - \*Notes to Financial Statements
- 2) Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

**AUDIT APPROACH**

- \*Preliminary Planning
- \*Consideration of Internal Control Over Financial Reporting
- \*Tests of Controls
- \*Tests of Compliance with Laws and Regulations
- \*Substantive Testing Financial Information (Includes Analytical Review)

**UNDERSTANDING THE AGENCY'S OPERATIONS**

- \*Services Provided
- \*Assessment of Accounting and Reporting System
- \*Nature of Activities
- \*Special Reporting Requirements
- \*Nature of Compliance Requirements
- \*Assessment of Management

**FACTORS AFFECTING THE SCOPE OF THE AUDIT**

- \*Effectiveness of Overall Financial Controls
- \*Appropriate Segregation of Duties
- \*Ability to Demonstrate Compliance with Laws and Regulations
- \*Effectiveness of Budget Process Administration
- \*Accuracy and Comprehensiveness of Internal Reporting
- \*Existence of Adequate Policies and Procedures
- \*Ability to Issue Timely and Accurate Financial Reports

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
AT THE CONCLUSION OF THE AUDIT**

Board of Directors  
Broome County Industrial Development Agency  
Binghamton, New York

We have audited the financial statements of the Broome County Industrial Development Agency (the Agency), a component unit of the County of Broome, New York, for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 18, 2019. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of depreciation expense is based on the estimated useful lives of capital assets and fair value of investments is based on fair value hierarchy and market conditions. We evaluated key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were loans receivable, property held for resale, notes receivable, and capital assets.

The disclosures of loans receivable, property held for resale, notes receivable, and capital assets are presented in Notes 5, 6, 7, and 11 to the financial statements.

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

***Difficulties Encountered in Performing the Audit***

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

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the Agency's financial statements taken as a whole. Additionally, we assisted management with certain closing entries, which is considered a nonaudit service.

***Disagreements with Management***

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

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_, 2020.

***Management Consultations with Other Independent Accountants***

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

***Other Audit Findings or Issues***

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

**Other Matters**

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

We were engaged to report on the Schedule of Projects, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Restriction on Use**

This information is intended solely for the use of the Board of Directors, Audit Committee, and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2020

# **BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**Binghamton, New York**

## **FINANCIAL REPORT**

**For the Year Ended  
December 31, 2019**



***BROOME COUNTY***  
***INDUSTRIAL DEVELOPMENT AGENCY***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Broome County Industrial Development Agency  
Binghamton, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Broome County Industrial Development Agency (the Agency), a component unit of the County of Broome, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency'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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 Agency'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 Agency'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.



### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respectively financial position of Broome County Industrial Development Agency as of December 31, 2019 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 4-4d 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 Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Projects is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Projects is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Projects is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2020, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Broome County Industrial Development Agency's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2020

DRAFT

# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Broome County Industrial Development Agency's (the Agency) financial position as of December 31, 2019 and the results of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

### **FINANCIAL HIGHLIGHTS**

- The assets of the Agency exceeded its liabilities at the close of the fiscal year ended December 31, 2019 by \$25,776,683 compared to \$28,624,986 at December 31, 2018.
- Total revenues in 2019 were \$(1,462,254) compared to revenues of \$2,068,677 in 2018. The large decrease stems from the loss on sale of property and equipment as well as property held for resale to promote economic development.
- Total expenses of \$1,386,049 in 2019 increased by \$28,807 from total expenses of \$1,357,242 in 2018. The increase in expenses is due to increases in professional fees consisting of professional service contract and legal fees.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows, and accompanying notes. These statements provide information on the financial position of the Agency and the financial activity and results of its operations during the year. A description of these statements follows:

- **Statement of Net Position** presents information on all the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.
- **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing the change in the Agency's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.
- **Statement of Cash Flows** provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used by operating, non-capital financing, capital financing, and investing activities.

