

THE AGENCY

BROOME COUNTY IDA / LDC

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
March 17, 2021 • 12:30 p.m. • The Agency Conference Room
FIVE South College Drive, Suite 201, 2nd Floor
Binghamton, New York 13905

AGENDA

- | | | |
|----|--|-------------|
| 1. | Call to Order | J. Bernardo |
| 2. | Approve Transcript - February 17, 2021 Board Meeting | J. Bernardo |
| 3. | Public Comment | J. Bernardo |

New Business

- | | | |
|----|---|-----------|
| 4. | Resolution to Approve the 2020 Audit of the Broome County Local Development Corporation, Conducted by Insero & Co. CPA's LLP | S. Duncan |
| 5. | Resolution to Approve the Readoption of the BCLDC Investment & Deposit Policy, Internal Controls and Accountability Policy, Purchasing Policy, Property Acquisition Guidelines and Property Disposition Guidelines, with No Changes | T. Gray |

Old Business

- | | | |
|----|-------------|-------------|
| 6. | Adjournment | J. Bernardo |
|----|-------------|-------------|

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

Board of Directors
Broome County Local Development Corporation
Binghamton, New York

We have audited the financial statements of the Broome County Local Development Corporation (the Corporation), a component unit of the County of Broome, New York, for the year ended December 31, 2020. 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 January 4, 2021. 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 Corporation 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 2020. We noted no transactions entered into by the Corporation 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. There were no significant accounting estimates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive disclosures.

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. There were no misstatements, other than those that are trivial, detected as a result of audit procedures.

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 _____, 2021.

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 Corporation'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 Corporation'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 Indebtedness, 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 Corporation 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
_____, 2021

DRAFT

MANAGEMENT COMMENT LETTER

Board of Directors
Broome County Local Development Corporation
Binghamton, New York

In planning and performing our audit of the financial statements of the Broome County Local Development Corporation (the Corporation), as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 Corporation'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 Corporation, 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
_____, 2021

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2020**

***BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION***

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Broome County Local Development Corporation
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying 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 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 Corporation'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 Corporation'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 financial position of the Broome County Local Development Corporation as of December 31, 2020 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 4-4b 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 Corporation's basic financial statements. The Schedule of Indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Indebtedness 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 Indebtedness 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 _____, 2021, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Broome County Local Development Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
_____, 2021

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BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Broome County Local Development Corporation's (the Corporation) financial position as of December 31, 2020 and the result 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 Corporation, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- Assets of the Corporation exceeded liabilities at the close of the fiscal year ended December 31, 2020 by \$485,579 compared to \$185,569 at December 31, 2019.
- Total revenues in 2020 were \$449,675 compared to revenues of \$258,352 in 2019.
- Total expenses were \$149,665 in 2020 compared to expenses of \$212,251 in 2019.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial statements of the Corporation 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 Corporation and the financial activity and results of its operations during the year. A description of these statements follows:

- **The Statement of Net Position** presents information on all of the Corporation'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 Corporation is improving or deteriorating.
- **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing the change in the Corporation'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

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

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

Change in Net Position	Business-Type Activities and Total Corporation		Total Dollar Change
	2019	2020	2019-2020
<i>Operating Revenues:</i>			
Fee Income	\$ 175,175	\$ 374,675	\$ 199,500
Other Income	83,177	75,000	(8,177)
Total Revenues	\$ 258,352	\$ 449,675	\$ 191,323
<i>Operating Expenses:</i>			
Sponsorship Expenses	\$ 148,641	\$ 119,665	\$ (28,976)
General and Administrative Expenses	63,610	30,000	(33,610)
Total Expenses	\$ 212,251	\$ 149,665	\$ (62,586)
CHANGE IN NET POSITION	\$ 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	\$ 420,879
Accounts Receivable	<u>75,000</u>

Total Assets	<u>\$ 495,879</u>
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LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities

Accounts Payable	<u>\$ 10,300</u>
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Total Liabilities	<u>10,300</u>
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NET POSITION

