

**BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION**

Binghamton, New York

FINANCIAL REPORT

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



***BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION***

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,

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

Inzero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 10, 2021

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

FINANCIAL ANALYSIS OF THE CORPORATION AS A WHOLE

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

Figure 1

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

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

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

Figure 2

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

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020

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

FACTORS BEARING ON THE CORPORATION'S FUTURE

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

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

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

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION
DECEMBER 31, 2020

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 420,879
Accounts Receivable	<u>75,000</u>

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

LIABILITIES

Current Liabilities

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

Unrestricted	<u>485,579</u>
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Total Net Position	<u>485,579</u>
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Total Liabilities and Net Position	<u><u>\$ 495,879</u></u>
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See Notes to Financial Statements

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

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

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

See Notes to Financial Statements

***BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION***

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

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

See Notes to Financial Statements

BROOME COUNTY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

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

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

Financial Reporting Entity

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

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

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

Basis of Accounting

The accounts of the Corporation are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Material revenues accrued include administrative fees. Expenses are recorded when the liability is incurred.

Cash and Cash Equivalents

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

Equity Classifications

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

- **Restricted:** Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation. The Corporation had no restricted resources at yearend.
- **Unrestricted:** Consists of all other resources that do not meet the definition of "restricted."

***BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION***

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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

Tax-Exempt Bond Transactions

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

Fee Income

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

Unearned Revenue

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

Note 2 **Cash and Cash Equivalents**

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

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

Total bank balances of the Corporation of \$420,879 at December 31, 2020 are covered by FDIC insurance up to \$250,000. As of December 31, 2020, all deposits in excess of FDIC insurance with financial institutions were insured with securities held by the pledging financial institution in the entities' name.

BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 3 **Commitments and Contingencies**

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

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

Note 4 **Related Party**

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

Note 5 **COVID-19**

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

***BROOME COUNTY
LOCAL DEVELOPMENT CORPORATION***

**SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2020**

	<u>Month and Year</u>	<u>Current Interest Rate</u>	<u>Outstanding Beginning of Fiscal Year</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding End of Fiscal Year</u>	<u>Final Maturity</u>
<u>BCC Housing Development Corp. Revenue Bond</u>	<u>7/2013</u>	<u>*</u>	<u>\$ 16,049,981</u>	<u>\$</u>	<u>\$ 459,915</u>	<u>\$ 15,590,066</u>	<u>6/2043</u>
<u>Good Shepherd Continuing Care Revenue Bond</u>	<u>3/2015</u>	<u>3%</u>	<u>41,805,000</u>		<u>2,040,000</u>	<u>39,765,000</u>	<u>7/2040</u>
<u>UHS - Binghamton General Hospital</u>	<u>2/28/2019</u>	<u>Variable/Fixed Conversion</u>	<u>18,905,210</u>		<u>18,905,210</u>	<u>-</u>	<u>3/1/2020</u>
<u>UHS - Binghamton General Hospital</u>	<u>8/1/2020</u>	<u>Variable/Fixed Conversion</u>		<u>257,495,000</u>		<u>257,495,000</u>	<u>8/1/2040</u>
TOTAL			<u>\$ 76,760,191</u>	<u>\$ 257,495,000</u>	<u>\$ 21,405,125</u>	<u>\$ 312,850,066</u>	

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



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

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

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