

THE AGENCY

B R O O M E C O U N T Y I D A / L D C

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

AUDIT & FINANCE COMMITTEE MEETING

March 15, 2023 • 11:30 a.m.
FIVE South College Drive, Suite 201
Binghamton, NY 13905

AGENDA

- | | | |
|----|---|------------|
| 1. | CALL TO ORDER | D. CROCKER |
| 2. | ACCEPT THE TRANSCRIPT – AUGUST 31, 2022 AUDIT & FINANCE COMMITTEE MEETING | D. CROCKER |
| 3. | PUBLIC COMMENT | D. CROCKER |

NEW BUSINESS

- | | | |
|----|--|--------------|
| 4. | REVIEW/DISCUSSION/RECOMMENDATION OF THE 2022 AUDIT OF THE BROOME COUNTY LOCAL DEVELOPMENT CORPORATION CONDUCTED BY INSERO & CO. CPAS, LLP. | S. DUNCAN |
| 5. | REVIEW/DISCUSSION/RECOMMENDATION OF THE READOPTION OF THE BROOME COUNTY LOCAL DEVELOPMENT CORPORATION'S INVESTMENT AND DEPOSIT POLICY, THE PURCHASING POLICY, THE PROPERTY ACQUISITION GUIDELINES AND THE PROPERTY DISPOSITION GUIDELINES WITH NO CHANGES. | N. ABBADESSA |
| 6. | REVIEW/DISCUSSION/RECOMMENDATION OF THE REVISED BROOME COUNTY LOCAL DEVELOPMENT CORPORATION'S INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY POLICY, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT "A". | S. DUNCAN |

OLD BUSINESS

- | | | |
|----|-------------|------------|
| 7. | ADJOURNMENT | D. CROCKER |
|----|-------------|------------|

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

Audit & Finance Committee Meeting

Held on August 31, 2022. Commencing at
9:36 a.m. Adjourned at 9:44 a.m.

[See attendees at end of transcript.]

Digitally recorded proceeding
Transcribed by: Elana Hulsey
Reporters Transcription Center
P.O. Box 903
Binghamton, NY 13902

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

CHAIRMAN CROCKER: Good morning. 9:36, August 31st. I'd like to call to order the Committee Meeting for Audit & Finance. We've all had a chance to review the meeting minutes from the September 21st meeting. If there's no objection, we will submit those for the record.

At this time we will open the public comment portion of the meeting. If anyone has a wish to comment, please limit your comments to five minutes, state your name and address for the record. Seeing none, hearing none, we will close the public comment portion.

New Business: Review and Recommendation of Approval to the Full Board for the LDC Operational Budget for Fiscal Year 2023. Stacey?

MS. DUNCAN: Thank you, Chairman. Similarly this process is to advance a draft budget to the full LDC Board in September which will assist in meeting our required deadline of October 31st to the New York State PARIS reporting system. The proposed budget for the BCLDC includes a continuation of income in the form of grants and annual project payments. The budget continues to take a conservative approach on revenue.

Most of our expenditures support our efforts to support community organizations and events and marketing partnerships with the Chamber of Commerce through the Leadership Alliance. So I will briefly run through this. I'm happy to answer any questions.

For the last at least six years, we've received \$75,000 in grant funding through NYSEG for their Economic Development Outreach Program, as it's called, which is used to provide support for any marketing efforts to increase essentially users in the NYSEG territory. So that's been a very successful

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

program, and we just received word that we are pre-approved for next year's funding, so we've continued to maintain the \$75,000 there.

We've added just a conservative line of Miscellaneous Income. This is mostly proceeds through our role in serving as a grant administrator/pass-thru for ARPA funds. We put a conservative line in there this year that we've not previously had.

The CDBG Administration Fee we did not include. This was a one-year grant administration program. As a result of our partnership with that, we were able to retain \$50,000 in administration fees which will be received in 2022, so we did not include that. Given the amount of administration with that program, we do not anticipate moving forward with any new applications on those fundings at this point in time.

Good Shepherd Fairview Home, this is an annual recurring payment on the fee related to a bond refinancing for Good Shepherd. It was actually Good Shepherd Village, I believe.

Then the \$25,000 from Leadership Alliance, that is income we will receive that has been approved already from the Greater Binghamton Chamber as their contribution towards what will be a joint marketing effort for the Leadership Alliance. We're still in the process of developing that messaging and content, but that is income that the Chamber board has approved - \$25,000 for the next three years, so a total of \$75,000, but \$25,000 per year. So that's bringing our income down slightly to \$135,600. Mostly the differential is that grant administration fee from the CDBG program.

Administration Fees really have not changed substantially. You will note what we have done is reduce Good Life Advertising by the \$25,000, but we have noted the Leadership Alliance Marketing for 2023 again. It's a joint

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

messaging program we are working to develop with the Chamber. As such, we will essentially roll the Good Life Marketing into whatever that program becomes.

