

**BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Binghamton, New York

FINANCIAL REPORT

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



BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Required Supplementary Information	
Management's Discussion and Analysis	4-4d
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	8-16
Supplementary Information	
Schedule of Projects	17-17a
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>	18-19



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the Agency'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 Industrial Development Agency 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 Agency, 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.

Emphasis of a Matter

During the year ended December 31, 2022, the Agency adopted Government Accounting Standards Board (GASB) Statement No. 87, "Leases." There was no effect on balances previously stated. Our opinion is not modified with respect to this matter.

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 Agency'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 Agency'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 Agency'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 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. 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 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 23, 2023, 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,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 23, 2023

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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 Industrial Development Agency's (the Agency) financial position as of December 31, 2022 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.

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 (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 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, 2022

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

Condensed Statement of Net Position	Total Agency		Total Dollar Change
	2022	2021	
Current Assets:			
<i>Cash and Cash Equivalents - Unrestricted</i>	\$ 2,017,306	\$ 3,887,351	\$ (1,870,045)
<i>Investments</i>	5,180,517	3,045,246	2,135,271
<i>Accounts Receivable</i>	31,629	133,557	(101,928)
<i>Pass-Through Receivable</i>	7,078	6,686	392
<i>Prepaid Expenses</i>	-	25,000	(25,000)
<i>Due From County - Current Portion</i>	5,000	5,000	-
<i>Notes Receivable - Current Portion</i>	147,056	145,667	1,389
<i>Loans Receivable - Current Portion</i>	289,179	347,427	(58,248)
<i>Mortgage Receivable - Current Portion</i>	-	3,401	(3,401)
<i>Lease Receivable - Current Portion</i>	63,672	-	63,672
Total Current Assets	\$ 7,741,437	\$ 7,599,335	\$ 142,102
Non-Current Assets:			
<i>Cash and Cash Equivalents - Restricted</i>	\$ 1,028,608	\$ 697,973	\$ 330,635
<i>Investments</i>	3,092,155	4,026,883	(934,728)
<i>Notes Receivable - Non-Current Portion</i>	761,000	808,057	(47,057)
<i>Loans Receivable - Non-Current Portion</i>	1,694,064	1,944,373	(250,309)
<i>Mortgage Receivable - Non-Current Portion</i>	-	62,530	(62,530)
<i>Due from County - Non-Current Portion</i>	65,000	70,000	(5,000)
<i>Lease Receivable - Non-Current Portion</i>	204,691	-	204,691
<i>Due From Binghamton Local Development Corp.</i>	551,342	551,342	-
<i>Property Held for Resale</i>	2,097,017	2,097,017	-
<i>Capital Assets, Net</i>	6,719,559	6,835,066	(115,507)
Total Assets	\$ 23,954,873	\$ 24,692,576	\$ (737,703)
Current Liabilities:			
<i>Accounts Payable and Accrued Expenses</i>	\$ 11,923	\$ 28,716	\$ (16,793)
<i>Unearned Revenue</i>	8,651	6,803	1,848
<i>Security Deposits</i>	841	841	-
Total Liabilities	\$ 21,415	\$ 36,360	\$ (14,945)
Deferred Inflows of Resources:			
<i>Leases</i>	\$ 268,363	\$ -	\$ 268,363
Total Deferred Inflows of Resources	\$ 268,363	\$ -	\$ 268,363
Net Position:			
<i>Net Investment in Capital Assets</i>	\$ 6,719,559	\$ 6,835,066	\$ (115,507)
<i>Restricted for Loans</i>	2,668,801	2,656,612	12,189
<i>Unrestricted</i>	14,276,735	15,164,538	(887,803)
Total Net Position	\$ 23,665,095	\$ 24,656,216	\$ (991,121)

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Total assets decreased 2.99%. The largest change is due to payments received for loans receivable during the year, offset by the increase in investments and lease receivables. Total liabilities decreased 41.10%. This change is due to a decrease in accounts payable. Total deferred inflows of resources increased due to the adoption and implementation of GASB Statement No. 87.

