

**BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2023**



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 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, 2023, 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, 2023, 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, 2023, the Agency corrected errors associated with its fees receivable. As discussed in Note 15 to the financial statements, net position as of December 31, 2022 was restated to reflect this correction of an error. 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 26, 2024, 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 26, 2024

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

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, 2023 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, 2023

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 Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets:</i>			
<i>Cash and Cash Equivalents - Unrestricted</i>	\$ 2,319,036	\$ 2,017,306	\$ 301,730
<i>Investments</i>	2,410,610	5,180,517	(2,769,907)
<i>Accounts Receivable</i>	123,699	31,629	92,070
<i>Pass-Through Receivable</i>	7,078	7,078	-
<i>Prepaid Expenses</i>	3,899	-	3,899
<i>Due From County - Current Portion</i>	5,000	5,000	-
<i>Notes Receivable - Current Portion</i>	147,056	147,056	-
<i>Loans Receivable - Current Portion</i>	270,317	289,179	(18,862)
<i>Lease Receivable - Current Portion</i>	75,351	63,672	11,679
<i>Total Current Assets</i>	\$ 5,362,046	\$ 7,741,437	\$ (2,379,391)
<i>Non-Current Assets:</i>			
<i>Cash and Cash Equivalents - Restricted</i>	\$ 1,296,625	\$ 1,028,608	\$ 268,017
<i>Investments</i>	5,711,577	3,092,155	2,619,422
<i>Notes Receivable - Non-Current Portion</i>	1,175,036	1,715,992	(540,956)
<i>Loans Receivable - Non-Current Portion</i>	1,194,794	1,694,064	(499,270)
<i>Due from County - Non-Current Portion</i>	60,000	65,000	(5,000)
<i>Lease Receivable - Non-Current Portion</i>	174,915	204,691	(29,776)
<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>	6,595,339	6,719,559	(124,220)
<i>Total Assets</i>	\$ 24,218,691	\$ 24,909,865	\$ (691,174)
<i>Current Liabilities:</i>			
<i>Accounts Payable and Accrued Expenses</i>	\$ 223,545	\$ 11,923	\$ 211,622
<i>Unearned Revenue</i>	11,053	8,651	2,402
<i>Security Deposits</i>	841	841	-
<i>Total Liabilities</i>	\$ 235,439	\$ 21,415	\$ 214,024
<i>Deferred Inflows of Resources:</i>			
<i>Leases</i>	\$ 250,266	\$ 268,363	\$ (18,097)
<i>Total Deferred Inflows of Resources</i>	\$ 250,266	\$ 268,363	\$ (18,097)
<i>Net Position:</i>			
<i>Net Investment in Capital Assets</i>	\$ 6,595,339	\$ 6,719,559	\$ (124,220)
<i>Restricted for Loans</i>	2,752,872	2,668,801	84,071
<i>Unrestricted</i>	14,384,775	15,231,727	(846,952)
<i>Total Net Position</i>	\$ 23,732,986	\$ 24,620,087	\$ (887,101)

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

Significant changes from prior year are as follows:

- The Agency's total assets decreased slightly due to payments received on loans and notes receivable, as well as the creation of an allowance for certain aging loans.
- Total liabilities increased significantly due to the timing of invoices received and payments made near year end.
- Total net position reduced due to expenses over revenues as discussed in *Figure 2*.

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

Figure 2

Changes in Net Position	Total Agency		Total Dollar Change
	2023	2022	
<i>Operating Revenues:</i>			
<i>Fee Income</i>	\$ 493,919	\$ 1,216,571	\$ (722,652)
<i>Other Income</i>	94,457	105,078	(10,621)
<i>Non-Operating Revenues:</i>			
<i>Investment Income</i>	403,127	(89,964)	493,091
<i>Gain (Loss) on Sale of Assets</i>	10,052	(8,309)	18,361
<i>Loan Interest Earned</i>	44,660	92,384	(47,724)
<i>Rental Income</i>	92,428	82,800	9,628
Total Revenues	\$ 1,138,643	\$ 1,398,560	\$ (259,917)
<i>Operating Expenses:</i>			
<i>Salaries and Benefits Expense</i>	\$ 582,953	\$ 652,836	\$ (69,883)
<i>Depreciation Expense</i>	145,684	143,627	2,057
<i>Professional Fees</i>	161,385	107,011	54,374
<i>Office Expense</i>	56,920	54,290	2,630
<i>Bad Debt Expenses</i>	288,585	-	288,585
<i>Other Expenses</i>	790,217	476,925	313,292
Total Expenses	\$ 2,025,744	\$ 1,434,689	\$ 591,055
CHANGE IN NET POSITION	\$ (887,101)	\$ (36,129)	\$ (850,972)