Marketing, you'll see Marketing separately as \$30,000. We currently support the Dick's Sporting Goods Open on an annual basis. We have retained that dollar amount for the time being.

Community Sponsorships is just our ability to support a number of nonprofits and other organizations and sponsorship of events.

Again, we are seeing a slight increase in our Audit for next year per Insero's guidance, and because we have received the federal dollars through the American Rescue Plan Act, we will be required to do a single audit, and that dollar amount also was provided by Insero.

So when all is said and done, we expect to realize an income of approximately \$38,000 for next year, not a significant change.

CHAIRMAN CROCKER: Thank you, Stacey. Any questions?

MR. NEWMAN: Just a quick question. On the Leadership Alliance Marketing and Good Life, we've sort of gone from a budget of \$50,000 down to \$25,000, but we've added the \$25,000 from the Chamber. Is that \$25,000 enough for the total marketing?

MS. DUNCAN: In our IDA budget advertising, we would provide an additional \$25,000 through the IDA fund, so it's a total of \$75,000.

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

MR. NEWMAN: So the expense from the Chamber comes into LDC, but it's sort of a total organizational expense?

MS. DUNCAN: Yeah.

MR. BERNARDO: It's a shell game, Peter.

MS. DUNCAN: The IDA cannot provide any funding to the LDC. We can pay for advertising out of the IDA separately, but we can't grant it to another entity.

MR. MIRABITO: That ARPA audit, is that a one time or will that be recurring?

MS. DUNCAN: I believe it's a one-time.

MS. RYAN: I think it's recurring as long as you distribute ARPA funds, so it'll be at least a couple of years.

MR. MIRABITO: Until it's all gone?

MS. RYAN: Yeah. It depends on when we get rid of it.

MS. DUNCAN: Unless we can get rid of it sooner.
[crosstalk].

MS. RYAN: If we write a check in '24, we have to do the audit.

MS. DUNCAN: Yeah. So we'll see where we are by this time next year. Hopefully we'll have gotten it all out the door.

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

MS. RYAN: That's the goal.

MR. BERNARDO: And that expense cannot be passed through, correct?

MS. RYAN: Not at this point.

MS. DUNCAN: Not at this point. On the ARPA funds, I had noted to the Board I did make a request specifically with regard to the IBM Country Club. We received \$2 million in ARPA funding for that project. The total all-in contract with LeChase on that was just slightly below that, \$1.974 million. I did make a request to the County to retain the remainder of that funding for administration fees. It's my understanding through both the County Executive and the Chairman, that they support that.

Similarly, I think we would entertain a conversation with all parties on potentially covering some costs. It was not built in and should have been, but it was not built in to the original agreement, so we are doing some of this after the fact and that's on me.

MR. BERNARDO: Actually in your defense, Stacey, as you know, this came crashing to us, and the fact that it's all lined up after all this time is amazing.

MS. DUNCAN: It is. It's been quite a process, but as such, there are substantial legal fees coming through, as well as audit fees, so we do appreciate the County's willingness to provide that income back to us. Per the agreement with the County, any excess income from the grant was to return back to

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

the County. We made that request, and I think it ultimately will be supported, at least based on my initial conversations, so that will help cover some of our costs on these items.

CHAIRMAN CROCKER: As it should. Anything else? Looking for a motion to send the approval to the full Board.

MR. MIRABITO: So moved.

CHAIRMAN CROCKER: Joe. Second?

MR. NEWMAN: Second.

CHAIRMAN CROCKER: Second. All in favor?

ALL: Aye.

CHAIRMAN CROCKER: Motion carries. No need for Executive Session?

MS. DUNCAN: No.

CHAIRMAN CROCKER: No old business?

MS. DUNCAN: None.

CHAIRMAN CROCKER: Looking for a motion to adjourn.

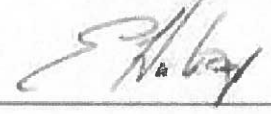
[The meeting was adjourned on a motion by Mr. Newman, seconded by Mr. Mirabito, at 9:44 AM.]

Broome County LDC Audit & Finance Committee Meeting -
8/31/22

[Attendees: Dan Crocker, Peter Newman, Joe Mirabito,
John Bernardo, Stacey Duncan, Natalie Abbadessa, Carrie
Hornbeck, Theresa Ryan, Amy Williamson]

C E R T I F I C A T E

I, Elana Hulsey, certify that the foregoing transcript of
the Broome County Local Development Corporation Audit & Finance
Committee meeting on August 31, 2022, was prepared using
digital transcription software and is a true and accurate
record of the proceedings.

Signature: _____

Date: September 3, 2022

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

Binghamton, New York

EXECUTIVE SUMMARY

**For the Year Ended
December 31, 2022**

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

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

EXECUTIVE SUMMARY OF 2022 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*

Single Audit (Uniform Guidance Report)

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

Schedule of Expenditures of Federal Awards

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, 2022.

Unmodified opinion on the Broome County Local Development Corporation's (the Corporation) basic financial statements for the year ended December 31, 2022.

