

CITY OF BINGHAMTON

Binghamton, New York

FINANCIAL REPORT

December 31, 2015



CITY OF BINGHAMTON

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Binghamton
Binghamton, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 City'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 City'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of the City of Binghamton, New York, as of December 31, 2014 were audited by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP who merged with Insero & Co. CPAs, LLP as of January 1, 2016, and whose report dated September 29, 2015 expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of City Contributions, the Schedule of the City's Proportionate Share of the Net Pension Liability, and Budgetary Comparison Schedules and the Schedule of Funding Progress on pages 4-4n and 48-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Combining Non-major Fund Financial Statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the 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 _____, 2016 on our consideration of the City of Binghamton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Binghamton's internal control over financial reporting and compliance.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 29, 2016

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

Our discussion and analysis of the City of Binghamton's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the City's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, which requires the reporting of the liability for other postemployment health benefits, as of December 31, 2008. The liability at December 31, 2015 is \$44,332,365. This liability is expected to grow each year as there is no legal mechanism in New York State to fund it. Changes to accounting standards are expected to change the way this liability is reported in 2018.
- Assets of the City's governmental activities exceeded liabilities at the close of the most recent fiscal year by \$180,360,008 (net position). Of this amount, \$(35,487,690) is unrestricted (deficit). Liabilities of the City's Business-Type Activities exceeded assets by \$(1,609,178).
- The City's expenses were \$2,135,103 more than the \$97,546,815 generated in tax and other revenues for all governmental program activities, primarily due to other postemployment benefits and the loss of joint venture equity. Expenses of the Business-Type Activities were \$5,383, and there were no revenues.
- The General Fund recorded an operating increase of \$1,936,314 in 2015 and had a fund balance of \$17,898,254 at year-end.
- The City's long-term debt (including lease obligations) increased by \$28,593,415. Bond Anticipation Notes increased by \$17,578,152, bonds increased by \$6,216,255 and other long-term liabilities increased by \$4,799,008.
- During the year ended December 31, 2015, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment of GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." As a result, beginning net position decreased \$(758,528). Additionally, the County recorded its proportionate share of net pension liabilities, as well as deferred outflows and deferred inflows related to pensions. See note 6 for more detailed information.

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and Statement of Activities (pages 5-6a) provide information about the City as a whole and present a longer-term view of the City's finances. Governmental Fund financial statements start on page 7. These statements, for Governmental Activities, tell how services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the City's operations in more detail than the Government-wide financial statements by providing information about the City's most significant funds. The remaining statements provide financial information about hotel activities which the City operated as a business before selling the property, and for which the City acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information essential to a full understanding of the data provided in the financial statements.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

In addition to basic financial statements, the annual report contains other information in the form of budgetary comparison schedules for the General Fund and Sewer Fund, as well as combining statements for funds that are not considered Major Funds and, therefore, are not presented individually in the basic financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and Statement of Activities report information about the City and its activities in a way that helps answer the question of whether the City, as a whole, is better or worse off as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of current year revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the City's net position and changes in them. The City's net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other non-financial factors, however, such as changes in the County's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, all of the City's activities which are governmental in nature are reported in one column including general governmental support, public safety, transportation, economic assistance and opportunity, culture and recreation, home and community services and interest on long-term debt. Business-Type Activities are reported in a separate column in these statements. Property and sales taxes, and state and federal grants finance most of the governmental activities.

Reporting the City's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the City's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: All of the City's services are reported in the Governmental Funds, which focus on how money flows in and out of those funds, and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. The relationship (or differences) between Governmental Activities (reported in the Government-wide financial statements) and Governmental Funds is explained in a reconciliation following the Governmental Fund financial statements.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

Proprietary Funds: When the City charges customers for the services it provides - whether to outside customers or to other units of the City - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's Enterprise Funds (a component of Proprietary Funds) are the same as the Business-type Activities we report in the Government-wide financial statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

The City as Trustee: The City is the trustee, or fiduciary, for other assets held on behalf of others. All of the City's Fiduciary Activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in this fund are used for their intended purposes.