Unrestricted	<u>485,579</u>
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Total Net Position	<u>485,579</u>
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Total Liabilities and Net Position	<u>\$ 495,879</u>
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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>

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>
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Net Change in Cash and Cash Equivalents	306,610
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Cash and Cash Equivalents, January 1, 2020	<u>114,269</u>
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Cash and Cash Equivalents, December 31, 2020	<u><u>\$ 420,879</u></u>
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Reconciliation of Net Operating Income to Net Cash
Provided (Used) by Operating Activities:

Operating Income	\$ 300,010
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Adjustments to Reconcile Net Operating Income to Net Cash
Provided (Used) by Operating Activities:

Increase (Decrease) in Accounts Payable	<u>6,600</u>
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Net Cash Provided (Used) by Operating Activities	<u><u>\$ 306,610</u></u>
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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>
BCC Housing Development Corp. Revenue Bond	7/2013	*	\$ 16,049,981	\$	\$ 459,915	\$ 15,590,066	6/2043
Good Shepherd Continuing Care Revenue Bond	3/2015	3%	41,205,000		1,440,000	39,765,000	7/2040
UHS - Binghamton General Hospital	2/28/2019	Variable/Fixed Conversion	18,905,210		18,905,210	-	3/1/2020
UHS - Binghamton General Hospital	8/1/2020	Variable/Fixed Conversion		257,495,000		257,495,000	8/1/2040
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

**BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
INVESTMENT AND DEPOSIT POLICY**

A. Introduction

1. Scope. This Investment and Deposit Policy of the Broome County Local Development Corporation (the "Corporation") shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Corporation. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy.
2.
 2. Objectives. The primary objectives of the investment activities are, in priority order:
 - a. to conform with all applicable federal, state and other legal requirements (legal);
 - b. to adequately safeguard principal (safety);
 - c. to provide sufficient liquidity to meet all operating requirements (liquidity); and
 - d. to obtain a reasonable rate of return to match expected liability and expenses. (yield).
3. Prudence. All participants in the investment process and all participants responsible for depositing the Corporation's funds shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair confidence in the Corporation to govern effectively.

Investments and deposits shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process and all participants responsible for depositing the Corporation's funds shall refrain from personal business activity that could conflict with proper execution of the investment program or the deposit of the Corporation's funds or which could impair their ability to make impartial investment decisions.

All board Directors, officers and employees of the Corporation involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Nothing contained within this Policy however, shall prohibit the Directors or employees of the Corporation from obtaining interests in mutual funds which may include within its investment portfolio, bonds, debentures, notes or other evidence of indebtedness of the Corporation; provided however, that the Corporation's bonds, debentures, notes or other evidence of indebtedness may not

make up more than ten percent (10%) of the mutual fund's total portfolio and the Directors and employees may not exercise any discretion with respect to the investments made by the mutual fund company.

4. Diversification. It is the policy of the Corporation to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling.

5. Internal Controls

The Internal Controls shall provide for receipt and review of the audited financial statements and related reports on internal control structure of all outside persons performing any of the following for the Corporation:

- investing public funds of the Corporation;
 - advising on the investment of public funds of the Corporation;
 - directing the deposit or investment of public funds of the Corporation; or
 - acting in a fiduciary capacity for the Corporation.
- a. All money's collected by an officer or employee of the Corporation shall be immediately deposited in such depositories and designated by the Corporation for the receipt of such funds.
- b. The Corporation shall maintain or cause to be maintained a proper record of all book, notes, securities or other evidences of indebtedness held by the Corporation for investment and deposit purposes.
- c. The Corporation is responsible for establishing and maintaining an internal control structure and investment practices to document those officers and employees responsible for elements of the investment process and to provide reasonable, but not absolute, assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in complaints with applicable laws and regulations.

6. Designation of Depositories – In accordance with the Not for Profit Corporation Law, the Corporation shall designate as depositories of its money those banks and trust companies authorized to serve as such pursuant to said law.

