

**BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Binghamton, New York

FINANCIAL REPORT

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



Certified Public Accountants | Business Advisors

***BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY***

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Broome County Industrial Development Agency (the Agency), a component unit of the County of Broome, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respectively financial position of Broome County Industrial Development Agency as of December 31, 2020 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-4d be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Broome County Industrial Development Agency's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 10, 2021

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Broome County Industrial Development Agency's (the Agency) financial position as of December 31, 2020 and the results of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of the fiscal year ended December 31, 2020 by \$24,943,801 compared to \$25,776,683 at December 31, 2019.
- Total revenues in 2020 were \$560,507 compared to revenues of \$(1,462,254) in 2019. The large increase stems from the loss on sale of property and equipment in 2019 which did not occur in 2020.
- Total expenses of \$1,393,389 in 2020 increased by \$7,340 from total expenses of \$1,386,049 in 2019. The increase in expenses is due to increases in professional fees consisting of legal fees and professional development fees (consisting of the public relations contract).

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

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

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Total Agency</i>		<i>Total Dollar</i>
	<i>2019</i>	<i>2020</i>	<i>Change</i>
			<i>2019-2020</i>
<i>Current Assets:</i>			
<i>Cash and Cash Equivalents - Unrestricted</i>	\$ 671,806	\$ 785,786	\$ 113,980
<i>Investments</i>	6,897,363	4,151,675	(2,745,688)
<i>Accounts Receivable</i>	52,500	135,409	82,909
<i>Pass-Through Receivable</i>	12,464	6,686	(5,778)
<i>Due from County - Current Portion</i>	71,659	5,000	(66,659)
<i>Notes Receivable - Current Portion</i>	443,335	144,319	(299,016)
<i>Loans Receivable - Current Portion</i>	322,941	279,110	(43,831)
<i>Mortgage Receivable - Current Portion</i>	135,039	135,145	106
<i>Total Current Assets</i>	8,607,107	5,643,130	(2,963,977)
<i>Noncurrent Assets:</i>			
<i>Cash and Cash Equivalents - Restricted</i>	1,005,843	480,959	(524,884)
<i>Investments</i>		2,980,838	2,980,838
<i>Notes Receivable - Noncurrent Portion</i>	1,087,087	953,724	(133,363)
<i>Loans Receivable - Noncurrent Portion</i>	1,454,961	2,144,888	689,927
<i>Mortgage Receivable - Noncurrent Portion</i>	3,087,453	3,084,152	(3,301)
<i>Due from County - Noncurrent Portion</i>	214,041	75,000	(139,041)
<i>Due from Binghamton Local Development Corp.</i>	385,000	551,342	166,342
<i>Property Held for Resale</i>	2,097,017	2,097,017	-
<i>Capital Assets, Net</i>	7,915,531	6,961,571	(953,960)
<i>Total Assets</i>	25,854,040	24,972,621	(881,419)
<i>Current Liabilities:</i>			
<i>Accounts Payable and Accrued Expenses</i>	69,713	21,176	(48,537)
<i>Unearned Revenue</i>	6,803	6,803	-
<i>Security Deposits</i>	841	841	-
<i>Total Liabilities</i>	77,357	28,820	(48,537)
<i>Net Position:</i>			
<i>Net Investment in Capital Assets</i>	7,915,531	6,961,571	(953,960)
<i>Restricted for Loans</i>	2,544,862	2,588,846	43,984
<i>Unrestricted</i>	15,316,290	15,393,384	77,094
<i>Total Net Position</i>	\$ 25,776,683	\$ 24,943,801	\$ (832,882)

BROOME COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

Total assets decreased 3.41%. This decrease stems from the sale of capital assets to the Binghamton Local Development Corporation. The Agency used cash during the year to invest in Treasury notes and economic development loans.

Total liabilities decreased 62.74%, This change is due to a decrease in accounts payable.

Total net position decreased 3.23% due to expenses over revenue in addition to loss on the 2020 sale of assets.

