

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE

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

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Business-Type Activities and Total Corporation</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Current Assets:</i>			
<i>Cash - Unrestricted</i>	\$ 114,269	\$ 420,879	\$ 306,610
<i>Accounts Receivable</i>	75,000	75,000	-
<i>Total Current Assets</i>	189,269	495,879	306,610
<i>Total Assets</i>	189,269	495,879	306,610
<i>Current Liabilities:</i>			
<i>Accounts Payable</i>	3,700	10,300	6,600
<i>Total Current Liabilities</i>	3,700	10,300	6,600
<i>Total Liabilities</i>	3,700	10,300	6,600
<i>Net Position:</i>			
<i>Unrestricted</i>	185,569	485,579	300,010
<i>Total Net Position</i>	\$ 185,569	\$ 485,579	\$ 300,010

Total assets increased 162.00%. This change stems from a significant increase in cash due to the increase in fee income and the decrease in expenses during the current year.

Our analysis in *Figure 2* shows the operations of the Corporation's activities.

Figure 2

<i>Change in Net Position</i>	<i>Business-Type Activities and Total Corporation</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Operating Revenues:</i>			
<i>Fee Income</i>	\$ 175,175	\$ 374,675	\$ 199,500
<i>Other Income</i>	83,177	75,000	(8,177)
<i>Total Revenues</i>	\$ 258,352	\$ 449,675	\$ 191,323
<i>Operating Expenses:</i>			
<i>Sponsorship Expenses</i>	\$ 148,641	\$ 119,665	\$ (28,976)
<i>General and Administrative Expenses</i>	63,610	30,000	(33,610)
<i>Total Expenses</i>	\$ 212,251	\$ 149,665	\$ (62,586)
<i>CHANGE IN NET POSITION</i>	\$ 46,101	\$ 300,010	\$ 253,909

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Total revenue increased 74.06%. This change stems from an increase in fee revenue due to the issuance of additional bonds during the year. This was partially offset by a decrease in other income due to one-time receipts related to the good life sponsorship. Total expenses decreased 29.49%. This decrease was the result of a decrease in sponsorship expenses, primarily the Good Life Marketing and Good Life Production expenses. In addition to a decrease in sponsorship expenses, there was also a decrease in administrative expenses.

FACTORS BEARING ON THE CORPORATION'S FUTURE

- The Corporation will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Corporation will evaluate opportunities for investment of its resources in furthering this mission. During 2020 the Corporation, in conjunction with the Broome County Industrial Development Agency, continued an aggressive Workforce and Talent Attraction campaign. The Corporation continued to seek donations from private individuals and corporations to support this effort. The Corporation will continue to support this initiative into 2021 and beyond.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

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

**BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF NET POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets

Cash and Cash Equivalents
Accounts Receivable

\$ 420,879
75,000

Total Assets

\$ 495,879

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities

Accounts Payable

\$ 10,300

Total Liabilities

10,300

NET POSITION

Unrestricted

485,579

Total Net Position

485,579

Total Liabilities and Net Position

\$ 495,879

DRAFT

See Notes to Financial Statements

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

Operating Revenues	
Fee Income	\$ 374,675
Other Income	<u>75,000</u>
Total Operating Revenues	<u>449,675</u>
Operating Expenses	
Sponsorship Expenses	119,665
General and Administrative Expenses	<u>30,000</u>
Total Operating Expenses	<u>149,665</u>
Operating Income	300,010
Net Position, January 1, 2020	<u>185,569</u>
Net Position, December 31, 2020	<u><u>\$ 485,579</u></u>

DRAFT

See Notes to Financial Statements

**BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash Flows From Operating Activities	
Cash Received from Providing Services	\$ 374,675
Cash Received from Other Sources	75,000
Cash Payments to Vendors	<u>(143,065)</u>
Net Cash Provided (Used) by Operating Activities	<u>306,610</u>
Net Change in Cash and Cash Equivalents	306,610
Cash and Cash Equivalents, January 1, 2020	<u>114,269</u>
Cash and Cash Equivalents, December 31, 2020	<u><u>\$ 420,879</u></u>
Reconciliation of Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 300,010
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in Accounts Payable	<u>6,600</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 306,610</u></u>

See Notes to Financial Statements

BROOME COUNTY

LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 1 **Summary of Significant Accounting Policies**

The financial statements of the Broome County Local Development Corporation (the Corporation) have been prepared in conformity with generally accepted accounting principles of the United States (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 Corporation's accounting policies are described below.