B. Investment Policy

1. Permitted Investments

The Corporation is authorized to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- a. Special time deposit accounts;*
- b. Certificates of deposit;*
- c. Obligations of the United States of America;**
- d. Obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America;**
- e. Obligations of the State of New York;*

* Special time deposit accounts and certificates of deposit are permitted investments provided that (1) they shall be payable within such time as the proceeds shall be needed to meet expenditures for which the moneys were obtained,(2) they are collateralized in the same manner as set forth in Section VII (C) below for deposits of public funds, (3) Certificates of deposit and term deposits of United States domestic financial institutions which are members of the Federal Deposit Insurance Corporation, and (4) such entities have the highest credit rating assigned by a nationally recognized rating service and which may be readily sold in a secondary market at prices reflecting fair value.

** All investment obligations shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of date of purchase. Investments must carry a rating of BBB- or above at the time of purchase (investment grade), or, if unrated, be deemed to be of investment grade quality. The total of unrated investments may not exceed five (5%) of the investment portfolio value and the unrated investments of a single issuer may not exceed 2% of the portfolio value.

2. Authorized Financial Institutions and Dealers

The Corporation shall maintain a list of financial institutions and dealers, approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition at the request of the Corporation. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Executive Director or Chairman is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

3. Purchase of Investments

The Corporation may contract for the purchase of investments:

- a. Directly, including through a repurchase agreement, from an authorized trading partner.

- b. By participation in a cooperative investment program with another authorized governmental entity pursuant to Not for Profit Corporation Law where such program meets all the requirements set forth in the Office of the State Comptroller Opinion No. 88-46, and the specific program has been authorized by the governing board.
- c. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the local government, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Corporation by the bank or trust company shall be held pursuant to a written custodial agreement.

The custodial agreement shall provide the securities held by the bank or trust company, as agent of and custodian for, the local government, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and released of the securities. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities.

4. Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

- a. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- b. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- c. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- d. No substitution of securities will be allowed.
- e. The custodian shall be a party other than the trading partner.

5. Performance Standards – Performance will be evaluated quarterly and compared to the performance of the appropriate benchmark index and peer groups

C. Deposit Policy

1. Collateralization of Deposits

All deposits of the Corporation, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

- a. By pledge of “eligible securities” with an aggregate “market value” as provided Not for Profit Corporation Law, equal to the aggregate amount of deposits from the categories designated in Exhibit A attached hereto.
- b. By an eligible “irrevocable letter of credit” issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
- c. By an eligible surety bond payable to the government for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety shall be approved by the governing board.

2. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure local government deposits together with agreed upon interest, if any and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the local government to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the local government, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Corporation or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the local government, will be kept separate and apart

from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Agency a perfected interest in the securities.

D. Reporting

Periodically the Treasurer shall provide to the Directors a report which sets forth amounts invested, the diversification and performance of each portfolio in relation to appropriate market indices, comparative performance information that enables the reader to evaluate whether the portfolios are achieving returns that are consistent with objectives and market conditions.

Periodically the Treasurer shall provide to the Directors a report that identifies the components of the total investment portfolio.

**BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY**

1. Board Members and Officers shall ensure that the Corporation is accountable for its programs and finances to its customers and the public. Accordingly, the Corporation shall comply with all applicable laws and ethical standards; adhere to its public mission; create and adhere to policies regarding conflicts of interest, ethics, personnel and accounting; prepare and file annual financial data with required federal and state regulatory authorities; and make its annual financial report available to all Members and any member of the public who requests it.

2. Internal controls are systems of policies and procedures that protect and manage the assets of the Corporation, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations.

3. The following internal controls, policies and procedures shall apply to the Corporation:

A. **Budget.** An annual income and expense budget will be prepared and periodic reports will be presented to the Board. The report will compare actual receipts and expenditures to the budget with timely variance explanations.

B. **Expenditures.** All disbursements for \$2,500 or more shall require two signatures from Chairman, Vice Chairman, Secretary, Treasurer or Executive Director. Disbursements under \$2,500 shall require the signature of one of the following: Senior Deputy Director of Operations or the Executive Director. A periodic report of all expenditures under \$2,500 will be electronically submitted to the Board for review.