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **DECEMBER 31, 2019**

#### **FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities.

*Figure 1*

<b>Condensed Statement of Net Position</b>	<b>Total Agency</b>		<b>Total Dollar</b>
	<b>2018</b>	<b>2019</b>	<b>Change</b>
<b>2018</b>			
<b>2019</b>			
<b>2018 - 2019</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents - Unrestricted	\$ 821,729	\$ 671,806	\$ (149,923)
Investments	7,053,674	6,897,363	(156,311)
Accounts Receivable		52,500	52,500
Pass-Through Receivable	79,938	12,464	(67,474)
Due from County	92,340	71,659	(20,681)
Notes Receivable - Current Portion	42,055	443,335	401,280
Loans Receivable - Current Portion	397,283	322,941	(74,342)
Mortgage Receivable - Current Portion	131,054	135,039	3,985
<b>Total Current Assets</b>	<b>8,618,073</b>	<b>8,607,107</b>	<b>(10,966)</b>
<b>Noncurrent Assets:</b>			
Cash and Cash Equivalents - Restricted	621,416	1,005,843	384,427
Notes Receivable - Noncurrent Portion	536,522	1,087,087	550,565
Loans Receivable - Noncurrent Portion	1,681,259	1,454,961	(226,298)
Mortgage Receivable - Noncurrent Portion	3,115,600	3,087,453	(28,147)
Due from County - Noncurrent Portion	230,202	214,041	(16,161)
Due from Binghamton-Local Development Corp.		385,000	385,000
Property Held for Resale	3,908,116	2,097,017	(1,811,099)
Capital Assets, Net	9,972,433	7,915,531	(2,056,902)
<b>Total Assets</b>	<b>28,683,621</b>	<b>25,854,040</b>	<b>(2,829,581)</b>
<b>Current Liabilities:</b>			
Accounts Payable and Accrued Expenses	33,563	69,713	36,150
Unearned Revenue	24,231	6,803	(17,428)
Security Deposits	841	841	-
<b>Total Liabilities</b>	<b>58,635</b>	<b>77,357</b>	<b>18,722</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	9,972,433	7,915,531	(2,056,902)
Restricted for Loans	2,845,902	2,544,862	(301,040)
Unrestricted	15,806,651	15,316,290	(490,361)
<b>Total Net Position</b>	<b>\$ 28,624,986</b>	<b>\$ 25,776,683</b>	<b>\$ (2,848,303)</b>



# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **DECEMBER 31, 2019**

Total assets decreased 9.86% This decrease stems from the sale of capital assets as well as property held for resale. This was partially offset by an increase in accounts and notes receivable due to the closing of a PILOT project near year end, as well as amounts due from the Binghamton LDC for the sale of property.

Total liabilities increased 31.93%, This change is due to an increase in accounts payable due to the timing of invoices received prior to year end.

Total net position decreased 9.95% due to the loss on sale of assets.

Our analysis in *Figure 2* considers the operations of the Agency's activities.

**Figure 2**

<b>Changes in Net Position</b>	<b>Total Agency</b>		<b>Total Dollar Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018 - 2019</b>
<b>Operating Revenues:</b>			
<i>Fee Income</i>	\$ 848,571	\$ 1,128,390	\$ 279,819
<i>Rental Income</i>	90,598	98,612	8,014
<i>Other Income</i>	90,954	64,195	(26,759)
<b>Nonoperating Revenues:</b>			
<i>Investment Income</i>	89,314	267,874	178,560
<i>Loan Interest Earned</i>	163,138	61,272	(101,866)
<i>Grant Income</i>	300,000		(300,000)
<i>State Grant</i>	484,194		(484,194)
<i>Gain (Loss) on Sale of Assets</i>	1,908	(3,082,597)	(3,084,505)
<b>Total Revenues</b>	<b>\$ 2,068,677</b>	<b>\$ (1,462,254)</b>	<b>\$ (3,530,931)</b>
<b>Operating Expenses:</b>			
<i>Salaries and Benefits Expense</i>	\$ 662,781	\$ 666,583	\$ 3,802
<i>Depreciation Expense</i>	226,549	227,941	1,392
<i>Professional Fees</i>	98,682	139,148	40,466
<i>Office Expense</i>	51,218	59,764	8,546
<i>Multi-Modal Expense</i>	2,000		(2,000)
<i>Other Expenses</i>	316,012	292,613	(23,399)
<b>Total Expenses</b>	<b>\$ 1,357,242</b>	<b>\$ 1,386,049</b>	<b>\$ 28,807</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 711,435</b>	<b>\$ (2,848,303)</b>	<b>\$ (3,559,738)</b>

Total revenue decreased 170.09% from the prior year. This decrease stems from the loss on sale of property and equipment and property held for resale. Further, the Agency saw one-time receipts of grants and state aid in the prior year that was not received in 2019.

# **BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

Total expenses increased 2.12% from the prior year. This increase is attributable to increases in professional fees consisting of professional service contract and legal fees.

### **CAPITAL ASSETS**

At December 31, 2019, the Agency had invested in a board range of capital assets totaling \$8,497,446 offset by accumulated depreciation of \$581,915. *Figure 3* shows the changes in the Agency's capital assets.