Total net position decreased 4.02% due to expenses over revenue.

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

Figure 2

Changes in Net Position	Total Agency		Total Dollar Change
	2022	2021	
<i>Operating Revenues:</i>			
<i>Fee Income</i>	\$ 261,579	\$ 709,685	\$ (448,106)
<i>Grant Income</i>	-	11,052	(11,052)
<i>Other Income</i>	105,078	68,367	36,711
<i>Non-Operating Revenues:</i>			
<i>Investment Income</i>	(89,964)	9,608	(99,572)
<i>Gain (Loss) on Sale of Assets</i>	(8,309)	(15,931)	7,622
<i>Loan Interest Earned</i>	92,384	252,094	(159,710)
<i>Rental Income</i>	82,800	83,600	(800)
Total Revenues	\$ 443,568	\$ 1,118,475	\$ (674,907)
<i>Operating Expenses:</i>			
<i>Salaries and Benefits Expense</i>	\$ 652,836	\$ 615,183	\$ 37,653
<i>Depreciation Expense</i>	143,627	138,766	4,861
<i>Professional Fees</i>	107,011	180,937	(73,926)
<i>Office Expense</i>	54,290	35,383	18,907
<i>Other Expenses</i>	476,925	435,791	41,134
Total Expenses	\$ 1,434,689	\$ 1,406,060	\$ 28,629
CHANGE IN NET POSITION	\$ (991,121)	\$ (287,585)	\$ (703,536)

Total revenue decreased 60.34% from the prior year. This decrease stems from significant decreases in fee income during the year as a result of less projects being closed during the year and the decreases in loan interest earned and investment income due to a large mortgage payoff in the prior year as well as market condition.

Total expenses increased 2.04% from the prior year. The increase in expenses is attributable to increases in salaries and benefits and other expenses, offset by the decrease in professional fees.

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

CAPITAL ASSETS

At December 31, 2022, the Agency had invested in a broad range of capital assets totaling \$7,469,943 offset by accumulated depreciation of \$750,384. *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>2022</i>	<i>2021</i>	
<i>Land</i>	\$ 2,101,573	\$ 2,101,573	\$ -
<i>Buildings and Improvements, Net</i>	4,574,648	4,710,470	(135,822)
<i>Equipment, Net</i>	43,338	23,023	20,315
<i>Totals</i>	\$ 6,719,559	\$ 6,835,066	\$ (115,507)

Capital assets, net, decreased 1.69%. This decrease is attributed to the depreciation of the Agency's various assets of \$143,627, offset by equipment additions of \$28,120.

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.
- During 2021 the Agency closed on a number of projects including the E.J. Victory Building rehabilitation in Johnson City, the Sam A. Lupo And Sons Expansion and the Bluestone Wind Farm Project.
- The Agency has also sent a Request for Expression of Interest, regarding 600 Main Street, Johnson City, 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
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

- In light of the COVID-19 pandemic the landscape of economic development is uncertain; however, we continue to move forward assisting our local businesses between developers and 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
DECEMBER 31, 2022

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 2,017,306
Investments	5,180,517
Accounts Receivable	31,629
Pass-Through Receivable	7,078
Notes Receivable - Current Portion	147,056
Loans Receivable - Current Portion	289,179
Due From County - Current Portion	5,000
Leases Receivable - Current Portion	63,672
Total Current Assets	<u>7,741,437</u>

Non-Current Assets

Cash and Cash Equivalents - Restricted	1,028,608
Investments	3,092,155
Notes Receivable - Non-Current Portion	761,000
Loans Receivable, Net - Non-Current Portion	1,694,064
Due From County - Non-Current Portion	65,000
Leases Receivable - Non-Current Portion	204,691
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	4,617,986
Total Non-Current Assets	<u>16,213,436</u>

Total Assets	<u><u>\$ 23,954,873</u></u>
---------------------	-----------------------------