Significant changes from prior year are as follows:

- The Agency saw a reduction in projects during the year, resulting in lower fee income. This was partially offset by investment income earned on the Agency's investments.
- Total expenses increased due to the establishment of a bad debt reserve for certain loans receivable, as well as an increase in project related expenses within other expenses.

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT’S DISCUSSION AND ANALYSIS DECEMBER 31, 2023

CAPITAL ASSETS

At December 31, 2023, the Agency had invested in a broad range of capital assets totaling \$7,491,407 offset by accumulated depreciation of \$896,068. *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>2023</i>	<i>2022</i>	
<i>Land</i>	\$ 2,101,573	\$ 2,101,573	\$ -
<i>Buildings and Improvements, Net</i>	4,459,217	4,569,498	(110,281)
<i>Equipment, Net</i>	34,549	48,488	(13,939)
<i>Totals</i>	\$ 6,595,339	\$ 6,719,559	\$ (124,220)

Capital assets, net, decreased 1.85%. This decrease is attributed to the depreciation of the Agency’s various assets of \$145,684, offset by equipment additions of \$21,464.

FACTORS BEARING ON THE AGENCY’S FUTURE

- The Agency updated its Action Plan for 2021 – 2025. The Action Plan outlined five strategic priorities: Implement a new housing and housing rehabilitation program to support workforce needs, advancing “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 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 will use the Broome County Housing Needs Assessment to address and measure our housing needs.
- During 2023 the Agency approved a number of projects including the Crowley Lofts, Homestead on Grand, and 200 Court Street Housing Development, LLC.
- The Agency received a grant award of \$500,000 from the NYS Fast program to research the development of a new corporate park.
- The economic landscape is still uncertain due to higher interest rates and high labor and material costs. We continue to move forward assisting our local businesses and remain successful through this difficult time.

***BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY***

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023**

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, 2023

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 2,319,036
Investments	2,410,610
Accounts Receivable	123,699
Pass-Through Receivable	7,078
Prepaid Expenses	3,899
Notes Receivable - Current Portion	147,056
Loans Receivable - Current Portion	270,317
Due From County - Current Portion	5,000
Leases Receivable - Current Portion	75,351
Total Current Assets	<u>5,362,046</u>

Non-Current Assets

Cash and Cash Equivalents - Restricted	1,296,625
Investments	5,711,577
Notes Receivable - Non-Current Portion	1,175,036
Loans Receivable, Net - Non-Current Portion	1,194,794
Due From County - Non-Current Portion	60,000
Leases Receivable - Non-Current Portion	174,915
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	4,493,766
Total Non-Current Assets	<u>18,856,645</u>

Total Assets

\$ 24,218,691

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 223,545
Unearned Revenue	11,053
Security Deposits	841

Total Liabilities

235,439

Deferred Inflows of Resources

Leases	<u>250,266</u>
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NET POSITION

Net Investment in Capital Assets	6,595,339
Restricted for Loans	2,752,872
Unrestricted	<u>14,384,775</u>

Total Net Position

23,732,986

Total Liabilities and Net Position

\$ 24,218,691

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, 2023**

Operating Revenues	
Fee Income	\$ 493,919
Other Income	<u>94,457</u>
Total Operating Revenues	<u>588,376</u>
Operating Expenses	
Salaries and Benefits	582,953
Depreciation Expense	145,684
Professional Fees	161,385
Office Expense	56,920
Other Administrative Expenses	457,976
Marketing Initiative Expenses	166,284
Insurance	23,565
Repairs, Maintenance, and General	110,146
Professional Development Expense	24,256
Bad Debt Expenses	288,585
Broome County Corporate Park Maintenance	<u>7,990</u>
Total Operating Expenses	<u>2,025,744</u>
Operating Income (Loss)	<u>(1,437,368)</u>
Non-Operating Revenues (Expenses)	
Investment Gain (Loss)	403,127
Gain (Loss) on Sale of Assets	10,052
Loan Interest Earned	44,660
Rental Income	<u>92,428</u>
Total Non-Operating Revenues (Expenses)	<u>550,267</u>
Change in Net Position	(887,101)
Net Position, January 1, 2023	<u>24,620,087</u>
Net Position, December 31, 2023	<u>\$ 23,732,986</u>

