

**BINGHAMTON URBAN
RENEWAL AGENCY**

Binghamton, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2013**

BINGHAMTON URBAN RENEWAL AGENCY

DECEMBER 31, 2013

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Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Binghamton Urban Renewal Agency
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Binghamton Urban Renewal Agency (the Agency), a component unit of the City of Binghamton, as of and for the year ended December 31, 2013, which collectively comprise the Agency's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Binghamton Urban Renewal Agency as of December 31, 2013 and the respective changes in financial position of the Agency for the year then ended, in conformity with generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2014 on our consideration of the Binghamton Urban Renewal Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 the Agency's internal control over financial reporting and compliance.

Cianchi, D'Andrea, Little, Middleman, & Company, LLP

March 26, 2014
Ithaca, New York

BINGHAMTON URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

The following is a discussion and analysis of the Binghamton Urban Renewal Agency's (the Agency) financial performance for the fiscal year ended December 31, 2013. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position of \$471,637 grew by \$958 in 2013, from \$470,679 in 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: MD&A (this section) and the basic financial statements and supplementary information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Statement of Net Position and Statement of Activities

The Statement of Net Position and Statement of Activities columns in the basic financial statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

These financial statements report the Agency's net assets and how they have changed. Net position - the difference between the Agency's assets and liabilities - is one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net position are an indicator of whether its financial position is improving or deteriorating.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net position for the fiscal years ended December 31, 2013 and 2012 changed by \$958 and \$4,047, respectively. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's Governmental Activities.

Figure 1

Condensed Statement of Net Position

Condensed Statement of Net Position	2012	2013	Total Dollar Change
			2012 - 2013
<i>Current assets</i>	\$ 24,047	\$ 25,005	\$ 958
<i>Noncurrent assets</i>	446,632	446,632	-0-
Total Assets	470,679	471,637	958
<i>Net investment in capital assets</i>	446,632	446,632	-0-
<i>Restricted</i>	20,000	20,000	-0-
<i>Unrestricted</i>	4,047	5,005	958
Total Net Position	\$ 470,679	\$ 471,637	\$ 958

BINGHAMTON URBAN RENEWAL AGENCY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Figure 2

Changes in Net Position

Changes in Net Position	2012	2013	Total Dollar Change
			2012 - 2013
<i>Revenues:</i>			
<i>Rental income</i>	\$ 24,200	\$ 24,200	\$ -0-
<i>Grant income</i>	40,818	50,000	17,635
<i>Interest income</i>	12	13	-0-
Total Revenues	65,030	74,213	17,635
<i>Expenses:</i>			
<i>Professional fees</i>	10,000	2,000	10,000
<i>Stadium and related expense</i>	50,983	71,255	562
Total Expenses	60,983	73,255	10,562
CHANGE IN NET POSITION	\$ 4,047	\$ 958	\$ 7,073

Grant income from the City of Binghamton is determined in part by the amount of expenses; the Agency is required to maintain its restricted fund balance, and the City is required to fund the Agency in order to ensure this balance is maintained.

CAPITAL ASSETS

Figure 3 shows the capital assets for the year. As noted below, capital assets were unchanged in 2013.

Figure 3

Capital Assets

Capital Assets	2012	2013	Total Dollar Change
			2012 - 2013
Land	\$ 446,632	\$ 446,632	\$ -0-

FACTORS BEARING ON THE AGENCY'S FUTURE

The Binghamton Mets requested BURA exercise its option to extend the lease with the City for the stadium for 25 years. Because the lease does not expire until 2017, it was determined that no action needs to be taken at this time. Throughout the year, the Agency reviewed and evaluated claims by the Binghamton Mets for non-routine maintenance. Several were approved and a few denied, as they appeared to be routine. The B-Mets notified BURA that the stadium field is nearing the end of its useful life and suggested provisions be made for replacement in the coming 3-5 years. Members of the Board did some research on field replacement.

BINGHAMTON URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, customers, 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 Director of Economic Development for the City of Binghamton; 38 Hawley Street 4th Floor; Binghamton, NY 13901.