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

Figure 2

<i>Changes in Net Position</i>	<i>Total Agency</i>		<i>Total Dollar</i>
	<i>2019</i>	<i>2020</i>	<i>Change</i>
			<i>2019-2020</i>
<i>Operating Revenues:</i>			
<i>Fee Income</i>	\$ 1,128,390	\$ 631,069	\$ (497,321)
<i>Rental Income</i>	98,612	86,100	(12,512)
<i>Grant Income</i>		166,668	166,668
<i>Other Income</i>	64,195	84,165	19,970
<i>Nonoperating Revenues:</i>			
<i>Investment Income</i>	267,874	188,062	(79,812)
<i>Loan Interest Earned</i>	61,272	42,725	(18,547)
<i>Gain (Loss) on Sale of Assets</i>	(3,082,597)	(638,282)	2,444,315
<i>Total Revenues</i>	\$ (1,462,254)	\$ 560,507	\$ 2,022,761
<i>Operating Expenses:</i>			
<i>Salaries and Benefits Expense</i>	\$ 666,583	\$ 614,052	\$ (52,531)
<i>Depreciation Expense</i>	227,941	137,370	(90,571)
<i>Professional Fees</i>	139,148	196,490	57,342
<i>Office Expense</i>	59,764	36,628	(23,136)
<i>Grant Expense</i>		100,000	100,000
<i>Other Expenses</i>	292,613	308,849	16,236
<i>Total Expenses</i>	\$ 1,386,049	\$ 1,393,389	\$ 7,340
<i>CHANGE IN NET POSITION</i>	\$ (2,848,303)	\$ (832,882)	\$ 2,015,421

Total revenue increased 138.33% from the prior year. This increase stems from a smaller loss on sale of property and equipment in comparison to prior year. Fee income fluctuates from year to year depending on the number and size of new projects closed during the year.

Total expenses increased 0.53% from the prior year. The increase in expenses is attributable to increases in professional fees, consisting of legal fees, and professional development fees for public relations. Grant expenses were for economic development opportunity purposes.

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

CAPITAL ASSETS

At December 31, 2020, the Agency had invested in a board range of capital assets totaling \$7,429,562 offset by accumulated depreciation of \$467,991. *Figure 3* shows the changes in the Agency's capital assets.

Figure 3

<i>Changes in Capital Assets</i>	<i>Total Agency</i>		<i>Total Dollar Change</i>
	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Land</i>	\$ 2,624,387	\$ 2,101,573	\$ (522,814)
<i>Buildings and Improvements, Net</i>	5,283,090	4,846,292	(436,798)
<i>Equipment, Net</i>	8,054	13,706	5,652
<i>Totals</i>	\$ 7,915,531	\$ 6,961,571	\$ (953,960)

Capital assets, net, decreased 12.05%. This decrease is attributed to the sale of land in addition to depreciation of the Agency's various assets.

FACTORS BEARING ON THE AGENCY'S FUTURE

- The Agency updated its Action Plan for 2021-2025. The Action Plan outlined five strategic priorities: workforce and talent attraction, advancing the "iDistricts" in Binghamton, Johnson City and Endicott, reducing the impact of development barriers, implementing a comprehensive business and recruitment strategy and strengthening the capacity of the Agency. The vision of the Agency remains the same: to be recognized as the lead economic development organization in Broome County.
- The Agency will continue to be an active participant in the County-wide workforce talent attraction committee.
- The Board of Directors and staff began discussions on the implementation of a strategy to address the lack of sufficient housing for young professionals and the need for development of additional market rate housing. The Agency is in the process of updating our 2017 Housing Study and will use the new study to address and measure our housing needs.
- The Agency has also sent a Request for Expression of Interest out to the development community with mixed responses. Two serious inquiries were received and a presentation for one was made. The feasibility study suggested the construction of a mixed use (commercial and residential) facility, and none of the current proposals fulfill that suggestion. The Agency is currently considering proposals.