C. **Expenditures-Approval.** No expenditures shall be made or incurred except in accordance with the purchasing policy and the duly adopted budget. All expenditures shall be prepared by the Office Business Manager and reviewed and approved by the Senior Deputy Director of Operations.

D. **Receipts-Checks.** All receipts by check shall be duly entered in the books of the Corporation with a copy made of each check received and attached to the invoice or bank deposit. All bank deposits shall be prepared by the Office Business Manager and reviewed by the Senior Deputy Director of Operations.

E. **Accounts Receivable.** All accounts receivables shall be maintained on a current basis to the extent practicable. Account receivables which are more than 90 days old shall be reported to the Board on a periodic basis. The Board may direct such action as may be appropriate as to said receivables.

F. **Data.** Electronic data regarding financial records and reports shall be preserved. All bank reconciliations shall be prepared by the Office Business Manager and reviewed by the Senior Deputy Director of Operations.

G. Audit/Finance Committee. The audit/finance committee shall have oversight over the annual audit process.

H. Reports. Periodic reports on the finances shall be submitted to the Board. Annual financial reports shall be filed as required by law and made available to the public.

I. Management. The day to day activities of the Corporation shall be managed by a person or entity designated by the Board of Directors and subject to its oversight.

J. Assessment. An annual assessment of the effectiveness of their internal control structures and procedures will be conducted annually by management, or an independent auditor.

**BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
PURCHASING POLICY**

1. The purchase of equipment, supplies, material, and non professional services shall be authorized as follows:

a. Where the estimated total cost does not exceed \$5,000, purchases shall be made upon verbal quotations at the discretion of Executive Director. In the event the purchase is made from a vendor not providing the lowest quote, a written explanation will be placed in the file.

b. Where the estimated total cost is over \$5,000 and does not exceed \$10,000, the purchase shall be made upon at least three (3) written quotations if available and shall be authorized by Executive Director.

c. Where the estimated total cost is over \$10,000, the purchase shall be made based upon a competitive bidding process. The Board of Directors shall authorize award of contracts for such purchases if the purchase was not anticipated in the Corporation's adopted Annual Budget.

d. Purchases may be made from a Federal, State, County, or other Municipal, State Authority, or Local Development Corporation contracts. Such purchases are not subject to the requirements specified in items 1.a.-1.c., above.

e. All purchases of \$5,000 or more shall be reported to the Board of Directors on a semi-annual basis. In the event that the purchase is made from a vendor not providing the lowest cost, an explanation shall be included in this report.

2. The procurement policy may contain circumstances when, or types of procurement for which, in the sole discretion of the Directors of the Corporation, the solicitation of alternative professionals or quotations will not be in the best interest of the Corporation. In the following circumstances, it may not be in the best interests of the Agency to solicit quotations or document the basis for not accepting the lowest bid:

a. **Professional Services.** Professional Services is defined as services requiring special or technical skill, training or expertise. The individual, company or firm must be chosen based on accountability, reliability, responsibility, skill, conflict of interests, reputation, education and training, judgment, integrity, continuity of service and moral worth. Furthermore, certain professional services to be provided by the Corporation; legal and accounting services, impact liability in circumstances where the Corporation is issuing bonds. These qualifications and the concerns of the Corporation regarding its liability and the liability of its Directors are not necessarily found or addressed in the individual, company or firm that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement.

b. In determining whether a service fits into this category, the Corporation shall take into consideration the following guidelines: (1) whether the services are subject to State licensing or test requirements; (2) whether substantial formal education and training is a necessary prerequisite to the performance of the services; and (3) whether the services require a personal relationship between the individual and Corporation directors. Professional or technical services shall include, but not limited to the following: services of an attorney (including bond counsel) ; services of a physician; technical services of an engineer/ planner engaged to prepare studies, plans, maps and estimates; securing insurance coverage and/or services of an insurance broker; services of a certified public accountant; investment management services; printing services involving extensive writing, editing or art work; management of Corporation owned property; and computer software or programming services for customized programs, or services involved in substantial modification and customizing or pre-packaged software.