**Figure 3**

<b>Changes in Capital Assets</b>	<b>Total Agency</b>		<b>Total Dollar Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018 - 2019</b>
<i>Land</i>	\$ 3,790,664	\$ 2,624,387	\$ (1,166,277)
<i>Buildings and Improvements, Net</i>	6,181,711	5,283,090	(898,621)
<i>Equipment, Net</i>	58	8,054	7,996
<b>Totals</b>	<b>\$ 9,972,433</b>	<b>\$ 7,915,531</b>	<b>\$ (2,056,902)</b>

Capital assets, net decreased 20.63%. This decrease is attributed to the sale of land in addition to depreciation of the Agency's various assets.

### **FACTORS BEARING ON THE AGENCY'S FUTURE**

- In 2019 the Agency continued meeting its objectives in the three-year strategic plan which was approved by the Board of Directors in September 2016. The 2017 - 2020 Action Plan outlined five strategic priorities: workforce and talent attraction, advancing the "iDistricts" in Binghamton, Johnson City and Endicott, reducing the impact of development barriers, implementing a comprehensive business and recruitment strategy and strengthening the capacity of the Agency. The vision of the Agency remains the same: to be recognized as the lead economic development organization in Broome County.
- The staff continued overseeing the County wide workforce and talent attraction initiative. The Steering Committee which is made up of work force professionals and private entities continued its work in implementing the workforce and attraction efforts well into the next decade.
- The Board of Directors and staff began discussions on the implementation of a strategy to address the lack of sufficient housing for young professionals and the need for development of additional market rate housing.
- Since receiving the federal grant from the Department of Defense to perform a Feasibility Study for the Redevelopment of 600 Main Street, The Agency entered into contract with Elan Planning, Design, & Landscape Architecture. Elan did research and conducted a feasibility study on what could potentially be a successful business or community project for the site.

# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

- Elan also helped to conduct a Generic Environmental Impact Study (GEIS) in coordination with the New York State Environmental Quality Review Act (SEQRA). The GEIS is to explain in full any socio-economic and environmental affects that development of the site might have on the surrounding communities. Throughout this GEIS/SEQRA process The Agency had to be identified as the lead agency and work through a 14-step process to determine any negative impacts that this might have on the communities. This process is currently in step 10 and is scheduled to conclude in early April of 2020. A major hurdle that this GEIS identified is that any/all development on this property would need to be built on a raised (6 foot) foundation, so the property would need to be filled up to that level and allowed to sit for 2 years. This is due to the risk of ground water contamination and flooding.
- The Agency has also sent a Request for Expression of Interest out to the development community with mixed responses. Two serious inquiries were received and a presentation for one was made. The feasibility study suggested the construction of a mixed use (commercial and residential) facility, and none of the current proposals fulfill that suggestion. The Agency is currently considering proposals and are going to resubmit the REI in hopes to receive more interest.
- During 2019 the Agency closed on a number of significant Payment in Lieu of Taxes Agreements including the rehabilitation of the former Anso Factory at 6 Emma Street into over 100 units of market rate housing and new commercial uses.

### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Broome County Industrial Development Agency at 5 South College Drive Binghamton, New York 13905.

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2019**

#### **ASSETS**

##### **Current Assets**

Cash and Cash Equivalents	\$ 671,806
Investments	6,897,363
Accounts Receivable	52,500
Pass Through Receivable	12,464
Due from County - Current Portion	71,659
Notes Receivable - Current Portion	443,335
Loans Receivable - Current Portion	322,941
Mortgage Receivable - Current Portion	135,039
<b>Total Current Assets</b>	<u>8,607,107</u>

##### **Noncurrent Assets**

Cash and Cash Equivalents - Restricted	1,005,843
Notes Receivable - Noncurrent Portion	1,087,087
Loans Receivable, Net - Noncurrent Portion	1,454,961
Mortgage Receivable - Noncurrent Portion	3,087,453
Due from County - Noncurrent Portion	214,041
Due from Binghamton Local Development Corp	385,000
Property Held for Resale	2,097,017
Non-Depreciable Capital Assets	2,624,387
Depreciable Capital Assets, Net	5,291,144
<b>Total Noncurrent Assets</b>	<u>17,246,933</u>

<b>Total Assets</b>	<u><b>25,854,040</b></u>
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#### **LIABILITIES AND NET POSITION**