Report on: the Agency's compliance with laws and regulations that may have a direct and material effect on the basic financial statements; 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; 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.

Report on 1) the Corporation's internal control structure policies and procedures used in administering federal award programs; 2) compliance with general requirements of the Corporation's federal awards; and 3) compliance with specific requirements applicable to each major program. This report identified no instances of noncompliance and no material internal control weaknesses regarding compliance in accordance with Uniform Guidance.

There are two federal award program expenditures that amounted to a total of \$6,222,726.

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

EXECUTIVE SUMMARY OF 2022 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 [Date] , 2023 that communicates no significant deficiencies or material weaknesses have been reported.

The Corporation: Letter of comments dated [Date] , 2023 that communicates no significant deficiencies or material weaknesses have been reported.

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND LOCAL DEVELOPMENT CORPORATION

FIVE YEAR FINANCIAL STATEMENT ANALYSIS

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
INDUSTRIAL DEVELOPMENT AGENCY					
Assets					
Cash and Cash Equivalents - Unrestricted	\$ 2,017,306	\$ 3,887,351	\$ 785,786	\$ 671,806	\$ 821,729
Cash and Cash Equivalents - Restricted	1,028,608	697,973	480,959	1,005,843	621,416
Investments	8,272,672	7,072,129	7,132,513	6,897,363	7,053,674
Accounts Receivable	31,629	133,557	135,409	32,500	-
Pass Through Receivable	7,078	6,686	6,686	12,464	79,938
Prepaid Expenses	-	25,000	-	-	-
Due From County	70,000	75,000	80,000	285,700	322,542
Due From Binghamton Local Development Corp.	551,342	551,342	551,342	385,000	-
Notes Receivable	908,056	953,724	1,098,043	1,530,422	578,577
Loans Receivable	1,983,243	2,291,800	2,425,998	1,777,902	2,078,542
Mortgage Receivable	-	65,931	3,219,297	3,222,492	3,246,654
Leases Receivable	268,363	-	-	-	-
Property Held for Resale	2,097,017	2,097,017	2,097,017	2,097,017	3,908,116
Capital Assets, Net	6,719,559	6,835,066	6,961,571	7,915,531	9,972,433
Total Assets	\$ 23,954,873	\$ 24,692,576	\$ 24,972,621	\$ 25,854,040	\$ 28,683,621
Liabilities and Deferred Inflows of Resources					
Accounts Payable, Accrued Expenses, and Other	\$ 21,415	36,360	\$ 28,820	\$ 77,357	\$ 58,635
Deferred Inflows of Resources - Leases	268,363	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	289,778	36,360	28,820	77,357	58,635
Net Position					
Net Investment in Capital Assets	6,719,559	6,835,066	6,961,571	7,915,531	9,972,433
Restricted for Loans	2,668,801	2,656,612	2,588,846	2,544,862	4,845,902
Unrestricted	14,276,735	15,164,538	15,393,384	15,316,290	15,806,651
Total Net Position	23,665,095	24,656,216	24,943,801	25,776,683	30,624,986
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 23,954,873	\$ 24,692,576	\$ 24,972,621	\$ 25,854,040	\$ 30,683,621
LOCAL DEVELOPMENT CORPORATION					
Assets					
Cash and Cash Equivalents - Unrestricted	\$ 5,420,376	\$ 669,168	\$ 420,879	\$ 114,269	\$ 148,862
Accounts Receivable	814,847	75,000	75,000	75,000	-
Property Held for Resale	261,647	-	-	-	-
Total Assets	\$ 6,496,870	\$ 744,168	\$ 495,879	\$ 189,269	\$ 148,862
Liabilities					
Unearned Revenue and Accounts Payable	\$ 5,782,542	\$ 3,412	\$ 10,300	\$ 3,700	\$ 9,394
Net Position					
Unrestricted	714,328	740,756	485,579	185,569	139,468
Total Net Position	714,328	740,756	485,579	185,569	139,468
Total Liabilities and Net Position	\$ 6,496,870	\$ 744,168	\$ 495,879	\$ 189,269	\$ 148,862

Note: Abstracted from Audited Financials. See Audit Reports for complete information.

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY AND LOCAL DEVELOPMENT CORPORATION