THE CITY AS A WHOLE

A portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources subject to external restrictions on how they may be used and are reported as restricted. The remaining category of net position is unrestricted net position (deficit). Included in unrestricted resources is the City's equity interest in two joint ventures. The remaining portion of unrestricted resources may be used to meet the City's ongoing obligations and services to creditors and citizens.

Our analysis below focuses on net position (Figure 1) and changes in net position (Figure 2) of the City's Governmental Activities.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

*Figure 1
Net Position*

	<i>Governmental Activities</i>		<i>Dollar Change</i>	<i>Perecent Change</i>
	<i>As Restated, 2014</i>	<i>2015</i>	<i>2014-2015</i>	<i>2014-2015</i>
<i>Current assets</i>	\$ 45,963,801	\$ 63,049,714	\$ 17,085,913	37%
<i>Noncurrent assets</i>	5,462,119	(360,507)	(5,822,626)	-107%
<i>Capital assets, net</i>	311,707,053	327,554,782	15,847,729	5%
<i>Total Assets</i>	363,132,973	390,243,989	27,111,016	7%
<i>Pensions</i>	5,598,657	6,158,339	559,682	10%
<i>Total Deferred Outflows of Resources</i>	5,598,657	6,158,339	559,682	10%
<i>Current liabilities</i>	57,728,249	76,252,677	18,524,428	32%
<i>Noncurrent liabilities</i>	128,508,270	139,507,754	10,999,484	9%
<i>Total Liabilities</i>	186,236,519	215,760,431	29,523,912	16%
<i>Pensions</i>		281,889	281,889	100%
<i>Total Deferred Inflows of Resources</i>	-	281,889	281,889	100%
<i>Net investment in capital assets</i>	211,048,442	206,983,998	(4,064,444)	-2%
<i>Restricted</i>	10,768,517	8,863,700	(1,904,817)	-18%
<i>Unrestricted</i>	(39,321,848)	(35,487,690)	3,834,158	-10%
<i>Total Net Position</i>	\$ 182,495,111	\$ 180,360,008	\$ (2,135,103)	-1%

Current assets consist largely of \$47,301,028 in unrestricted cash. Noncurrent assets consist of the long-term portion of loans receivable of \$6,536,862 and the City's equity interest in joint ventures of \$(6,897,369). Current assets increased as a result of increases in cash related to issuance of new BANs and was offset by the increase in current liabilities. Noncurrent assets decreased as a result of a significant decline of joint venture equity. Capital assets, net of accumulated depreciation, increased as a result of investments in buildings and infrastructure exceeding depreciation.

Included in current liabilities are Bond Anticipation Notes (BANs) payable of \$51,342,676, the current portion of long-term liabilities of \$7,093,526 and various payables. Noncurrent liabilities consist of bonds payable of \$86,235,031, compensated absences of \$3,892,197, other postemployment benefits payable of \$44,332,365, lease obligations of \$1,053,853, and net pension liability proportionate share of \$3,418,567. The increase in current liabilities is primarily due to an increase in BANs payable balances. Noncurrent liabilities increased as a result of new debt, and other postemployment benefits, offset by net pension liability proportionate share, and repayment of debt.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The net amount invested in capital assets decreased overall due to the change in capital assets and the change in debt incurred to fund capital projects. Restricted net position consists of \$360,302 for debt service, \$1,143,019 for retirement contributions and benefits, and \$7,360,379 for economic development activities.

Figure 2 demonstrates the operations of the City's activities.