BROOME COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

- In lieu of the COVID-19 pandemic the landscape of economic development is uncertain; however, we continue to move forward assisting our local businesses and developers remain successful through this difficult time.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 785,786
Investments	4,151,675
Accounts Receivable	135,409
Pass-Through Receivable	6,686
Due from County - Current Portion	5,000
Notes Receivable - Current Portion	144,319
Loans Receivable - Current Portion	279,110
Mortgage Receivable - Current Portion	135,145
Total Current Assets	<u>5,643,130</u>

Noncurrent Assets

Cash and Cash Equivalents - Restricted	480,959
Investments	2,980,838
Notes Receivable - Noncurrent Portion	953,724
Loans Receivable, Net - Noncurrent Portion	2,144,888
Mortgage Receivable - Noncurrent Portion	3,084,152
Due from County - Noncurrent Portion	75,000
Due from Binghamton Local Development Corporation	551,342
Property Held for Resale	2,097,017
Non-Depreciable Capital Assets	2,101,573
Depreciable Capital Assets, Net	4,859,998
Total Noncurrent Assets	<u>19,329,491</u>

Total Assets

\$ 24,972,621

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 21,176
Unearned Revenue	6,803
Security Deposits	841

Total Liabilities

28,820

NET POSITION

Net Investment in Capital Assets	6,961,571
Restricted for Loans	2,588,846
Unrestricted	15,393,384

Total Net Position

24,943,801

Total Liabilities and Net Position

\$ 24,972,621

See Notes to Financial Statements

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

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

Operating Revenues	
Fee Income	\$ 631,069
Rental Income	86,100
Grant Income	166,668
Other Income	<u>84,165</u>
Total Operating Revenues	<u>968,002</u>
Operating Expenses	
Salaries and Benefits	614,052
Depreciation Expense	137,370
Professional Fees	196,490
Office Expense	36,628
Other Administrative Expenses	77,461
Marketing Initiative Expenses	98,387
Insurance	17,346
Repairs, Maintenance, and General	87,418
Professional Development Expense	20,848
Broome County Corporate Park Maintenance	7,389
Grant Expense	<u>100,000</u>
Total Operating Expenses	<u>1,393,389</u>
Operating Income (Loss)	<u>(425,387)</u>
Non-Operating Revenues	
Investment Income	188,062
Loan Interest Earned	42,725
Gain (Loss) on Sale of Assets	<u>(638,282)</u>
Total Non-Operating Revenues (Expenses)	<u>(407,495)</u>
Change in Net Position	(832,882)
Net Position, January 1, 2020	<u>25,776,683</u>
Net Position, December 31, 2020	<u><u>\$ 24,943,801</u></u>

See Notes to Financial Statements

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

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

Cash Flows From Operating Activities	
Cash Received from Providing Services	\$ 1,290,871
Cash Payments - Salaries Expense	(614,052)
Cash Payments - Contractual Expenses	<u>(690,504)</u>
Net Cash Provided (Used) by Operating Activities	<u>(13,685)</u>
Cash Flows From Non-Capital Financing Activities	
Principal Payments from County	<u>205,700</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>205,700</u>
Cash Flows From Capital and Related Financing Activities	
Sale of Capital Assets	185,508
Purchase of Capital Assets	<u>(7,200)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>178,308</u>
Cash Flows From Investing Activities	
Principal Payments on Notes Receivable	32,379
Principal Payments on Loans Receivable	293,504
New Loans Issued	(939,600)
New Loans Issued - Binghamton LDC	(166,342)
Mortgage Payments Received	3,195
Purchase of Investments	(3,283,622)
Sale of Investments	3,048,472
Investment Income	188,062
Interest Income Received	<u>42,725</u>
Net Cash Provided (Used) by Investing Activities	<u>(781,227)</u>
Net Change in Cash and Cash Equivalents	(410,904)
Cash and Cash Equivalents, January 1, 2020	<u>1,677,649</u>
Cash and Cash Equivalents, December 31, 2020	<u>\$ 1,266,745</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (425,387)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	137,370
(Increase) Decrease in Accounts Receivable	(82,909)
(Increase) Decrease in Note Receivable	400,000
(Increase) Decrease in Pass-Through Receivable	5,778
Increase (Decrease) in Accounts Payable	<u>(48,537)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (13,685)</u>

See Notes to Financial Statements

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 **Summary of Significant Accounting Policies**

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

Financial Reporting Entity

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

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

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

Basis of Accounting

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

Cash and Cash Equivalents

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 Summary of Significant Accounting Policies - Continued

Investments

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

Loans Receivable

The Agency acquired funds from the Appalachian Regional Commission in the 1970s to administer the STEED loan fund. This program is considered a revolving loan program as the purpose is to be able to take the repayments of existing loans and loan those funds out to future project applicants. The purpose of these funds is to create economic development in Broome County. A STEED loan cannot be used to finance the costs of an entire project. In addition, the Agency administers business development and business retention and expansion loan funds. The loan program allows for reimbursement of administrative and overhead costs incurred for the program. For the year ended December 31, 2020, the program reimbursed operating expenses of \$34,000.