FIVE YEAR FINANCIAL STATEMENT ANALYSIS

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
INDUSTRIAL DEVELOPMENT AGENCY					
Revenues					
Fee Income	\$ 261,579	\$ 709,685	\$ 631,069	\$ 1,128,399	\$ 848,571
Rental Income	82,800	83,600	86,100	92,612	90,598
Other Income	105,078	68,367	84,165	64,195	88,954
State Grant	-	-	-	-	484,194
State Aid	-	-	-	-	2,000
Grant Income	-	11,052	166,668	-	300,000
Investment Income	(89,964)	9,608	188,062	267,874	89,314
Loan Interest Earned	92,384	252,094	43,725	61,272	163,138
Gain (Loss) on Sale of Assets	(8,309)	(15,931)	(688,282)	(3,082,597)	1,908
Total Revenues	443,568	1,118,475	560,507	(1,462,254)	2,068,677
Expenses					
Salaries and Benefits	652,836	615,183	614,052	666,583	662,781
Depreciation Expense	143,627	138,766	137,370	227,941	226,549
Professional Fees	107,011	180,937	196,490	139,148	98,682
Office Expense	54,290	35,383	36,628	59,764	51,218
Grant Expense	-	-	100,000	-	-
Multi-Modal Expenses	600	-	-	-	2,000
Other Expenses	476,325	435,791	308,849	292,613	316,012
Total Expenses	1,434,689	1,406,060	1,393,389	1,386,049	1,357,242
Change in Net Position	\$ (991,121)	\$ (287,585)	\$ (832,882)	\$ (2,848,303)	\$ 711,435
LOCAL DEVELOPMENT CORPORATION					
Revenues					
Fee Income	\$ -	\$ 256,600	\$ 374,675	\$ 175,175	\$ 24,675
Government Grants	6,222,726	-	-	-	-
Other Income	306,282	200,020	75,000	83,177	174,950
Total Revenues	6,529,008	456,620	449,675	258,352	199,625
Expenses					
Grant Expense	6,222,726	-	-	-	-
Sponsorship Expenses	46,197	68,970	119,665	148,641	152,239
General and Administrative Expenses	87,030	32,128	30,000	63,610	31,902
In-Kind Expenses	178,834	100,345	-	-	-
Other Expense	21,974	-	-	-	-
Total Expenses	6,556,761	201,443	149,665	212,251	184,141
Change in Net Position	\$ (27,753)	\$ 255,177	\$ 300,010	\$ 46,101	\$ 15,484

Note: Abstracted from Audited Financials. See Audit Reports for complete information.

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

FIVE YEAR FINANCIAL STATEMENT ANALYSIS

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Cash Flows From Operating Activities					
Cash Received From Providing Services	\$ 470,041	\$ 790,956	\$ 1,204,771	\$ 196,231	\$ 1,033,812
Cash Payments - Salaries Expense	(652,836)	(615,183)	(614,052)	(666,583)	(662,781)
Cash Payments - Contractual Expenses	(630,019)	(644,571)	(690,504)	(455,375)	(453,918)
Net Cash Provided (Used) by Operating Activities	(812,814)	(468,798)	(99,785)	(925,727)	(82,887)
Cash Flows From Non-Capital Financing Activities					
Principal Payments From County	5,000	5,000	205,700	36,842	5,000
Net Cash Provided (Used) by Non-Capital Financing Activities	5,000	5,000	205,700	36,842	5,000
Cash Flows From Capital and Related Financing Activities					
Grant Revenue	-	-	-	-	784,194
Sale of Capital Assets	-	-	185,508	435,000	-
Sale (Purchase) of Property Held for Resale	-	-	-	125,000	(120,583)
Purchase of Capital Assets	(28,120)	(12,261)	(7,200)	(8,723)	(23,936)
Net Cash Provided (Used) by Capital and Related	(28,120)	(12,261)	178,308	551,277	639,675
Cash Flows From Investing Activities					
Principal Payments on Notes Receivable	45,668	144,319	32,379	42,055	40,814
Principal Payments on Loans Receivable	463,557	347,198	293,504	400,640	577,100
New Loans Issued	(155,000)	(215,000)	(939,600)	(485,000)	(690,000)
New Loans Issued - Binghamton LDC	-	-	(166,342)	-	-
Mortgage Payments Received	65,931	3,153,366	3,195	24,162	77,642
Investment Income	(98,273)	9,608	188,062	274,060	91,222
Purchase of Investments	(4,382,894)	(4,178,167)	(3,283,622)	(984,269)	(3,384,384)
Sale of Investments	3,182,351	4,197,620	3,048,472	1,140,580	805,158
Interest Income Received	92,384	252,094	42,725	61,272	163,138
Rental Income Received	82,800	83,600	86,100	98,612	90,598
Net Cash Provided (Used) by Investing Activities	(703,476)	3,794,638	(695,127)	572,112	(2,228,712)
Net Change in Cash and Cash Equivalents	(1,539,410)	3,318,579	(410,904)	234,504	(1,666,924)
Cash and Cash Equivalents, Beginning of Year	4,585,324	1,266,745	1,677,649	1,443,145	3,110,069
Cash and Cash Equivalents, End of Year	\$ 3,045,914	\$ 4,585,324	\$ 1,266,745	\$ 1,677,649	\$ 1,443,145
Reconciliation of Net Operating Gain (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating (Loss) Gain	\$ (1,068,032)	\$ (616,956)	\$ (511,487)	\$ (193,464)	\$ (417,717)
Gain to Net Cash Provided by Operating Activities:					
Depreciation	143,627	138,766	137,370	227,941	226,549
(Increase) Decrease in Accounts Receivable	101,928	1,852	(82,909)	(52,500)	174,225
(Increase) Decrease in Notes Receivable	-	-	400,000	(993,900)	-
(Increase) Decrease in Pass-Through Receivable	(392)	-	-	-	-
Increase (Decrease) in Prepaid Expenses	25,000	-	5,778	43,226	(79,938)
Increase (Decrease) in Accounts Payable	(16,793)	7,540	(48,537)	60,398	13,994
Increase (Decrease) in Unearned Revenue	1,848	-	-	(17,428)	-
Net Cash Provided (Used) by Operating Activities	\$ (812,814)	\$ (468,798)	\$ (99,785)	\$ (925,727)	\$ (82,887)

Note: Abstracted from Audited Financials. See Audit Reports for complete information.