See Notes to Financial Statements

BROOME COUNTY ***INDUSTRIAL DEVELOPMENT AGENCY***

STATEMENT OF CASH FLOWS **FOR THE YEAR ENDED DECEMBER 31, 2023**

Cash Flows From Operating Activities	
Cash Received from Providing Services	\$ 498,708
Cash Payments - Salaries Expense	(582,953)
Cash Payments - Contractual Expenses	<u>(800,799)</u>
Net Cash Provided (Used) by Operating Activities	<u>(885,044)</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	(21,464)
Loss on Sale of Assets	<u>10,052</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(11,412)</u>
Cash Flows From Investing Activities	
Principal Payments on Notes Receivable	540,956
Principal Payments on Loans Receivable	379,547
New Loans Issued	(150,000)
Purchase of Investments	(3,332,078)
Sale of Investments	3,825,641
Investment Income	60,049
Interest Income Received	44,660
Rental Income Received	<u>92,428</u>
Net Cash Provided (Used) by Investing Activities	<u>1,461,203</u>
Net Change in Cash and Cash Equivalents	569,747
Cash and Cash Equivalents, January 1, 2023	<u>3,045,914</u>
Cash and Cash Equivalents, December 31, 2023	<u>\$ 3,615,661</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,437,368)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	145,684
Bad Debt	288,585
(Increase) Decrease in Accounts Receivable	(92,070)
(Increase) Decrease in Prepaid Expenses	(3,899)
Increase (Decrease) in Accounts Payable	211,622
Increase (Decrease) in Unearned Revenue	<u>2,402</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (885,044)</u>

See Notes to Financial Statements

BROOME COUNTY

INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023

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, 2023, the program reimbursed operating expenses of \$60,585.

Allowance for Uncollectible Loans

The Agency follows the policy of evaluating its loans receivable to adequately reserve for anticipated losses. Management believes there are loans receivable that should be deemed uncollectible; therefore, a \$288,585 reserve for the loans has been established as of December 31, 2023.

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 \$5,000 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:

Asset	Years
Buildings	30-40
Building Improvements	10-20
Equipment	3-7

BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023

***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, 2023

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 2023, nor were any bonds outstanding as of December 31, 2023.

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, 2023:

- GASB Statement No. 96, “Subscription-Based Information Technology Arrangements.” The Agency has determined there was no material effect on the financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, “Compensated Absences,” effective for the year ending December 31, 2024.

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

Reclassifications

Certain financial statement items have been reclassified to conform to the current year's presentation. The reclassifications had no effect on the net assets previously reported.

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 \$3,692,467 at December 31, 2023 were covered by FDIC insurance up to \$250,000. As of December 31, 2023, 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 \$1,296,625 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, 2023, 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, 2023: U.S. Treasury notes of \$8,122,187 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, 2023

Note 5 Loans Receivable

Loans receivable, net, for the year ended December 31, 2023, is summarized as follows:

	<u>Development Revolving Loan</u>	<u>STEED</u>	<u>Business Retention and Expansion</u>	<u>Total</u>
Principal Balance at January 1, 2023	\$ 535,446	\$1,235,153	\$ 212,644	\$1,983,243
New Loans	150,000	-	-	150,000
Principal Repayments	(217,914)	(136,322)	(25,311)	(379,547)
Allowance for Uncollectable	-	(288,585)	-	(288,585)
Balance at December 31, 2023	467,532	810,246	187,333	1,465,111
(Less): Current Portion	(72,266)	(172,018)	(26,033)	(270,317)
Non-Current Portion at December 31, 2023	<u>\$ 395,266</u>	<u>\$ 638,228</u>	<u>\$ 161,300</u>	<u>\$1,194,794</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, 2023:

	<u>Interest Rate</u>	<u>Payment</u>	<u>Maturity</u>	<u>Principal</u>
ADEC Solutions USA, Inc.	3%	\$4,903 Monthly	8/2030	\$ 367,100
Spark JC, LLC	0%	\$100,000 to \$54,992 Annually	1/2033	954,992
Balance at December 31, 2023				1,322,092
(Less): Current Portion				(147,056)
Non-Current Portion at December 31, 2023				<u>\$1,175,036</u>

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 \$65,000 at December 31, 2023.

Note 9 Due From Binghamton Local Development Corporation

During 2019, 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, 2023, Binghamton LDC has not sold the land or building. At December 31, 2023, 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 December 2027. The agreements call for monthly payments from leases ranging from \$600 to \$4,167. Leases receivable as of December 31, 2023 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%	\$ 184,067
Alliance for Manufacturing and Technology	5/24/2022	5/23/2025	1.04%	20,527
Visions Federal Credit Union	1/1/2023	12/31/2027	3.94%	45,672
Total				<u><u>\$ 250,266</u></u>

The following is a summary of the future lease receivables:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 75,351	\$ 3,895	\$ 79,246
2025	66,290	2,720	69,010
2026	62,289	1,571	63,860
2027	46,336	436	46,772
	<u><u>\$ 250,266</u></u>	<u><u>\$ 8,622</u></u>	<u><u>\$ 258,888</u></u>

BROOME COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 11 Capital Assets

The detail of capital assets, net, at December 31, 2023 is as follows:

	<u>Balance at December 31, 2022</u>	<u>Additions</u>	<u>Disposals/ Reclassifications</u>	<u>Balance at December 31, 2023</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	21,464	-	5,332,398
Equipment	57,436	-	-	57,436
Total Depreciable Capital Assets	<u>5,368,370</u>	<u>21,464</u>	<u>-</u>	<u>5,389,834</u>
 Total Historical Cost	<u>7,469,943</u>	<u>21,464</u>	<u>-</u>	<u>7,491,407</u>
 (Less): Accumulated Depreciation				
Building and Improvements	(736,286)	(136,895)	-	(873,181)
Equipment	(14,098)	(8,789)	-	(22,887)
Total Accumulated Depreciation	<u>(750,384)</u>	<u>(145,684)</u>	<u>-</u>	<u>(896,068)</u>
 Capital Assets, Net	<u><u>\$ 6,719,559</u></u>	<u><u>\$ (124,220)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,595,339</u></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, 2023

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 2023, \$5,590,980 was received in PILOT payments compared to the \$13,603,790 which would have been received if businesses paid the full amount of property taxes; for total property tax abatements totaling \$8,012,810.

In addition to PILOTs above, \$2,138,186 of sales tax abatements were awarded, for total tax abatements of \$10,150,996.

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.

Note 15 Restatement

During the year, the Agency corrected errors associated with its fees receivable. The Agency's December 31, 2022 balances have been restated to reflect the following:

Balance Beginning of Year, as Previously Reported	\$ 23,665,095
Correction of an Error	954,992
Balance Beginning of Year, as Restated	<u><u>\$ 24,620,087</u></u>