##### **LIABILITIES**

##### **Current Liabilities**

Accounts Payable and Accrued Expenses	69,713
Unearned Revenue	6,803
Security Deposits	841
<b>Total Liabilities</b>	<u>77,357</u>

##### **NET POSITION**

Net Investment in Capital Assets	7,915,531
Restricted for Loans	2,544,862
Unrestricted	15,316,290
<b>Total Net Position</b>	<u>25,776,683</u>
<b>Total Liabilities and Net Position</b>	<u><b>\$ 25,854,040</b></u>

*See Notes to Financial Statements*



# ***BROOME COUNTY***

## ***INDUSTRIAL DEVELOPMENT AGENCY***

### **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Operating Revenues</b>	
Fee Income	\$ 1,128,390
Rental Income	98,612
Other Income	<u>64,195</u>
<b>Total Operating Revenues</b>	<u>1,291,197</u>
<b>Operating Expenses</b>	
Salaries and Benefits	666,583
Depreciation Expense	227,941
Professional Fees	139,148
Office Expense	59,764
Other Administrative Expenses	56,996
Marketing Initiative Expenses	87,633
Pass-Through Expenses	1,285
Insurance	27,654
Repairs, Maintenance, and General	96,143
Professional Development Expense	16,570
Broome County Corporate Park Maintenance	6,156
Utilities	<u>176</u>
<b>Total Operating Expenses</b>	<u>1,386,049</u>
Operating Income (Loss)	<u>(94,852)</u>
<b>Non-Operating Revenues</b>	
Investment Income	267,874
Loan Interest Earned	61,272
Gain (Loss) on Sale of Assets	<u>(3,082,597)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(2,753,451)</u>
Change in Net Position	(2,848,303)
Net Position, January 1, 2019	<u>28,624,986</u>
<b>Net Position, December 31, 2019</b>	<u><b>\$ 25,776,683</b></u>

*See Notes to Financial Statements*

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **STATEMENT OF CASH FLOWS** **FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash Flows From Operating Activities</b>	
Cash Received from Providing Services	\$ 294,843
Cash Payments - Salaries Expense	(666,583)
Cash Payments - Contractual Expenses	<u>(455,375)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(827,115)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Principal Payments from County	<u>36,842</u>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<u>36,842</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Sale of Capital Assets	1,837,684
Sale of Property Held for Resale	1,811,099
Purchase of Capital Assets	(8,723)
Loss on Sale of Assets	<u>(3,088,783)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>551,277</u>
<b>Cash Flows From Investing Activities</b>	
Principal Payments on Notes Receivable	42,055
Principal Payments on Loans Receivable	400,640
New Loans Issued	(100,000)
New Loans Issued - Binghamton LDC	(385,000)
Mortgage Payments Received	24,162
Purchase of Investments	(984,269)
Sale of Investments	1,140,580
Investment Income	274,060
Interest Income Received	<u>61,272</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>473,500</u>
Net Change in Cash and Cash Equivalents	234,504
Cash and Cash Equivalents, January 1, 2019	<u>1,443,145</u>
<b>Cash and Cash Equivalents, December 31, 2019</b>	<b><u>\$ 1,677,649</u></b>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (94,852)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided	
(Used) by Operating Activities:	
Depreciation	227,941
(Increase) Decrease in Accounts Receivable	(52,500)
(Increase) Decrease in Note Receivable	(993,900)
(Increase) Decrease in Pass-Through Receivable	67,474
Increase (Decrease) in Accounts Payable	36,150
Increase (Decrease) in Unearned Revenue	<u>(17,428)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b><u>\$ (827,115)</u></b>

*See Notes to Financial Statements*

# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 1* Summary of Significant Accounting Policies**

The financial statements of Broome County Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies are described below.

#### **Financial Reporting Entity**

The Agency was created in 1971 by the Broome County Legislature under the provisions of Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth in Broome County. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by the Broome County Board of Representatives, is a separate entity and operates independently of the County. The Agency is considered a component unit of the County.

The financial reporting entity consists of (a) the primary government which is the Broome County Industrial Development Agency; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended.

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended.

#### **Basis of Accounting**

The accounts of the Agency are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Expenses are recorded when the liability is incurred.

#### **Cash and Cash Equivalents**

The Agency considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

# ***BROOME COUNTY***

## ***INDUSTRIAL DEVELOPMENT AGENCY***

### **NOTES TO FINANCIAL STATEMENTS**

#### **DECEMBER 31, 2019**

**Note 1      Summary of Significant Accounting Policies - Continued**

#### **Investments**

Investments consist of U.S. Treasury notes and are stated at fair value based on quoted market prices.