Allowance for Uncollectible Loans

The Agency follows the policy of evaluating its loans receivable to adequately reserve for anticipated losses. Management believes all loans receivable are deemed collectible; therefore, no reserve for the loans has been established as of December 31, 2020.

Capital Assets

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

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

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 Summary of Significant Accounting Policies - Continued

Equity Classifications

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

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

Fee Income, Grant and Contract Support

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

Non-Operating Revenues

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

Tax-Exempt Bond Transactions

The Agency is an issuer of tax-exempt bond and lease financing for qualified projects. These bonds and leases are the obligation of the borrower. Because the Agency has no obligation to repay the principal and interest of such bonds and leases, they are not reflected as liabilities in the accompanying financial statements. The Agency receives issuance fees from the borrower for providing this service. These fees are recognized immediately upon issuance of the related debt. The Agency did not issue any bonds during 2020, nor were any bonds outstanding as of December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 2 **Cash and Cash Equivalents**

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

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

Total bank balances of the Agency of \$1,438,890 at December 31, 2020 were covered by FDIC insurance up to \$250,000. As of December 31, 2020, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the Agency's name.

Restricted cash of \$480,959 consists of cash for the Agency's STEED and BDF loan funds.

Note 3 **Pass-Through Receivable**

The Agency has facilitated the receipt of and payment of certain grant funds on behalf of other organizations. As of December 31, 2020, the Agency had a pass-through receivable of \$6,686 due to the timing of repayment to the Agency.

Note 4 **Investments**

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

The Agency has the following recurring fair value measurements as of December 31, 2020: U.S. Treasury notes of \$7,132,513, ranging in maturities from two to ten years, are valued using quoted market prices (Level 1). Treasury notes that have a maturity greater than one year are classified as noncurrent assets.

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 5 Loans Receivable

Loans receivable, net, for the year ended December 31, 2020, is summarized as follows:

	Business Development Revolving Loan	STEED	Business Retention and Expansion	Total
Principal Balance at January 1, 2020	\$ 635,604	\$ 953,715	\$ 188,583	\$1,777,902
New Loans	155,532	759,068	25,000	939,600
Principal Repayments	<u>(162,714)</u>	<u>(125,237)</u>	<u>(5,553)</u>	<u>(293,504)</u>
Balance at December 31, 2020	628,422	1,587,546	208,030	2,423,998
Less: Current Portion	<u>(61,271)</u>	<u>(209,185)</u>	<u>(8,654)</u>	<u>(279,110)</u>
Noncurrent Portion	<u>\$ 567,151</u>	<u>\$1,378,361</u>	<u>\$ 199,376</u>	<u>\$2,144,888</u>

Note 6 Property Held for Resale

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

Note 7 Notes Receivable

Notes receivable are summarized as follows at December 31, 2020:

	Interest Rate	Payment	Maturity	Principal
ADEC Solutions USA, Inc.	3%	\$4,903 Monthly	8/2030	\$ 504,143
Canopy Growth USA, LLC	0%	\$400,000 to \$93,900 Annually	1/2026	<u>593,900</u>
Balance at December 31				1,098,043
Less: Current Portion				<u>(144,319)</u>
Noncurrent Portion				<u>\$ 953,724</u>

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 8 Mortgages Receivable

Mortgages receivable are summarized as follows at December 31, 2020:

	Interest Rate	Payment	Maturity	Principal
265 Industrial Park Drive, LLC	2.5%	\$18,445 Monthly	9/2037	\$3,150,074
Precuim Holdings, LLC	3.0%	\$444 Monthly	6/2037	69,223
Balance at December 31				3,219,297
Less: Current Portion				(135,145)
Noncurrent Portion				\$3,084,152

Note 9 Due From County

During 2016, the County and Agency entered into a purchase agreement of \$100,000 for 20 acres of land in the Broome Corporate Park. The Agency and the County entered into a repayment agreement to repay the amount to the Agency in annual installments of \$5,000 over the next 20 years; commencing August 2017. Due from County totaled \$80,000 at December 31, 2020.