Financial Reporting Entity

The Corporation was established in 2011 and is governed by its Articles of Incorporation, bylaws, and general laws of New York State. The Corporation is a discretely presented component unit of Broome County's basic financial statements due to the County's ability to influence the decisions of the Corporation. The Corporation's Board of Directors is comprised of individuals appointed by the county.

The financial reporting entity consists of (a) the primary government which is the Broome County Local Development Corporation; (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 Corporation are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Material revenues accrued include administrative fees. Expenses are recorded when the liability is incurred.

Cash and Cash Equivalents

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

Equity Classifications

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

- **Restricted:** 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. The Corporation had no restricted resources at yearend.
- **Unrestricted:** Consists of all other resources that do not meet the definition of "restricted."

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 Summary of Significant Accounting Policies - Continued

Tax-Exempt Bond Transactions

The Corporation is an issuer of tax-exempt bond financing for qualified projects. These bonds are the obligation of the borrower. Because the Corporation has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. The Corporation receives bond issuance fees from the borrower for providing this service. Bond issuance fees are recognized immediately upon issuance of the related bond. The Corporation issued one bond during 2020. The accompanying Schedule of Indebtedness summarizes outstanding tax-exempt bond issues.

Fee Income

The Corporation charges a service fee for each qualified project tax-exempt bond financing it issues, which is intended to be used to fund continuing operations.

Unearned Revenue

Unearned revenue arises when resources are received by the Corporation before it has legal claim to them. In subsequent periods, when the Corporation has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Note 2 Cash and Cash Equivalents

State statutes govern the Corporation's investment policies. In addition, the Corporation 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 Corporation 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 Corporation of \$420,879 at December 31, 2020 are covered by FDIC insurance up to \$250,000. As of December 31, 2020, all deposits with financial institutions were insured with securities held by the pledging financial institution in the entities' name.

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3 **Commitments and Contingencies**

The Corporation 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.

The Corporation 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 Corporation believes disallowances, if any, will be immaterial.

Note 4 **Related Party**

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

Note 5 **COVID-19**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the Corporation exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the Corporation expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

**BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2020**

	<u>Month and Year</u>	<u>Current Interest Rate</u>	<u>Outstanding Beginning of Fiscal Year</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding End of Fiscal Year</u>	<u>Final Maturity</u>
<u>BCC Housing Development Corp. Revenue Bond</u>	<u>7/2013</u>	<u>*</u>	<u>\$ 16,049,981</u>	<u>\$</u>	<u>\$ 459,915</u>	<u>\$ 15,590,066</u>	<u>6/2043</u>
<u>Good Shepherd Continuing Care Revenue Bond</u>	<u>3/2015</u>	<u>3%</u>	<u>41,205,000</u>		<u>1,440,000</u>	<u>39,765,000</u>	<u>7/2040</u>
<u>UHS - Binghamton General Hospital</u>	<u>2/28/2019</u>	<u>Variable/Fixed Conversion</u>	<u>18,905,210</u>		<u>18,905,210</u>	<u>-</u>	<u>3/1/2020</u>
<u>UHS - Binghamton General Hospital</u>	<u>8/1/2020</u>	<u>Variable/Fixed Conversion</u>		<u>257,495,000</u>		<u>257,495,000</u>	<u>8/1/2040</u>
TOTAL			<u>\$ 76,160,191</u>	<u>\$ 257,495,000</u>	<u>\$ 20,805,125</u>	<u>\$ 312,850,066</u>	

* Calculated at the Bank Permanent Interest Rate, which is equal to (LIBOR rate + 2.10%) x 67%

**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 Local Development Corporation
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 Local Development Corporation (the Corporation), a component unit of the County of Broome, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated _____, 2021.

Internal Control Over Financial Reporting

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

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

Purpose of This Report

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

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
_____, 2021

DRAFT