Figure 2
Changes in Net Position

Condensed Statement of Net Position	Governmental Activities and Government		Dollar Change	Percent Change
	2014	2015	2014-2015	2014-2015
REVENUES				
<i>Program revenues:</i>				
Charges for services	\$ 22,593,325	\$ 19,829,339	\$ (2,763,986)	-12%
Operating grants and contributions	2,648,542	3,474,292	825,750	31%
Capital grants	10,079,971	10,616,574	536,603	5%
<i>General revenues:</i>				
Real Property taxes	37,089,332	36,987,803	(101,529)	0%
Nonproperty tax items	10,999,064	11,193,215	194,151	2%
State sources	9,662,719	9,627,394	(35,325)	0%
Use of money and property	696,059	762,183	66,124	9%
Change in equity interest in joint venture	(14,514,999)	(5,444,954)	9,070,045	62%
Other general revenues	8,981,902	10,500,969	1,519,067	17%
Total Revenues	88,235,915	97,546,815	9,310,900	11%
PROGRAM EXPENSES				
General support	12,089,630	11,718,550	(371,080)	-3%
Public Safety	38,156,080	38,441,514	285,434	1%
Public Health	987,331	1,000,546	13,215	1%
Transportation	6,345,062	6,190,445	(154,617)	-2%
Economic assistance and opportunity	678,680	790,753	112,073	17%
Culture and recreation	4,353,336	4,894,484	541,148	12%
Home and community services	29,102,012	32,944,393	3,842,381	13%
Interest on debt	3,465,435	3,701,233	235,798	7%
Total Expenses	95,177,566	99,681,918	4,504,352	5%
(DECREASE) IN NET POSITION	\$ (6,941,651)	\$ (2,135,103)	\$ 4,806,548	69%

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

Governmental Activities

The net position of the City's activities decreased less than the prior year primarily due to improvement in the change in joint venture equity. Charges for services decreased due mainly to decreased water and sewer revenue; 2014 revenue was unusually high due to changes in the method of accounting for unbilled revenues. Operating grants increased as a result of increases in HUD grant revenue. Capital grants increased substantially as a result of transportation grants. Operating and capital grants fluctuate from year to year depending on the types of grants the City has applied for and received.

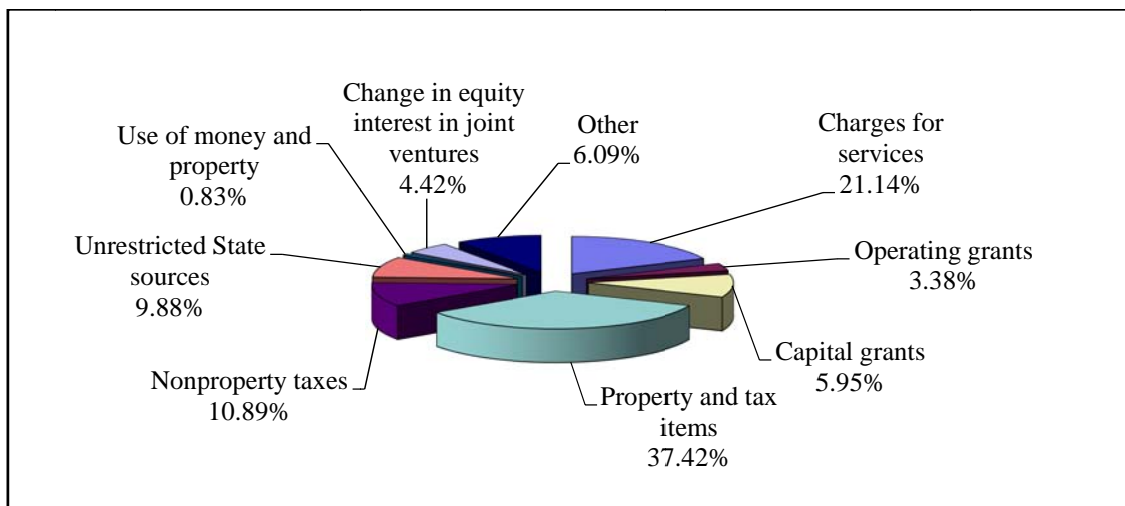
Property tax and tax items decreased less than 1% in 2015. Nonproperty taxes were up 2% in 2015 as compared to 2014. Other revenue increased primarily due to payments from the Village of Johnson City on joint venture debt, and reimbursement of prior year expenses for health insurance. The change in the City's equity interest in joint ventures is dependent on those entity's yearly operating results. See Note 12 for more information about the City's joint ventures.

Expenses increased primarily due to capital project expenditures related to the Joint Sewer Project and recognition of GASB Statement No. 68 in 2015.

The effects of the implementation of GASB Statement No. 68 are not reflected in the 2014 program expenses, as this information was not available.