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

EXECUTIVE SUMMARY OF 2022 AUDIT

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 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, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, 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 9, 2023. 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. During the year ended December 31, 2022, the Corporation adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." Other than the adoption of GASB Statement No. 87, no new accounting policies were adopted, and the application of existing policies was not changed during 2022. 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 [Date] , 2023.

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 and the Schedule of Expenditures of Federal Awards (SEFA), 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 (U.S. GAAP), 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
[Date] , 2023

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2022**

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Required Supplementary Information	
Management's Discussion and Analysis	4-4b
Basic Financial Statements	
Statement of Net Position	5
Statement of Revenues, Expenses, and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8-10
<hr/>	
Supplementary Information	
Schedule of Indebtedness	11
Report Required Under <i>Government Auditing Standards</i>	
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 <i>Government Auditing Standards</i>	12-13
Reports Required Under the Single Audit Act (Uniform Guidance)	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	14-16
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Schedule of Findings and Questioned Costs	19

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Broome County Local Development Corporation as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The Schedule of Indebtedness and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the Schedule of Indebtedness and Schedule of Expenditures of Federal Awards are 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 [Date], 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Corporation's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date], 2023

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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, 2022 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.

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 (U.S. GAAP) 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, 2022

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	Total Corporation		Total Dollar Change
	2022	2021	
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 5,420,376	\$ 669,168	\$ 4,751,208
Accounts Receivable	814,847	75,000	739,847
Property Held for Resale	261,647	-	261,647
Total Current Assets	6,496,870	744,168	5,752,702
Total Assets	6,496,870	744,168	5,752,702
<i>Current Liabilities:</i>			
Accounts Payable	2,000	3,412	(1,412)
Unearned Revenue	5,782,542	-	5,782,542
Total Current Liabilities	5,784,542	3,412	5,781,130
Total Liabilities	5,784,542	3,412	5,781,130
<i>Net Position:</i>			
Unrestricted	712,328	740,756	(28,428)
Total Net Position	\$ 712,328	\$ 740,756	\$ (28,428)

Total assets and total liabilities increased significantly from the prior year. These increases are the result of pass through Coronavirus State and Local Fiscal Recovery Funds (SLFRF) received from Broome County, of which are reported within cash and unearned revenue.

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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

Figure 2

Change in Net Position	Total Corporation		Total Dollar Change
	2022	2021	
Operating Revenues:			
Fee Income	\$ -	\$ 256,600	\$ (256,600)
In-Kind Revenue	178,834	100,345	78,489
Government Grants	6,222,726	-	6,222,726
Other Income	127,448	99,675	27,773
Total Revenues	\$ 6,529,008	\$ 456,620	\$ 6,072,388
Operating Expenses:			
Grant Expenses	\$ 6,222,726	\$ -	\$ 6,222,726
Sponsorship Expenses	46,197	68,970	(22,773)
General and Administrative Expenses	87,705	32,128	55,577
In-Kind Expenses	178,834	100,345	78,489
Other Expenses	21,974	-	21,974
Total Expenses	\$ 6,557,436	\$ 201,443	\$ 6,355,993
CHANGE IN NET POSITION	\$ (28,428)	\$ 255,177	\$ (283,605)

Total revenue and expense increased significantly from the prior year. This change is primarily due to SLFRF passthrough funds from Broome County and associated 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 2021, the LDC closed a \$55 million tax exempt bond issuance for Good Shepard Village at Endwell. In addition, the Corporation secured another NYSEG Economic Development Outreach Grant for \$75,000. The Corporation continued to seek donations from private individuals and corporations to support this effort. The Corporation will continue to support this initiative into 2023 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, 2022**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 5,420,376
Accounts Receivable	814,847
Property Held for Resale	<u>261,647</u>

Total Assets

\$ 6,496,870

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities

Accounts Payable	\$ 2,000
Unearned Revenue	<u>5,782,542</u>

Total Liabilities

5,784,542

NET POSITION

Unrestricted	<u>712,328</u>
--------------	----------------

Total Net Position

712,328

Total Liabilities and Net Position

\$ 6,496,870

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

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, 2022**

Operating Revenues	
In-Kind Revenue	\$ 178,834
Government Grants	6,222,726
Other Income	<u>127,448</u>
Total Operating Revenues	<u>6,529,008</u>
Operating Expenses	
Grant Expenses	6,222,726
Sponsorship Expenses	46,197
General and Administrative Expenses	87,705
In-Kind Expenses	178,834
Other Expenses	<u>21,974</u>
Total Operating Expenses	<u>6,557,436</u>
Operating Income	(28,428)
Net Position, January 1, 2022	<u>740,756</u>
Net Position, December 31, 2022	<u><u>\$ 712,328</u></u>