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 11,923
Unearned Revenue	8,651
Security Deposits	841
Total Liabilities	<u>21,415</u>

Deferred Inflows of Resources

Leases	<u>268,363</u>
--------	----------------

NET POSITION

Net Investment in Capital Assets	6,719,559
Restricted for Loans	2,668,801
Unrestricted	14,276,735
Total Net Position	<u>23,665,095</u>

Total Liabilities and Net Position	<u><u>\$ 23,954,873</u></u>
-------------------------------------------	-----------------------------

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, 2022**

Operating Revenues	
Fee Income	\$ 261,579
Other Income	<u>105,078</u>
Total Operating Revenues	<u>366,657</u>
Operating Expenses	
Salaries and Benefits	652,836
Depreciation Expense	143,627
Professional Fees	107,011
Office Expense	54,290
Other Administrative Expenses	186,171
Marketing Initiative Expenses	138,296
Insurance	17,175
Repairs, Maintenance, and General	104,277
Professional Development Expense	24,391
Broome County Corporate Park Maintenance	<u>6,615</u>
Total Operating Expenses	<u>1,434,689</u>
Operating Income (Loss)	<u>(1,068,032)</u>
Non-Operating Revenues (Expenses)	
Investment Gain (Loss)	(89,964)
Gain (Loss) on Sale of Assets	(8,309)
Loan Interest Earned	92,384
Rental Income	<u>82,800</u>
Total Non-Operating Revenues (Expenses)	<u>76,911</u>
Change in Net Position	(991,121)
Net Position, January 1, 2022	<u>24,656,216</u>
Net Position, December 31, 2022	<u><u>\$ 23,665,095</u></u>

See Notes to Financial Statements

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

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

Cash Flows From Operating Activities	
Cash Received from Providing Services	\$ 470,041
Cash Payments - Salaries Expense	(652,836)
Cash Payments - Contractual Expenses	<u>(630,019)</u>
Net Cash Provided (Used) by Operating Activities	<u>(812,814)</u>
Cash Flows From Non-Capital Financing Activities	
Principal Payments From County	<u>5,000</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>5,000</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(28,120)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(28,120)</u>
Cash Flows From Investing Activities	
Principal Payments on Notes Receivable	45,668
Principal Payments on Loans Receivable	463,557
New Loans Issued	(155,000)
Mortgage Payments Received	65,931
Purchase of Investments	(4,382,894)
Sale of Investments	3,182,351
Investment Income	(98,273)
Interest Income Received	92,384
Rental Income Received	<u>82,800</u>
Net Cash Provided (Used) by Investing Activities	<u>(703,476)</u>
Net Change in Cash and Cash Equivalents	(1,539,410)
Cash and Cash Equivalents, January 1, 2022	<u>4,585,324</u>
Cash and Cash Equivalents, December 31, 2022	<u>\$ 3,045,914</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,068,032)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	143,627
(Increase) Decrease in Accounts Receivable	101,928
(Increase) Decrease in Note Receivable	-
(Increase) Decrease in Pass-Through Receivable	(392)
(Increase) Decrease in Prepaid Expenses	25,000
Increase (Decrease) in Accounts Payable	(16,793)
Increase (Decrease) in Unearned Revenue	<u>1,848</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (812,814)</u>

See Notes to Financial Statements

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022

***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 Legislature, is a separate entity and operates independently of the County. The Agency is considered a component unit of the County as the Agency'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 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.

Investments

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

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, 2022, the program reimbursed operating expenses of \$83,000.

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, 2022.

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, 2022

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

Leases

The Agency determines if an arrangement is or contains a lease at inception. The Agency records lease receivables and deferred inflows of resources for leases in which they are the lessor, which are initially based on the discounted future minimum lease payments over the term of the lease. The Agency uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the Agency elects to use its incremental borrowing rate. The Agency will recognize short-term lease revenue for these leases on a straight-line basis over the term of the lease.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term of 12 months or less, including renewals, no intangible assets or lease obligations are recorded on the Statement of Net Position. The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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, rental income, and loan interest.