#### **Loans Receivable**

The Agency acquired funds from the Appalachian Regional Commission in the 1970s to administer the STEED loan fund. This program is considered a revolving loan program as the purpose is to be able to take the repayments of existing loans and loan those funds out to future project applicants. The purpose of these funds is to create economic development in Broome County. A STEED loan cannot be used to finance the costs of an entire project. In addition, the Agency administers business development and business retention and expansion loan funds. The loan program allows for reimbursement of administrative and overhead costs incurred for the program. For the year ended December 31, 2019, the program reimbursed operating expenses of \$2,240.

#### **Allowance for Uncollectible Loans**

The Agency follows the policy of evaluating its loans receivable to adequately reserve for anticipated losses. Management believes all loans receivable are deemed collectible; therefore, no reserve for the loans has been established as of December 31, 2019.

#### **Capital Assets**

All property and equipment acquired with grant funds are owned by the Agency and are used in the programs for which they were purchased. There are no revisionary interests by grantor agencies in the assets. Capital assets as defined by the Agency are assets with an initial unit cost of \$1,500 or more and an estimated life in excess of two years. Donated capital assets are recorded at estimated fair value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated when placed in service.

Depreciation of property and equipment is provided on a straight-line basis over the following useful lives:

<u><b>Asset</b></u>	<u><b>Years</b></u>
Buildings	30-40
Building Improvements	10-20
Equipment	3-7

# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications**

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

- **Net Investment in Capital Assets** consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgage, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- **Restricted for Loans** consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted** consists of all other resources that do not meet the definition of “net investment in capital assets” or “restricted.”

#### **Fee Income, Grant and Contract Support**

The Agency charges a service fee for each project, the proceeds of which are intended to offset Agency expenses and fund continuing operations.

#### **Non-Operating Revenues**

Non-operating activities include gains or losses on disposal of capital assets or property held for resale, investment income, grant income, loan interest, and state grants.

#### **Tax-Exempt Bond Transactions**

The Agency is an issuer of tax-exempt bond and lease financing for qualified projects. These bonds and leases are the obligation of the borrower. Because the Agency has no obligation to repay the principal and interest of such bonds and leases, they are not reflected as liabilities in the accompanying financial statements. The Agency receives issuance fees from the borrower for providing this service. These fees are recognized immediately upon issuance of the related debt. The Agency did not issue any bonds during 2019, nor were any bonds outstanding as of December 31, 2019.

#### **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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 2*      **Cash and Cash Equivalents****

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit for the Agency at 105% and 100%, respectively, of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Total bank balances of the Agency of \$1,700,577 at December 31, 2019 were covered by FDIC insurance up to \$250,000. As of December 31, 2019, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the Agency's name.

Restricted cash of \$1,005,843 consists of cash for the Agency's STEED and BDF loan funds.

### ***Note 3*      **Pass-Through Receivable****

The Agency has facilitated the receipt of and payment of certain grant funds on behalf of other organizations. As of December 31, 2019, the Agency had a pass-through receivable of \$12,464 due to the timing of repayment to the Agency.

### ***Note 4*      **Investments****

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency has the following recurring fair value measurements as of December 31, 2019: U.S. Treasury notes of \$6,897,363 are valued using quoted market prices (Level 1).

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **DECEMBER 31, 2019**

**Note 5    Loans Receivable**

Loans receivable, net is summarized as follows:

	<b>Business Development Revolving Loan</b>	<b>STEED</b>	<b>Business Retention and Expansion</b>	<b>Total</b>
<b>Principal Balance at January 1</b>	\$ 655,828	\$1,273,934	\$ 148,780	\$2,078,542
New Loans	50,000		50,000	100,000
Principal Repayments	<u>(70,224)</u>	<u>(320,219)</u>	<u>(10,197)</u>	<u>(400,640)</u>
Balance at December 31	635,604	953,715	188,583	1,777,902
Less: Current portion	<u>(81,862)</u>	<u>(230,902)</u>	<u>(10,177)</u>	<u>(322,941)</u>
<b>Noncurrent Portion</b>	<b><u>\$ 553,742</u></b>	<b><u>\$ 722,813</u></b>	<b><u>\$ 178,406</u></b>	<b><u>\$1,454,961</u></b>

**Note 6    Property Held for Resale**

The Agency is holding land and development costs totaling \$2,097,017 of properties throughout Broome County for economic development and resale in accordance with program purposes.