BINGHAMTON URBAN RENEWAL AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS

Current Assets:	
Cash and cash equivalents	\$ <u>25,005</u>
Total Current Assets	25,005
Noncurrent Assets:	
Land	<u>446,632</u>
Total Assets	\$ <u><u>471,637</u></u>

LIABILITIES AND NET POSITION

Total Liabilities	\$ <u>-0-</u>
Net Position:	
Net investment in capital assets	446,632
Restricted	20,000
Unrestricted	<u>5,005</u>
Total Net Position	<u>471,637</u>
Total Liabilities and Net Position	\$ <u><u>471,637</u></u>

See Independent Auditor's Report and Notes to Financial Statements

BINGHAMTON URBAN RENEWAL AGENCY
STATEMENT OF ACTIVITIES
DECEMBER 31, 2013

Revenues:		
Rental income	\$	24,200
Grant income - City of Binghamton		50,000
Interest		<u>13</u>
Total Revenues		<u>74,213</u>
Expenses:		
Professional fees		2,000
Stadium maintenance		<u>71,255</u>
Total Expenses		<u>73,255</u>
Total Increase in Net Position		958
Net Position, Beginning of Year		<u>470,679</u>
Net Position, End of Year	\$	<u><u>471,637</u></u>

See Independent Auditor's Report and Notes to Financial Statements

BINGHAMTON URBAN RENEWAL AGENCY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2013

Cash Flows from Operating Activities:	
Change in net position	\$ 958
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Net Cash Provided by Operating Activities	958
Net Cash Provided by Investing Activities	-0-
Net Cash Provided by Financing Activities	<u>-0-</u>
Net Increase in Cash and Cash Equivalents	958
Cash and Cash Equivalents, Beginning of Year	<u>24,047</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 25,005</u></u>

See Independent Auditor's Report and Notes to Financial Statements

BINGHAMTON URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1 - Summary of Significant Accounting Policies

Purpose of the Agency

The Binghamton Urban Renewal Agency (the Agency) was formed April 29, 1962 to further urban renewal in the City of Binghamton. Through New York State Municipal Law Article 15b, and in accordance with Article 18 of the NYS Constitution, the Agency was formed to promote urban development in specified areas of the City.

Reporting Entity

The Agency is a public corporation and governmental agency, and a component unit of the City of Binghamton. The financial activities of the Agency are combined with the financial activities of the City and other component units, which in turn constitute the entire reporting entity for the City. The requirements under the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations have been satisfied at the reporting entity level.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred (flow of economic resources measurement focus).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Risk and Investments

Cash Balances

The Agency maintains its accounts at a single financial institution. The Agency maintains a collateralization agreement with this financial institution for cash balances in excess of FDIC limits. At December 31, 2013, \$-0- was uninsured.

Capital Assets

Land held as of December 31, 2013 is valued at the lower of net realizable value or cost.

Revenue

The Agency is funded principally through grants from the City of Binghamton and parking lot rental income.

BINGHAMTON URBAN RENEWAL AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
DECEMBER 31, 2013

Net Position

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, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or 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 "restricted" or "invested in capital assets, net of related debt."

Note 2 - Commitments

The Agency has a lease agreement with the Binghamton Mets Baseball Club, Inc. in which the Club rents the land the stadium is on. The terms of the current lease continue through March 31, 2017, with the Club possessing the right to extend the lease for an additional 20 year period.

Note 3 - Investments

In accordance with Section 2925(6) of the Public Authorities Law for New York State, Public Authorities, the Agency reports no investments as of and for the year ended December 31, 2013. Investment policies are reviewed annually.

Note 4 - Related Parties

The Agency is a component unit of the City of Binghamton, but the Agency is legally separate from the City. The members of the Agency consist of the following City officials and employees: the Mayor, Comptroller, Corporation Counsel, City Engineer, Commissioner of Public Works, and two members of Common Council. The activity of the Agency is included in the combined financial statements of the City.

Note 5 - Property

In accordance with Section 2896(3) of the Public Authorities Law for New York State, Public Authorities, the Agency is reporting it owns land with a recorded historical cost of \$446,632 for the year ended December 31, 2013. The land is located in the City; as of December 31, 2013 there are no plans to sell the property.

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**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
Binghamton Urban Renewal 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 for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Binghamton Urban Renewal Agency's (the Agency's) (a component unit of the City of Binghamton) basic financial statements, and have issued our report thereon dated March 26, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cianchi, D'Andrea, Little, Middleman, & Company, LLP

March 26, 2014
Ithaca, New York