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 1 Summary of Significant Accounting Policies - Continued

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 2022, nor were any bonds outstanding as of December 31, 2022.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

New Accounting Standards

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

- GASB Statement No. 87, “Leases.”

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

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 \$3,114,430 at December 31, 2022 were covered by FDIC insurance up to \$250,000. As of December 31, 2022, 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 \$1,028,608 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, 2022, the Agency had a pass-through receivable of \$7,078 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 U.S. GAAP. 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, 2022: U.S. Treasury notes of \$8,272,672 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, 2022

Note 5 Loans Receivable

Loans receivable, net, for the year ended December 31, 2022, is summarized as follows:

	Development Revolving Loan	STEED	Business Retention and Expansion	Total
Principal Balance at January 1, 2022	\$ 580,140	\$1,437,023	\$ 274,637	\$2,291,800
New Loans	155,000	-	-	155,000
Principal Repayments	<u>(61,738)</u>	<u>(339,826)</u>	<u>(61,993)</u>	<u>(463,557)</u>
Balance at December 31, 2022	673,402	1,097,197	212,644	1,983,243
(Less): Current Portion	<u>(70,703)</u>	<u>(193,164)</u>	<u>(25,312)</u>	<u>(289,179)</u>
Non-Current Portion at December 31, 2022	<u><u>\$ 602,699</u></u>	<u><u>\$ 904,033</u></u>	<u><u>\$ 187,332</u></u>	<u><u>\$1,694,064</u></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, 2022:

	Interest Rate	Payment	Maturity	Principal
ADEC Solutions USA, Inc.	3%	\$4,903 Monthly	8/2030	\$ 414,156
Canopy Growth USA, LLC	0%	\$100,000 to \$93,900 Annually	1/2026	<u>493,900</u>
Balance at December 31, 2022				908,056
(Less): Current Portion				<u>(147,056)</u>
Non-Current Portion at December 31, 2022				<u><u>\$ 761,000</u></u>

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 8 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 \$70,000 at December 31, 2022.

Note 9 Due From Binghamton Local Development Corporation

During 2020, 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, 2022, Binghamton LDC has not sold the land or building. At December 31, 2022, the total receivable from Binghamton LDC was \$551,342.

Note 10 Leases Receivable

The Agency, as lessor, has entered into multiple non-cancelable operating leases for space within its office building through August 2027. The agreements call for monthly payments from leases ranging from \$600 to \$4,167. Leases Receivable as of December 31, 2022 are as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Discount Rate</u>	<u>Balance December 31,</u>
Greater Binghamton Chamber of Commerce	9/1/2022	8/31/2027	1.37%	\$ 232,683
Alliance for Manufacturing & Technology	5/24/2022	5/23/2025	1.04%	35,680
Total				<u>\$ 268,363</u>

The following is a summary of the future lease receivables:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 63,672	\$ 3,123	\$ 66,795
2024	64,550	2,314	66,864
2025	55,327	1,550	56,877
2026	50,655	845	51,500
2027	34,159	176	34,335
	<u>\$ 268,363</u>	<u>\$ 8,008</u>	<u>\$ 276,371</u>

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 11 Capital Assets

The detail of capital assets, net, at December 31, 2022 is as follows:

	<u>Balance at 12/31/2021</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Balance at 12/31/2022</u>
Non-Depreciable Capital Assets				
Land	\$ 2,101,573	\$ -	\$ -	\$ 2,101,573
Total Non-Depreciable Capital Assets	<u>2,101,573</u>	<u>-</u>	<u>-</u>	<u>2,101,573</u>
Depreciable Capital Assets				
Building and Improvements	5,310,934	5,150	-	5,316,084
Equipment	29,316	22,970	-	52,286
Total Depreciable Capital Assets	<u>5,340,250</u>	<u>28,120</u>	<u>-</u>	<u>5,368,370</u>
 Total Historical Cost	<u>7,441,823</u>	<u>28,120</u>	<u>-</u>	<u>7,469,943</u>
 Less Accumulated Depreciation				
Building and Improvements	(600,464)	(135,822)	-	(736,286)
Equipment	(6,293)	(7,805)	-	(14,098)
Total Accumulated Depreciation	<u>(606,757)</u>	<u>(143,627)</u>	<u>-</u>	<u>(750,384)</u>
 Capital Assets, Net	<u>\$ 6,835,066</u>	<u>\$ (115,507)</u>	<u>\$ -</u>	<u>\$ 6,719,559</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, 2022