BROOME COUNTY

INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS **DECEMBER 31, 2023**

<u>Project Name</u>	<u>Exemption Period</u>	<u>Purpose</u>	<u>Sales Tax Cap</u>	<u>Sales Tax Exemptions</u>
78 Main Street, LB4 Properties, LLC	N/A		\$ -	\$ 18,324
109 Oak Street, LB4 Properties, LLC-Sm. Bus. Inc	N/A		99,818	-
159 Washington Street Holdings	2021 - 2030	Construction	50,000	-
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	517,380
BMP Properties LLC.-Sm. Bus. Incentive	N/A		53,040	6,884
Broome Culinary	2018 - 2048	Construction	754,000	-
Buckingham Manufacturing	2019 - 2039	Manufacturing	33,000	-
Canopy Growth USA, LLC	2021 - 2034	Manufacturing	3,200,000	-
Carrier Services Group-we of 3-1	2020 - 2029	Services	60,000	-
Century Sunrise	2018 - 2048	Construction	640,000	-
Chenango Place – One Wall Street	2014 - 2024	Construction	-	-
CR Land	2018 - 2028	Construction	160,000	-
322 Main Street Binghamton-Small Business Incen.	N/A		-	-
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	78,264
Freewheelin ANSCO	2019 -2039	Construction	1,200,000	-
Funky Beez	N/A		-	6,571
GJS Property Group, LLC (Sm. Bus. Incentive)-Ext-5/20/22	N/A		60,000	2,046
GSM REALTY LLP	N/A		-	96,172
Good Shepherd Village (*Nonprofit - Exempt)	2010 - 2040	Civic Facility	-	-
Phoenix Endicott Industrial Investors, LLC. (Sm. Bus. Incentive)	N/A		99,220	8,000
Kashou Enterprises	N/A		331,440	1,284
Spirit Realty - Was CAE	2021-2037	Construction	432,000	-
LBK Properties, LLC-sm. Bus. Incen	N/A		11,429	-
LCP Group Inc. - Sm Business Incentive	N/A		98,800	5,774
LehtonenLumber DBA Foland Lumber (Small Bus. Incentive)	N/A		12,000	1,135
Marchuska Productions, LLC - 49 Court Street-Sm. Bus Incen.	N/A		18,160	5,572
Millennium Pipeline	2009 - 2024	Construction	-	-
Nealon Transportation - KMCC Ventures	2017 - 2033	Transportation or Utility	-	-
One North Depot	N/A		360,000	-
Pacemaker Steel	2017 - 2032	Manufacturing	-	-
Printing House	2016 - 2026	Construction	-	-
Sam A. Lupo & Sons, Inc. (SSE3, LLC)	2021 - 2035	Manufacturing	65,600	-
SaveAround	2018 - 2038	Manufacturing	45,000	-
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	37,052
Spark JC, LLC	N/A		-	1,353,728
Vestal Park - UP1 & UP 2	2014 - 2036	Construction	1,344,720	-
Woodburn Court	2017 - 2036	Retirement Community	-	-
Total			\$ 30,703,255	\$ 2,138,186

Mortgage Tax Exemptions	Payments in Lieu of Taxes	Property Taxes if Not Exempt	Total Exemptions	Current Employment 12/31/2023
\$ -	\$ -	\$ -	\$ 18,324	8
-	-	-	-	1
-	11,213	44,514	33,301	0
-	522,803	788,360	265,557	0
-	151,722	1,009,485	857,763	5
-	22,813	45,297	22,484	73
-	16,609	66,529	49,920	2
-	78,557	649,069	1,087,892	74
-	-	-	6,884	33
-	-	-	-	0
-	13,427	42,850	29,423	401
-	247,837	333,841	86,004	0
-	7,880	-	(7,880)	5
-	33,378	1,364,379	1,331,001	3
-	293,423	444,654	151,231	4
-	55,115	74,762	19,647	3
-	-	-	-	0
-	209,760	1,890,697	1,680,937	505
-	18,673	15,746	75,337	60
-	46,841	423,022	376,181	0
-	-	-	6,571	8
-	-	-	2,046	47
-	133,243	-	(37,071)	52
-	156,182	-	(156,182)	87
-	-	-	8,000	0
-	11,553	-	(10,269)	12
-	76,888	163,756	86,868	98
-	-	-	-	0
-	-	-	5,774	49
-	-	-	1,135	6
-	-	-	5,572	33
-	-	1,789,290	1,789,290	0
-	7,675	17,637	9,962	16
-	15,226	134,164	118,938	0
-	59,085	58,815	(270)	94
-	263,617	651,924	388,307	6
-	12,164	101,176	89,012	36
-	42,170	136,999	94,829	23
-	348,714	860,881	512,167	182
-	117,202	319,863	202,661	0
-	204,572	164,560	(2,960)	5
-	478,264	395,953	1,271,417	330
-	1,766,788	1,440,775	(326,013)	11
-	167,586	174,792	7,206	5
\$ -	\$ 5,590,980	\$ 13,603,790	\$ 10,150,996	\$ 2,277

**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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 26, 2024.

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 26, 2024