

BINGHAMTON URBAN RENEWAL AGENCY

FINANCIAL REPORT

DECEMBER 31, 2016



BINGHAMTON URBAN RENEWAL AGENCY

TABLE OF CONTENTS DECEMBER 31, 2016

Independent Auditor's Report	1-2
Required Supplementary Information: Management's Discussion and Analysis	3-3b
Statement of Net Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7-8
Independent Auditor's 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>	9-10

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, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Binghamton Urban Renewal Agency as of December 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-3b be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2017 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.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 7, 2017

BINGHAMTON URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016. 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 \$459,545 increased by \$113 in 2016, from \$459,432 (as restated) in 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 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 position and how it has 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.

BINGHAMTON URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net position for the fiscal years ended December 31, 2016 and 2015 changed by \$113 and \$(4,771) (as restated), 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

<i>Condensed Statement of Net Position</i>	<i>2015 (Restated)</i>	<i>2016</i>	<i>Total Dollar Change</i>
			<i>2015 - 2016</i>
<i>Current assets</i>	\$ 20,000	\$ 27,699	\$ 7,699
<i>Noncurrent assets</i>	439,432	439,432	-
<i>Total Assets</i>	459,432	467,131	7,699
<i>Current liabilities</i>	-	7,586	7,586
<i>Total Liabilities</i>	-	7,586	7,586
<i>Net investment in capital assets</i>	439,432	439,432	-
<i>Restricted</i>	20,000	20,000	-
<i>Unrestricted</i>	-	113	113
<i>Total Net Position</i>	\$ 459,432	\$ 459,545	\$ 113

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

Figure 2

<i>Changes in Net Position</i>	<i>2015 (Restated)</i>	<i>2016</i>	<i>Total Dollar Change</i>
			<i>2015 - 2016</i>
<i>Revenues:</i>			
<i>Rental income</i>	\$ 24,200	\$ 24,200	\$ -
<i>Grant income</i>	38,431	36,584	(1,847)
<i>Interest income</i>	9	8	(1)
<i>Total Revenues</i>	62,640	60,792	(1,848)
<i>Expenses:</i>			
<i>Professional fees</i>	2,000	2,000	-
<i>Stadium and related expense</i>	65,411	58,679	(6,732)
<i>Total Expenses</i>	67,411	60,679	(6,732)
<i>CHANGE IN NET POSITION</i>	\$ (4,771)	\$ 113	\$ 4,884

BINGHAMTON URBAN RENEWAL AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

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.

During 2015, the Agency sold a parcel of land on Water Street. The initial recording of this transaction was to record the entire amount received as a gain on the sale; subsequently it was determined the transaction should be recorded as a reduction in the value of capital assets. This transaction was restated in the accompanying presentation.

CAPITAL ASSETS

Figure 3 shows the capital assets for the year. As noted below, capital assets was unchanged during 2016.

Figure 3

<i>Capital Assets</i>	<i>2015</i>	<i>2016</i>	<i>Total Dollar Change</i>
			<i>2015 - 2016</i>
Land	\$ 439,432	\$ 439,432	\$ -

FACTORS BEARING ON THE AGENCY'S FUTURE

The City is soliciting grants for the potential redevelopment of the parking facility that provides the Agency with its rental income. Should this redevelopment occur, there may be an impact on the rental income received by the Agency. However, the City would still be required to fund the Agency under agreements with the City, so total revenue is not likely to be affected.

The Binghamton Mets baseball team was sold to new owners during 2016; with the agreement with the original ownership group remaining in effect. The City obtained a \$2,000,000 grant from the Dormitory Authority of the State of New York to complete significant improvements in the stadium; the new ownership group has also committed \$500,000 to support the renovations. These improvements will be in place for the 2017 season.

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, New York 13901.

BINGHAMTON URBAN RENEWAL AGENCY

STATEMENT OF NET POSITION DECEMBER 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 27,699
Total Current Assets	<u>27,699</u>

Noncurrent Assets

Land	<u>439,432</u>
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Total Assets	<u>467,131</u>
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LIABILITIES

Current Liabilities

Accounts payable	<u>7,586</u>
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Total Liabilities	<u>7,586</u>
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NET POSITION

Net investment in capital assets	439,432
Restricted	20,000
Unrestricted	<u>113</u>

Total Net Position	<u><u>\$ 459,545</u></u>
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See Independent Auditor's Report and Notes to Financial Statements.

BINGHAMTON URBAN RENEWAL AGENCY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2016

Revenues	
Rental income	\$ 24,200
Grant income - City of Binghamton	36,584
Interest	<u>8</u>
Total Revenues	<u>60,792</u>
Expenses	
Professional fees	2,000
Utilities	1,093
Stadium maintenance	<u>57,586</u>
Total Expenses	<u>60,679</u>
Total Increase in Net Position	113
Net Position, Beginning of Year (as Restated)	<u>459,432</u>
Net Position, End of Year	<u><u>\$ 459,545</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

BINGHAMTON URBAN RENEWAL AGENCY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows from Operating Activities	
Change in net position	\$ 113
Adjustments to reconcile change in net position to net cash provided by operating activities:	
Increase in accounts payable	<u>7,586</u>
Net Cash Provided by Operating Activities	7,699
Net Cash Provided by Investing Activities	<u>-</u>
Net Cash Provided by Financing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	7,699
Cash and Cash Equivalents, Beginning of Year	<u>20,000</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 27,699</u></u>

See Independent Auditor's Report and Notes to Financial Statements.

BINGHAMTON URBAN RENEWAL AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

***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.

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

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, 2016, \$-0- was uninsured.

Capital Assets

Land held as of December 31, 2016 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 DECEMBER 31, 2016

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

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 25 year period. During 2016 ownership of the Club changed; however, the lease agreement continues as written and noted above.

***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, 2016. 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. 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 reports it owns land with a net realizable value of \$439,432 for the year ended December 31, 2016. The original cost of the property was \$742,922. The land is located in the City; as of December 31, 2016 there are no plans to sell the property.

**INDEPENDENT AUDITOR'S 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 as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Binghamton Urban Renewal Agency's (the Agency) (a component unit of the City of Binghamton) basic financial statements, and have issued our report thereon dated March 7, 2017.

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.

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.

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 7, 2017