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 2022, \$7,823,836 was received in PILOT payments compared to the \$15,312,288 which would have been received if businesses paid the full amount of property taxes; for total property tax abatements totaling \$7,488,452.

In addition to PILOTs above, \$6,175,580 of sales tax abatements were awarded, for total tax abatements of \$13,664,032.

Note 14 **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.

BROOME COUNTY

INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS

DECEMBER 31, 2022

<u>Project Name</u>	<u>Exemption Period</u>	<u>Purpose</u>	<u>Sales Tax Cap</u>	<u>Sales Tax Exemptions</u>
109 Oak Street, LB4 Properties, LLC-Sm. Bus. Inc			\$ 99,818	\$ -
159 Washington Street Holdings	2021 - 2030	Construction	50,000	17,754
20 Hawley St. Ground Owner- Hawley Street Members-	2012 - 2022	Construction	-	-
31 Washington Street Associates, LLC -Twin River Commons (Former Owner Washington Development Assoc.)	2013 - 2032	Construction	-	-
Avery 50 Front Street, LP	2019 - 2046	Construction	841,000	-
ADEC Solutions	2016 - 2031	Services	-	-
AOM 128 Grand Ave	2021 - 2040	Construction	278,400	-
Bluestone Wind, LLC	2022 - 2041	Construction	8,807,628	4,044,432
BMP Properties LLC.-Sm. Bus. Incentive	N/A		53,040	12,183
Boscov's	N/A		-	-
Broome Culinary	2018 - 2048	Construction	754,000	-
Buckingham Manufacturing	2019 - 2039	Manufacturing	33,000	-
Canopy Growth USA, LLC	2021 - 2034		3,200,000	-
Carrier Services Group-we of 3-1	2020 - 2029		60,000	-
Century Sunrise-Fixed	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	-
322 Main Street Binghamton-Small Business Incen.	N/A	Construction	4,800	4,800
Dick's MSC and Expansion	2017 - 2047	Construction	9,200,000	-
E.J. Victory Bldg., LLC (59 Lester Ave)-JC	N/A		1,848,000	909,324
Freewheelin ANSCO	2019 -2039	Construction	1,200,000	-
GJS Property Group, LLC (Sm. Bus. Incentive)-Ext-5/20/22	N/A		60,000	22,849
Good Shepherd Village (*Nonprofit - Exempt)	2010 - 2040	Civic Facility	-	-
Phoenix Endicott Industrial Investors, LLC. (Sm. Bus. Incentive-	N/A		99,220	99,202
Kashou Enterprises - Closed 4-21-22	N/A		331,440	313,377
Spirit Realty - Was CAE	2021-2037	Construction	432,000	-
LBK Properties, LLC-sm. Bus. Incen	N/A		11,429	1,859
LCP Group Inc. - Sm Business Incentive	N/A		98,800	13,779
LehtonenLumber DBA Foland Lumber (Small Bus. Incentive)	N/A		12,000	9,049
Marchuska Productions, LLC - 49 Court Street-Sm. Bus Incen.	N/A		18,160	2,092
Millennium Pipeline	2009 - 2024	Construction	-	-
National Pipe & Plastics (Small Bus . Incentive)-Ext. To 6/19/22	N/A		418,000	-
Nealon Transportation - KMCC Ventures	2017 - 2033	Transportation or Utility	-	-
OCSH Binghamton Holdings LLC-SM. Bus. Incentive	N/A		37,176	1,717
One North Depot	N/A		360,000	-
Pacemaker Steel	2017 - 2032	Manufacturing	-	-
PM Property Matters, LLC. (Sm. Bus. Incentive)	N/A		13,720	3,717
Printing House	2016 - 2026	Construction	-	-
33 South Washington Street, LLC- Sm. Bus. Incen.	N/A		-	25,446
Sam A. Lupo & Sons, Inc. (SSE3, LLC)	2021 - 2035	Manufacturing	65,600	-
SaveAround	2018 - 2038	Manufacturing	45,000	-
Simulation & Control Technologies, Inc. (Sm. Bus. Incentive)- Extended to 4/15/22	2009 - 2022	Transportation or Utility	40,880	4,327
Sheedy Rd/Juneberry Rd (Upstate Svcs Grp)	2015 - 2025	Construction	-	-
Skye View Heights – American Horizons	2016 - 2038	Construction	400,000	-
Spark Broome, LLC	N/A		200,000	315,332
Spark JC, LLC	N/A		-	351,593
Stellar 83 Court	2021 -2043	Construction	-	-
Upstate Hi-Tech Properties, LLC-CSI (Sm. Bus. Incen)	N/A		84,800	22,748
Vestal Park - UP1 & UP 2	2014 - 2036	Construction	1,344,720	-
Vitaluna-2/28/22-Terminated	2014 - 2024	Construction	-	-
Woodburn Court	2017 - 2036	Retirement Community	-	-
Total			\$ 31,302,631	\$ 6,175,580