See Notes to Financial Statements

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows From Operating Activities	
Cash Received From Providing Services	\$ 23,154
Cash Received From Governmental Grants	11,242,267
Cash Received From Other Sources	127,448
Cash Payments to Vendors	<u>(6,380,014)</u>
Net Cash Provided (Used) by Operating Activities	<u>5,012,855</u>
Cash Flows from Non-Capital Financing Activities	<u>-</u>
Cash Flows From Capital Related Financing Activities	
Purchase of Property Held for Resale	<u>(261,647)</u>
Net Cash Provided (Used) by Capital Related Financing Activities	<u>(261,647)</u>
 Net Change in Cash and Cash Equivalents	 5,012,855
 Cash and Cash Equivalents, January 1, 2022	 <u>669,168</u>
Cash and Cash Equivalents, December 31, 2022	<u><u>\$ 5,420,376</u></u>
 Reconciliation of Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ (28,428)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(739,847)
Increase (Decrease) in Accounts Payable	(1,412)
Increase (Decrease) in Unearned Revenue	<u>5,782,542</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 5,012,855</u></u>
 Supplemental Disclosures	
Noncash Operating Activities	
In-Kind Revenue	\$ 178,834
In-Kind Expenses	178,834

See Notes to Financial Statements

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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 year end.
- **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, 2022

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 did not issue any new bonds during 2022. 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.

New Accounting Standards

The Corporation adopted and implemented the following current Statements of the GASB effective for the year ended December 31, 2022:

- GASB Statement No. 87, "Leases." The Corporation have evaluated the pronouncement and determined there is no material impact on its financial statements.

Future Changes in Accounting Standards

GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending December 31, 2023.

The Corporation will evaluate the impact this pronouncement may have on its financial statements and will implement as applicable and when material.

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

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 \$6,614,431 at December 31, 2022 are covered by FDIC insurance up to \$250,000. As of December 31, 2022, all deposits in excess of FDIC insurance with financial institutions were insured with securities held by the pledging financial institution in the Corporation's name.

Note 3 Property Held for Resale

The Corporation is holding land and building costs totaling \$261,647 of property within Broome County for economic development and resale in accordance with program purposes.

Note 4 Commitments and Contingencies

The Corporation is exposed to various risks of loss related to theft of, damage to, and destruction of assets, 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 each of the past three years.

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 5 Related Party Transactions

The Broome County Industrial Development Agency (the Agency) performs administrative and supporting services for the Corporation amounting to \$178,834 for the year ended December 31, 2022. In addition, members of the Agency's Board of Directors make up the Board of Directors for the Corporation.

During 2022, the Corporation was a subrecipient of \$12,005,268 Coronavirus State and Local Fiscal Recovery Funds as well as Community Development Block Grant funds, which were passed through from Broome County for the purpose of local economic development. During the year the Corporation earned and expended \$6,222,726, leaving \$5,782,542 of unearned revenue.

**BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2022**

	<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	*	\$ 15,114,742	\$ -	\$ 491,249	\$ 14,623,493	6/2043
Good Shepherd Revenue Refunding Bond	12/2021	4%	51,320,000	-	1,845,000	49,475,000	7/2047
UHS - Wilson Medical Center	8/1/2020	Variable/Fixed Conversion	257,495,000	-	-	257,495,000	8/1/2040
TOTAL			<u>\$ 323,929,742</u>	<u>\$ -</u>	<u>\$ 2,336,249</u>	<u>\$ 321,593,493</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, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated [Date], 2023.

Report on 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) 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. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
[Date] , 2023

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Broome County Local Development Corporation's (the Corporation), a component unit of the County of Broome, New York, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2022. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Corporation, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
[Date], 2023

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

Federal Grantor/ Pass - Through Grantor Program Title	Federal ALN #	Pass Through Grantor ID#	Pass Through to Subrecipients	Expenditures
U.S. Department of Treasury				
Passed Through Broome County:				
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	(1)	\$ -	\$ 5,874,358
Total U.S. Department of Treasury			-	5,874,358
U.S. Department of Housing and Urban Development				
Passed Through Broome County:				
Community Development Block Grants				
Entitlement Grant Cluster:				
Community Development Block Grants/Entitlement Grants	14.228	(1)	-	348,368
Total U.S. Department of Housing Urban Development			-	348,368
Total Expenditures of Federal Awards			\$ -	\$ 6,222,726

(1) - denotes unable to determine.