Note 10 Due From Binghamton Local Development Corporation

During the prior year, the Agency entered into an agreement with the Binghamton Local Development Corporation (Binghamton LDC) for the sale of land and building located at 30 Charles Street. The agreement calls for a \$50,000 deposit at closing and payment of \$30,000 per acre when the Binghamton LDC sells the property to a third party. During 2020, the Agency sold the remaining 6.5 of 21 acres to the Binghamton LDC. At December 31, 2020, the total receivable from Binghamton LDC was \$551,342.

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 11 Capital Assets

The detail of capital assets, net at December 31, 2020 is as follows:

	Balance at 12/31/2019	Additions	Disposals/ Reclassifications	Balance at 12/31/2020
Non-Depreciable Capital Assets				
Land	\$2,624,387	\$	\$ (522,814)	\$2,101,573
Total Non-Depreciable Capital Assets	<u>2,624,387</u>	<u>-</u>	<u>(522,814)</u>	<u>2,101,573</u>
Depreciable Capital Assets				
Building and Improvements	5,863,204		(552,270)	5,310,934
Equipment	9,855	7,200		17,055
Total Depreciable Capital Assets	<u>5,873,059</u>	<u>7,200</u>	<u>(552,270)</u>	<u>5,327,989</u>
 Total Historical Cost	 <u>8,497,446</u>	 <u>7,200</u>	 <u>(1,075,084)</u>	 <u>7,429,562</u>
Less Accumulated Depreciation				
Building and Improvements	(580,114)	(135,822)	251,294	(464,642)
Equipment	(1,801)	(1,548)		(3,349)
Total Accumulated Depreciation	<u>(581,915)</u>	<u>(137,370)</u>	<u>251,294</u>	<u>(467,991)</u>
 Capital Assets, Net	 <u>\$7,915,531</u>	 <u>\$ (130,170)</u>	 <u>\$ (823,790)</u>	 <u>\$6,961,571</u>

Note 12 Commitments and Contingencies

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

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 13 Tax Abatements

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

In 2020, \$6,344,298 was received in PILOT payments compared to the \$13,112,214 which would have been received if businesses paid the full amount of property taxes; for total property tax abatements totaling \$6,767,916.

In addition to PILOTs above, \$732,415 of sales tax and \$215,600 of mortgage tax abatements were awarded, for total tax abatements of \$7,715,931.

Note 14 Leases

The Agency, as lessor, has entered multiple non-cancelable operating leases for space within its office building through September 2022. The agreements call for monthly payments from leases ranging from \$600 to \$4,167. Total receipts under the leases amounted to \$86,000 in 2020.

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

<u>Year</u>	<u>Amount</u>
2021	\$ 65,000
2022	43,750
Total	<u><u>\$ 108,750</u></u>

Note 15 Related Party

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

Note 16 Economic Uncertainty-COVID-19

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Agency operates. Although there is still uncertainty, the Agency feels that it will be able to maintain operations in a fiscally sound manner.