Mortgage Tax Exemptions	Payments in Lieu of Taxes	Property Taxes if Not Exempt	Total Exemptions	Current Employment 12/31/2022
\$ -	\$ -	\$ -	\$ -	-
-	11,213	43,746	50,287	10
-	393,065	491,721	98,656	7
-	461,433	774,751	313,318	-
-	150,190	992,059	841,869	5
-	20,952	44,142	23,190	63
-	16,403	72,058	55,655	4
-	77,017	649,069	4,616,484	78
-	-	-	12,183	28
-	135,061	284,721	149,660	135
-	-	-	-	-
-	13,392	44,083	30,691	500
-	191,484	333,841	142,357	2
-	-	-	-	5
-	23,604	1,371,330	1,347,726	2
-	251,803	436,978	185,175	-
-	292,157	341,913	49,756	2
-	40,394	80,787	40,393	3
-	-	-	4,800	-
-	209,474	1,842,470	1,632,996	560
-	9,712	15,746	915,358	165
-	45,646	415,720	370,074	-
-	-	-	22,849	37
-	157,165	-	(157,165)	183
-	-	-	99,202	14
-	-	-	313,377	37
-	77,034	163,756	86,722	98
-	-	-	1,859	25
-	-	-	13,779	28
-	-	-	9,049	15
-	-	-	2,092	45
-	1,341,968	1,789,290	447,322	-
-	-	-	-	197
-	5,955	17,637	11,682	14
-	-	-	1,717	8
-	25,832	134,164	108,332	3
-	60,752	58,815	(1,937)	89
-	-	-	3,717	13
-	498,178	651,924	153,746	6
-	-	-	25,446	28
-	17,350	101,176	83,826	35
-	38,782	136,999	98,217	33
-	-	-	4,327	12
-	645,662	860,881	215,219	126
-	196,400	319,863	123,463	-
-	110,144	164,560	369,748	55
-	255,282	395,953	492,264	70
-	93,338	462,961	369,623	15
-	-	-	22,748	26
-	1,637,232	1,440,775	(196,457)	11
-	154,908	203,608	48,700	3
-	164,854	174,791	9,937	5
\$ -	\$ 7,823,836	\$ 15,312,288	\$ 13,664,032	\$ 2,800



**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, 2022, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 23, 2023.

Report on 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) as a basis for determining 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 Agency'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.

Report on 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 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 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 23, 2023