NO ASSURANCE IS PROVIDED ON THESE FINANCIAL STATEMENTS

See Notes to Schedule of Expenditures of Federal Awards

BROOME COUNTY

LOCAL DEVELOPMENT CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2022

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs administered by the Broome County Local Development Corporation, an entity as defined in Note 1 to the Corporation's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the financial statements.

Note 3 Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Corporation has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 Matching Costs

Matching costs, such as the Corporation's share of certain program costs, are not included in the reported expenditures.

Note 5 Subrecipients

No amounts were provided to subrecipients.

Note 6 Other Disclosures

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value and is covered by the Corporation's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

**BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified that are not
considered to be material weakness(es)?

 Yes X None Reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Uniform Guidance §200.516(a)?

 Yes X No

Identification of major programs:

ALN Numbers

Name of Federal Program or Cluster

21.027

(COVID-19) Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B
Programs:

\$ 750,000

Auditee qualified as low-risk?

 Yes X No

Section II Financial Statement Findings

None

Section III Federal Award Findings and Questioned Costs

None

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, 2022, 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
[Date] , 2023

**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 compliance 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 Unites 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
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.

B. Duties

The duties of the Contracting Officer shall include the following:

1. Maintaining adequate inventory controls and accountability systems for all Property under the control of the Agency.
2. Periodically conducting an inventory of Property to determine which Property may be disposed of.
3. Preparing an annual written report of all Property of the Agency. Each report shall include a list of all Real Property, a full description of all real and personal property disposed of during the reporting period, the price received and the name of the purchaser for all Property sold during each reporting period. Each report shall be completed and delivered to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services and the New York State Legislature no later than ninety (90) days following the completion of the fiscal year of the Agency. This report is included within and distributed with the Annual Report of the Agency.
4. Disposing of Property as promptly as possible in accordance with these Guidelines, as directed by the Agency.

ARTICLE III PROPERTY DISPOSITION REQUIREMENTS

A. Method of Disposition

Subject to such exceptions and/or requirements set forth in these Guidelines, in the event that the Agency determines to dispose of any of its Property, the Agency shall endeavor to dispose of such Property for at least the fair market value of the Property. The disposition of Property may be made by sale, exchange, or transfer, for cash, credit or other Property, with or without warranty, and upon such terms and conditions as are determined by the Agency to be appropriate and reasonable and consistent with these Guidelines. Provided, however, no disposition of real property shall be made unless an appraisal of the value of such property has been made by an independent appraiser and included in the record of the transaction.

B. Award and Approval of Property Disposition Contracts

1. Compliance with Guidelines; Approval Requirements. All dispositions of Property shall be conducted in accordance with these Guidelines by or under the supervision of the Contracting Officer, subject to approval of the Directors of the Agency.
2. Disposition by Public Bid.

(a) All Property Disposition Contracts may be made only after publicly advertising for bids, unless the criteria set forth in Article III(B)(3) below has been satisfied for such contracts to be made by negotiation or public auction.

(b) Whenever public advertising for bids is required, (i) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions, as shall permit full and free competition consistent with the value and nature of the Property; (ii) all bids shall be publicly disclosed at the time and place stated in the advertisement; and (iii) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Agency and New York State, price and other factors considered.

(c) Any public bid for the disposition of Property may be rejected, refused, or declined by the Agency on any basis or ground allowable bylaw.

3. Disposition by Negotiated Sale/Public Auction. The following dispositions are exempt and excepted from the public bidding requirements set forth above in Article 111(6)(2) and may be consummated through a negotiated sale or by public auction:

(a) The basis exist for a *Below Fair Market Value* disposition. The Agency may dispose of Property for less than the fair market value of the Property where:

(i) Transferee is a government or public entity and terms of transfer require ownership and use to remain with the government or public entity; or

(ii) Purpose of transfer is within the purpose, mission or statue of the Agency; or

(iii) Written notification to the Governor, Speaker, and Temporary President. Such notification is subject to denial. Denial by Governor is in the form of a certification. Denial by the legislature is in the form of a resolution. Denial must be made within 60 days of receiving notification during January through June. If legislature receives the notification in July through December, then legislature may take 60 days from January 1 of the following year. Provided there is no denial, the Agency may effectuate the transfer.

However, a local authority may obtain local approval from the chief executive and legislature of the political subdivision in lieu of the notification to the Governor, Speaker and Temporary President provided the local authority's enabling legislation provides for such approval and the property was obtained by the authority from the political subdivision.

If a below FMV transfer is proposed, the following information is required to be provided to the Agency board and to the public:

- (1) Description of Asset;
- (2) Appraisal of the FMV of the asset;
- (3) Description of the purpose of the transfer, the kind and amount of the benefit to the public resulting from the transfer such as jobs and wages created or preserved;
- (4) Value received compared to FMV;
- (5) Names of private parties to the transaction and value received;
- (6) Names of private parties that have made an offer, the value of offer, and purpose for which the asset would have been used.

The board of the Agency must make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

(b) **Disposition of Certain Personal Property.** The Agency may dispose of personal property where such personal property involved has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were to be disposed of through public advertisement and bidding, would adversely affect the state or local market for such personal property.