BROOME COUNTY

INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS

DECEMBER 31, 2020

Project Name	Exemption Period	Purpose	Sales Tax Cap	Sales Tax Exemptions
159 Washington Street Holdings	2021-2030		\$ 50,000	\$ 32,237
20 Hawley St. - Hawley Street Members	2012-2022	Construction		
250 Main LLC	N/A		17,280	
265 Industrial Park Drive	2018-2037	Manufacturing		
265 Main Street, LLC	N/A		4,000	
31 Washington Street Associates (Former Owner Washington Development Assoc.)	2013-2032	Construction		
50 Front Street	2019-2046	Commercial	841,000	
ADEC Solutions	2016-2031	Services		
AOM 128 Grand Ave	2021-2040	Construction	278,400	110,676
Beer Tree Brew Works, Inc.	N/A		96,000	88,974
Binghamton ASC, LLC	N/A		34,392	31,952
Boscov's	N/A			
Broome Culinary	2018-2048	Construction	754,000	49,149
Buckingham Manufacturing	2019-2039	Manufacturing	33,000	
Canopy Growth USA, LLC	2020-2034		3,200,000	
Carrier Services Group	2020-2029	Construction	60,000	
Century Sunrise	2018-2048	Construction	640,000	
Chenango Place - One Wall Street	2014-2024	Construction		
Clover Communities	2012-2022	Construction		
CR Land	2018-2028	Construction	160,000	
Davidge Holdings, LLC	N/A	Construction	20,400	8,834
Dick's MSC and Expansion	2017-2047	Construction	9,200,000	
EMT	N/A	Manufacturing	51,928	3,057
Freewheelin ANSCO	2020-2040	Construction	1,200,000	1,352
GJS Property Group, LLC	N/A		60,000	735
Good Shepherd Village	2010-2040	Civic Facility		
Hashey Enterprises	N/A		16,400	15,952
L3 Technologies	N/A		432,000	
Maines - 101 Broome Corp Parkway	2004-2019	Wholesale		
Maines - Maple Drive	2007-2022	Wholesale		
1435-1439 Marchuska, LLC (408 Commerce)	N/A		64,000	62,636
Millennium Pipeline	2009-2024	Construction		
National Pipe & Plastics	N/A		418,000	123,420
Nealon Transportation - KMCC Ventures	2017-2033	Transportation		
One North Depot	N/A		360,000	
Ophthalmic Associates of S.T.	N/A		45,157	25,709
Pacemaker Steel	2017-2032	Manufacturing		
Printing House - Chenango Empire	2016-2026	Construction		
Sam A. Lupo & Sons, Inc. (SSE3, LLC)	2021-2035	Manufacturing	65,600	65,588
SaveAround	2018-2038	Manufacturing	45,000	
Simulation & Control Technologies, Inc.	2009-2019	Transportation	40,880	11,992
Sheedy Road/Juneberry Road	2015-2025	Construction		
Skye View Heights - American Horizons	2016-2038	Construction	400,000	
Spark Broome, LLC	N/A		200,000	100,152
Stellar 83 Court	2015-2025	Construction		
Upstate Services Group	N/A		122,400	
Vestal Asphalt	N/A		20,000	
Vestal Park - UP1 & UP2	2014-2036	Construction	1,344,720	
Vitaluna	2014-2024	Construction		
Woodburn Court	2017-2036	Retirement Community		
Total			\$ 20,274,557	\$ 732,415

Mortgage Tax Exemptions	Payments in Lieu of Taxes	Property Taxes if Not Exempt	Total Exemptions	Base Year Jobs	Current Employment 12/31/2020
\$	\$	\$	\$ 32,237		19
	387,348	487,383	100,035	2	7
			-		3
	203,949	191,297	(12,652)		
			-		14
	347,956	768,566	420,610		8
	147,172	494,249	347,077		30
	11,904	43,840	31,936	1	82
			110,676		80
			88,974		46
			31,952		1
	135,061	282,448	147,387		87
		36,263	85,412		
	21,054	31,813	10,759		367
			-		20
			-		
	19,139	1,275,474	1,256,335		12
	184,012	433,490	249,478		6
	193,852	327,722	133,870		2
	52,410	113,389	60,979		3
			8,834		19
	188,329	1,829,898	1,641,569		534
			3,057		143
	44,307	215,751	172,796		
			735		1
	20,805		(20,805)		156
			15,952		6
70,600			70,600		103
	170,912	157,967	(12,945)	625	
	107,623	139,145	31,522	51	
			62,636		34
	1,383,807	1,845,075	461,268		
			123,420		303
	4,372	17,486	13,114	16	12
55,000			55,000		20
			25,709		35
	57,147	58,345	1,198	25	89
	37,173	759,193	722,020		6
			65,588		4
	32,006	135,905	103,899		76
			11,992		14
	618,878	929,441	310,563	135	143
	175,245	305,956	130,711		
90,000			190,152		42
	55,828	459,265	403,437		20
			-		
			-		28
	1,423,377	1,397,474	(25,903)		12
	162,726	201,983	39,257	61	3
	157,906	173,396	15,490		5
\$ 215,600	\$ 6,344,298	\$ 13,112,214	\$ 7,715,931	916	2,595



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Broome County Industrial Development Agency (the Agency), a component unit of the County of Broome, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 10, 2021