3. Purchases may be made from a Federal, State, County, or other Municipal, State Authority, or Local Development Corporation contracts. Such purchases are not subject to the requirements specified in items 2.a.-2.c., above.

4. All purchases of \$5,000 or more shall be reported to the Board of Directors on a semi-annual basis.

5. Emergency Purchase Orders. Where an emergency condition exists posing imminent danger to public health, personal safety or public or private property the Executive Director is authorized to make such purchases of goods or services which may be necessary to meet the emergency condition without following the purchasing policy. In each case, where practicable, the Executive Director will endeavor to obtain, at a minimum, verbal quotations for the work or services necessary. Any and all emergency purchases in excess of \$5,000 shall be reported to the Board of Directors as soon as practicable and for any such purchases in excess of \$10,000 the Board shall be notified electronically and/or telephonically prior to purchase if possible.

6. Sole Source Purchases. Where the goods or the services may be purchased from just one source (defined as sole source items) the procurement of said items need not follow this purchasing policy. In order to purchase goods or services without competitive bidding or a competitive quotation the Executive Director must certify that the goods or services are only available through one source.

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION PROPERTY ACQUISITION GUIDELINES

The Public Authorities Law requires local authorities to adopt written policy governing the acquisition of real property. The following policy ["Policy"] is hereby adopted upon approval by the Board of Directors pursuant to such requirement and shall be applicable with respect to the acquisition of real property and any interest therein ["Real Property"] by the Broome County Local Development Corporation.

A. Acquisition of Real Property

Real Property may be acquired by the Corporation for use, development, resale, leasing or other uses designated by the Corporation. The Corporation may lease Real Property for use, subleasing or other uses designated by the Corporation.

The purpose of each acquisition of Real Property by the Corporation shall be to further one or more purposes of the Corporation as authorized under the Corporation's enabling legislation, certificate of incorporation, by-laws or a resolution adopted by the Board of Directors or for a purpose otherwise permitted under applicable state law.

Prior to each acquisition of Real Property, the Corporation will conduct such due diligence as it deems appropriate in accordance with the particular circumstances of the proposed acquisition. Such due diligence may include, but is not limited to, Real Property appraisals and review and investigation of environmental, structural, title, pricing and other applicable matters.

B. Approval of Real Property Acquisitions

All acquisitions of Real Property shall be conducted in accordance with this Policy and applicable law. Proposed acquisitions of Real Property shall be presented to the Board of Directors of the Corporation for approval or other appropriate action.

C. Amendment of Policy

This Policy may be amended or modified at any time by the Board of Directors of the Corporation.

**BROOME COUNTY LOCAL DEVELOPMENT CORPORATION
PROPERTY DISPOSITION GUIDELINES**

The Broome County Local Development Corporation ("Corporation") is required by the Public Authorities Law to adopt by resolution comprehensive guidelines regarding the use, awarding, monitoring and reporting of contracts for the disposal of Property (as defined herein). The following guidelines ("Guidelines") are adopted upon approval by the Corporation's Board and are applicable with respect to the use, awarding, monitoring and reporting of all Property Disposition Contracts which are entered into by the Corporation.

**ARTICLE I
DEFINITIONS**

1. "Contracting Officer" shall mean the Executive Director of the Corporation to be responsible for the disposition of Property of the Corporation.
2. "Dispose" or "disposal" or "disposition" shall mean the transfer of title or any other beneficial interest in Property from the Corporation to any other party.
3. "Property" shall mean personal property in excess of Five Thousand Dollars (\$5,000.00) in value, real property, or any other legally transferable interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.
4. "Property Disposition Contracts" shall mean written agreements for the sale, lease, transfer or other disposition of Property from the Agency to any other party.
5. "Real Property" shall mean real property and interests therein.

**ARTICLE II
APPOINTMENT AND DUTIES OF CONTRACTING OFFICER**

A. Appointment

The Contracting Officer shall be the Executive Director of the Corporation, appointed by the Directors, who is responsible for the supervision and direction over the custody, control and disposition of Property and responsible for Corporation compliance with and enforcement of these Guidelines.