(c) **Disposition of Low FMV Property.** The Agency may dispose of Property where the fair market value of which does not exceed Fifteen Thousand Dollars (\$15,000.00).

(d) **Disposition Following Receipt of Unacceptable Bid Prices.** The Agency may dispose of Property where the bid prices received by the Agency after public advertising are not commercially reasonable (either as to all or some part of the Property) as determined by the Agency in its sole discretion.

(e) **Disposition to a Political Subdivision.** The Agency may dispose of Property to New York State or any political subdivision of New York State.

(f) **Disposition Authorized by Law.** The Agency may dispose of Property where such disposition is otherwise authorized by law.

4. Reporting Requirements Regarding Negotiated Dispositions.

(a) **Preparation of Written Statements.** The Contracting Officer shall prepare a written statement explaining the circumstances of each negotiated disposition of Property involving any of the following:

(i) the negotiated disposition of personal property which has an estimated fair market value in excess of Fifteen Thousand Dollars (\$15,000.00);

(ii) the negotiated disposition of Real Property that has an estimated fair market value in excess of One Hundred Thousand Dollars (\$100,000.00);

(iii) the negotiated disposition of Real Property that will be disposed of by lease if the estimated annual rent over the term of the lease is in excess of \$15,000; or

(iv) the negotiated disposition of Real Property or real and related personal property where the same will be disposed of by exchange, regardless of value, or any Property any part of the consideration for which is Real Property.

(b) Submission of Written Statements. Written statements prepared pursuant to Article III(B) (4) shall be submitted to the New York State Comptroller, the Director of the Budget, the Commissioner of General Services and the State Legislature no later than ninety (90) days prior to the date on which the disposition of Property is expected to take place. The Contracting Officer shall maintain a copy of all written statements at the Agency's principal office.

ARTICLE IV GENERAL PROVISIONS

A. Annual Review and Submission of Guidelines

These Guidelines shall be annually reviewed and approved by the Directors of the Agency. On or before the 31st day of March of each year, the Contracting Officer shall file a copy of the most recently reviewed and adopted Guidelines with the New York State Comptroller, and shall post the Guidelines on the Agency's website. Guidelines posted on the Agency's website shall be maintained at least until the Guidelines for the following year are posted on the website.

B. Effect of Awarded Contracts

These Guidelines are intended for the guidance of the officers, Directors and employees of the Agency. Nothing contained herein is intended or shall be construed to confer upon any person, firm or corporation any right, remedy, claim or benefit under, or by reason of, any requirement or provision hereof, or be deemed to alter, affect the validity of, modify the terms of or impair any contract or agreement made or entered into in violation of, or without compliance with, these Guidelines. Without limiting the generality of the preceding sentence, any deed, bill of sale, lease, or other instrument executed by or on behalf of the Agency, purporting to transfer title or any other interest in Property shall be conclusive evidence of compliance with these Guidelines insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of compliance with these Guidelines prior to the closing.

C. Exemption for Certain Agency Transactions

These Guidelines shall not be applicable to any agreements or arrangements involving the provision by the Agency of "financial assistance" as such term is defined in Section 854(14) of the New York General Municipal Law (i.e. property dispositions serving solely as a conduit for providing financial assistance).

EXHIBIT "A"

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION INTERNAL CONTROLS AND FINANCIAL ACCOUNTABILITY

1. Board Members and Officers shall ensure that the Agency is accountable for its programs and finances to its customers and the public. Accordingly, the Agency 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 Agency, 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 Agency:

A. **Budget.** An annual income and expense budget will be prepared and monthly 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~~ \$5,000 or more shall require two signatures from Chairman, Vice Chairman, Secretary, Treasurer, ~~or~~ Executive Director or Director of Operations. ~~Disbursements~~ Disbursements under ~~\$2,500~~ \$5,000 shall require the signature of one of the following: ~~Senior Deputy~~ Director of Operations or the Executive Director. A monthly report of all expenditures under ~~\$2,500~~ \$5,000 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~~ Finance & HR Specialist and reviewed and approved by the ~~Senior Deputy~~ Director of Operations.

D. **Wire Transfers.** All wire transfers will require signatures from the Executive Director or the Director of Operations and the Board of Directors Chairman, Vice Chairman, Secretary, or Treasurer.

E. **Receipts-Checks.** All receipts by check shall be duly entered in the books of the Agency 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~~ Finance & HR Specialist and reviewed by the ~~Senior Deputy~~ Director of Operations.

F. **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 monthly basis. The Board may direct such action as may be appropriate as to said receivables.

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

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

I. **Reports.** Monthly 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.

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

K. **Assessment.** An annual assessment of the effectiveness of their internal control structures and procedures will be conducted by management, or an independent auditor, in compliance with Section 2800 (1)(a)(9) and Section 2800 (2)(a)(8) of Public Authorities Law.

Approved and adopted this ____ day of _____.