**Note 7    Notes Receivable**

Notes receivable are summarized as follows at December 31, 2019:

	<b>Interest Rate</b>	<b>Payment</b>	<b>Maturity</b>	<b>Principal</b>
ADEC Solutions USA, Inc.	3%	\$4,903 Monthly	8/2030	\$ 536,522
Canopy Growth USA, LLC	0%	\$400,000 to \$93,900 Annually	1/2026	<u>993,900</u>
Balance at December 31				1,530,422
Less: Current portion				<u>(443,335)</u>
<b>Noncurrent Portion</b>				<b><u>\$ 1,087,087</u></b>

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **DECEMBER 31, 2019**

**Note 8 Mortgages Receivable**

Mortgages receivable are summarized as follows at December 31, 2019:

	<u>Interest Rate</u>	<u>Payment</u>	<u>Maturity</u>	<u>Principal</u>
265 Industrial Park Drive, LLC	2.5%	\$18,445 Monthly	9/2037	\$3,150,073
Premium Holdings, LLC	3.0%	\$444 Monthly	6/2037	72,419
Balance at December 31				3,222,492
Less: Current portion				(135,039)
<b>Noncurrent Portion</b>				<b><u>\$3,087,453</u></b>

**Note 9 Due From County**

During 2014, the County had a bond mature with a final balloon payment of \$426,097. The County asked the Agency to make the payment, and the Agency and the County entered into a repayment agreement to repay the amount over the next five years.

During 2016, the County and Agency entered into a purchase agreement of \$100,000 for 20 acres of land in the Broome Corporate Park. The Agency and the County entered into a repayment agreement to repay the amount to the Agency in annual installments of \$5,000 over the next 20 years; commencing August 2017. Due from County totaled \$285,700 at December 31, 2019.

**Note 10 Due From Binghamton Local Development Corporation**

During the year the Agency entered into an agreement with the Binghamton Local Development Corporation (Binghamton LDC) for the sale of land and building located at 30 Charles Street. The agreement calls for a \$50,000 deposit at closing and payment of \$30,000 per acre when the Binghamton LDC sells the property to a third party. During 2019, the Agency sold 14.5 of 21 acres to the Binghamton LDC, with the remaining 6.5 acres to be sold in 2020. As such, the Agency has recorded a receivable of \$385,000 due from the Binghamton LDC at December 31, 2019.



# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **DECEMBER 31, 2019**

**Note 11 Capital Assets**

The detail of capital assets, net at December 31, 2019 is as follows:

	<b>Balance at 12/31/2018</b>	<b>Additions</b>	<b>Disposals/ Reclassifications</b>	<b>Balance at 12/31/2019</b>
<b>Non-Depreciable Capital Assets</b>				
Land	\$3,790,664	\$	\$ (1,166,277)	\$2,624,387
<b>Total Non-Depreciable Capital Assets</b>	<u>3,790,664</u>	<u>-</u>	<u>(1,166,277)</u>	<u>2,624,387</u>
<b>Depreciable Capital Assets</b>				
Building and Improvements	7,095,189		(1,231,985)	5,863,204
Equipment	23,873	8,723	(22,741)	9,855
<b>Total Depreciable Capital Assets</b>	<u>7,119,062</u>	<u>8,723</u>	<u>(1,254,726)</u>	<u>5,873,059</u>
 Total Historical Cost	<u>10,909,726</u>	<u>8,723</u>	<u>(2,421,003)</u>	<u>8,497,446</u>
 <b>Less Accumulated Depreciation</b>				
Building and Improvements	(913,478)	(227,214)	560,578	(580,114)
Equipment	(23,815)	(727)	22,741	(1,801)
<b>Total Accumulated Depreciation</b>	<u>(937,293)</u>	<u>(227,941)</u>	<u>583,319</u>	<u>(581,915)</u>
 <b>Capital Assets, Net</b>	<u><b>\$9,972,433</b></u>	<u><b>\$ (219,218)</b></u>	<u><b>\$ (1,837,684)</b></u>	<u><b>\$7,915,531</b></u>

**Note 12 Unearned Revenue**

In March of 1997, the Agency entered a Contract for Deed with the United States Government for a parcel commonly known as Air Force Plant #59. This property consists of approximately 30 acres of land on which buildings of approximately 612,000 square feet are situated. The Contract for Deed transferred all beneficial ownership interest of the property to the Agency for the sum of \$10. The U.S. Government agreed to transfer the deed to the property at no cost to the Agency once certain environmental matters were remediated on the property. Pursuant to this transfer, the Agency entered into a lease agreement with the tenant of the property, Lockheed Martin Corporation. Effective September 2000, Lockheed Martin Corporation assigned the lease to BAE Systems Controls, Inc. (BAE). The term of the amended lease was for 27 years. The amended lease required annual rental payments of \$250,000 during the first seven years, \$350,000 during the second ten years, and \$500,000 during the third ten years.

# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 12*    **Unearned Revenue - Continued****

Annual rental was held in escrow by the Agency and dedicated exclusively to fund capital repairs, capital maintenance, and capital improvements. If the tenant were to give notice of termination, not less than five years prior to the effective date, these funds become sole and exclusive property of the Agency. The tenant also was to pay the Agency a termination fee of \$2,000,000 within 30 days of termination of the lease. In addition to rental payments, the tenant agreed to pay directly to the Agency an additional \$25,000 per year during the first 10 years and \$175,000 per year during the remaining term of the lease for administrative and management fee.

As a result of a major flood in the fall of 2011, BAE Systems Controls, Inc. sustained significant damage (well in excess of \$40,000,000) to its manufacturing facility. As a result, BAE notified the Agency on November 1, 2011 of their election to terminate the lease in accordance with Original Lease §4.1.B (as modified by Paragraph 6 of the Assignment Agreement) and (ii) notice of Tenant's election to terminate the lease in accordance with Real Property Law of the State of New York §227, of Article 7, Chapter 5 ("§227"). The termination fee of \$2,000,000 was waived. The Agency is working with the United States Air Force on a plan which will result in the Air Force taking responsibility for the demolition and environmental remediation of the property. During the interim period prior to the demolition, the Agency will use the \$500,000 insurance proceeds received in 2012 to moth ball and maintain security of the site. As of December 31, 2019, unspent insurance proceeds available for future costs were \$0. Due to termination of the lease, funds that had previously been held in trust for BAE became property of the Agency. The Agency intends to utilize these funds to cover future expenses related to maintenance and security of the site.

Unearned revenue represents the unexpended portion of the \$500,000 insurance proceeds related to flood damage sustained by BAE Systems Controls, Inc. During 2013, an additional \$190,000 for sale of BAE equipment was included in unearned revenue and restricted to expenses related to the flood. During 2019, the Agency incurred \$15,925 related to the flood.

### ***Note 13*    **Commitments and Contingencies****

The Agency is exposed to various risks of loss related to theft of, damage to, and destruction of assets, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance for the past three years.

The Agency has received grants and/or program funds which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for return of funds. The Agency believes disallowances, if any, will be immaterial.

# ***BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

### ***Note 14* Tax Abatements**

During the time in which property is leased to a company, the property is exempt from taxes other than special ad valorem levies and special assessments. However, the Agency executes Payment in Lieu of Tax (PILOT) agreements, wherein the company is required to make annual payments to the County, local municipalities, and school districts.

In 2019, \$5,820,503 was received in PILOT payments compared to the \$12,042,364 which would have been received if businesses paid the full amount of property taxes; for total property tax abatements totaling \$9,023,128.

In addition to PILOTs above, \$2,757,397 of sales tax and \$43,870 of mortgage tax abatements were awarded.

### ***Note 15* Leases**

The Agency, as lessor, has entered multiple non-cancelable operating leases for space within its office building through September 2022. The agreements call for monthly payments from leases ranging from \$600 to \$4,167. Total receipts under the leases amounted to \$82,783 in 2019.

Future minimum rentals under non-cancelable operating leases are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 68,000
2021	65,000
2022	43,750
<b>Total</b>	<b>\$ 176,750</b>

### ***Note 16* Related Party**

The Agency performs administrative and supporting services for the Broome County Local Development Corporation (the Corporation). In addition, members of the Agency's Board of Directors make up the Board of Directors for the Corporation.

# **BROOME COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **SCHEDULE OF PROJECTS**

#### **DECEMBER 31, 2019**

<b>Project Name</b>	<b>Exemption Period</b>	<b>Purpose</b>	<b>Sales Tax Cap</b>	<b>Sales Tax Exemptions</b>
20 Hawley St.	2012-2022	Construction	\$	\$
250 Main LLC	N/A		17,280	6,187
265 Industrial Park Drive	2018-2037	Manufacturing		
265 Main Street, LLC	N/A		4,000	2,128
50 Front Street	2019-2046	Commercial	841,000	171,024
ADEC Solutions	2016-2031	Services		
AOM 128 Grand Ave	N/A		232,000	33,293
Broome Culinary	2018-2048	Construction	754,000	554,283
Buckingham Manufacturing	2019-2039	Manufacturing	33,000	31,287
Century Sunrise	2018-2048	Construction	640,000	
Chenango Place - One Wall Street	2014-2024	Construction		
Clover Communities	2012-2022	Construction		
CR Land	2018-2028	Construction	160,000	
Dick's MSC and Expansion	2017-2047	Construction	9,200,000	1,240,917
EMT	N/A	Manufacturing	51,928	8,738
Freewheelin ANSCO	2020-2040	Construction	1,200,000	609,615
Gannett Satellite Information Network	2004-2019	Services		
Good Shepherd Village	2010-2040	Civic Facility		
Hashey Enterprises	N/A		16,400	448
Maines - 101 Broome Corp				
Parkway	2004-2019	Wholesale		
Maines - Maple Drive	2007-2022	Wholesale		
1435-1439 Marchuska, LLC (408 Commerce)	N/A		64,000	37,283
Metroplex (UP1 & UP2)	2014-2036	Construction	1,344,720	
Millennium Pipeline	2009-2024	Construction		
National Pipe & Plastics	N/A		418,000	9,528
Nealon Transportation - KMCC Ventures	2017-2033	Transportation		
Pacemaker Steel	2017-2032	Manufacturing		
Printing House - Chenango Empire	2016-2026	Construction		
SaveAround	2018-2038	Manufacturing	45,000	4,569
Scannell - FedEx Ground Package System	2009-2019	Transportation		
Sheedy Road/Juneberry Road	2015-2025	Construction		
Skye View Heights - American Horizons	2016-2038	Construction	400,000	11,587
Spark Broome	N/A		200,000	36,510
Stellar 83 Court	2015-2025	Construction		
Vitaluna	2014-2024	Construction		
Washington Development Associates	2013-2032	Construction		
Woodburn Court	2017-2036	Retirement Community		
<b>Total</b>			<b>\$ 15,621,328</b>	<b>\$ 2,757,397</b>

<b>Mortgage Tax Exemptions</b>	<b>Payments in Lieu of Taxes</b>	<b>Property Taxes if Not Exempt</b>	<b>Total Exemptions</b>	<b>Base Year Jobs</b>	<b>Current Employment 12/31/2019</b>
\$	\$ 383,464	\$ 481,894	\$ 98,430	2	7
			6,187		10
	210,981	258,580	47,599		
			2,128		13
	145,686	63,614	88,952		105
	12,058	44,086	32,028	1	77
43,870			77,163		36
		35,878	590,161		227
			31,287		359
	18,357	669,994	651,637		4
	146,699	428,883	282,184		4
	174,562	323,229	148,667		2
	45,233	90,466	45,233		11
	37,135	1,771,152	2,974,934		657
			8,738		126
	19,255	19,688	610,048		142
	193,133	252,900	59,767		-
	20,397		(20,397)		183
			448		
	619,041	602,378	(16,663)	625	143
	117,968	152,512	34,544	51	
			37,283		2
	1,323,121	1,276,011	(47,110)		12
	924,311	1,848,622	924,311		
			9,528		228
	4,284	17,137	12,853	16	12
	57,147	57,725	578	25	88
	37,173	751,125	713,952		6
	27,104	134,461	111,926		41
	19,059	122,081	103,022	21	57
	462,797	870,591	407,794	135	158
	158,486	183,184	36,285		74
			36,510		85
	54,202	454,385	400,183		20
	157,987	199,836	41,849	61	3
	295,594	760,399	464,805		7
	155,269	171,553	16,284		5
<b>\$ 43,870</b>	<b>\$ 5,820,503</b>	<b>\$ 12,042,364</b>	<b>\$ 9,023,128</b>	<b>937</b>	<b>2,904</b>



**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***

Board of Directors  
Broome County Industrial Development Agency  
Binghamton, New York

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 Broome County Industrial Development Agency (the Agency), a component unit of the County of Broome, New York, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated \_\_\_\_\_, 2020.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2020

## MANAGEMENT COMMENT LETTER

Board of Directors  
Broome County Industrial Development Agency  
Binghamton, New York

In planning and performing our audit of the financial statements of Broome County Industrial Development Agency (the Agency), as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, the Board of Directors, Audit Committee, and management of the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully submitted,

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
\_\_\_\_\_, 2020