*Figure 3
Revenue by Source*

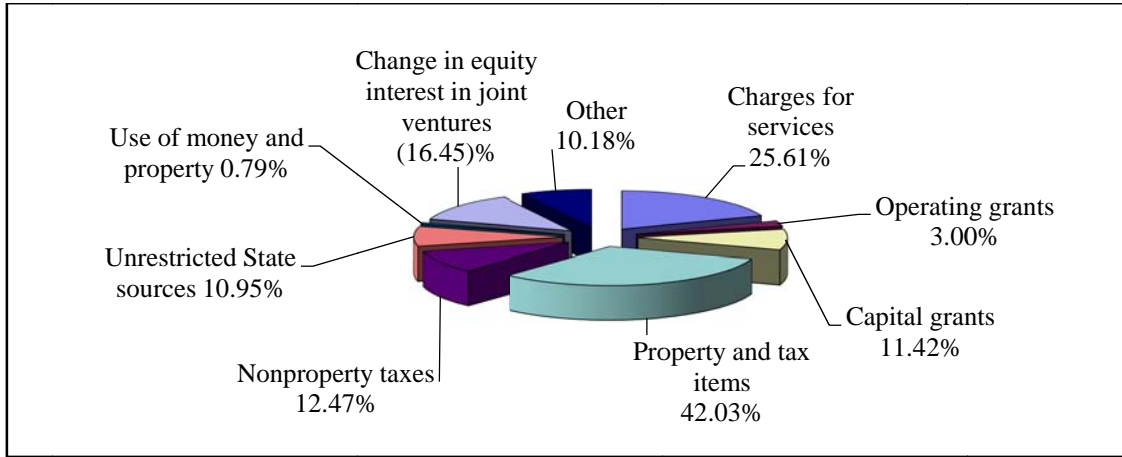
2015



CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

2014



The cost of all Governmental Activities in 2015 was \$99,681,918. However, as shown in the Statement of Activities the amount ultimately financed for these activities through City property and payments in lieu of taxes was \$65,761,713, because some of the cost was paid by those who directly benefited from the programs \$(19,829,339) or by other governments and organizations that subsidized certain programs with grants and contributions \$(14,090,866). Overall, City governmental program revenues, including fees for services and grants, were \$33,920,205. The City paid for the remaining “public benefit” portion of Governmental Activities with \$63,626,610 in taxes and other revenues, such as interest and general entitlements.

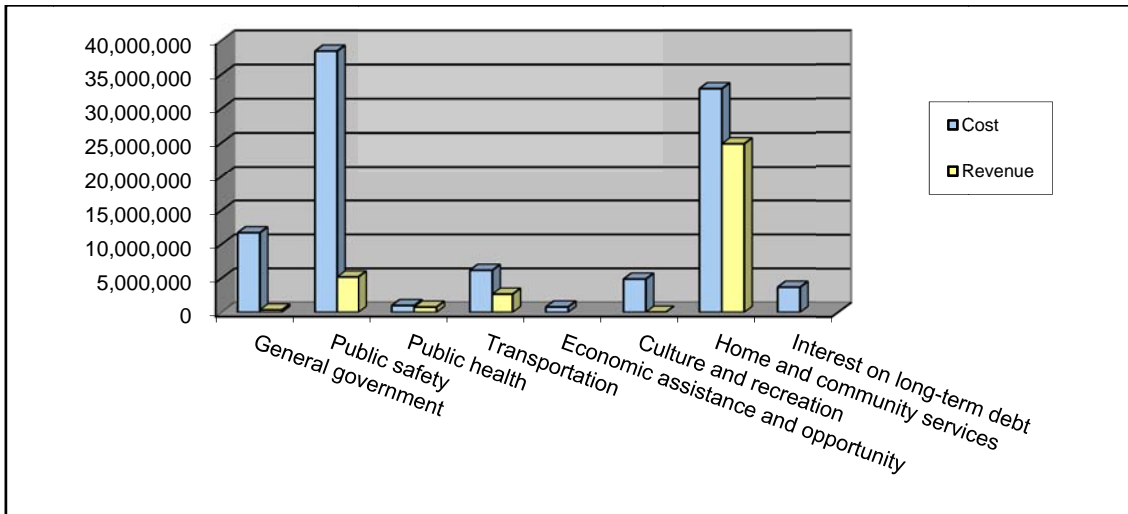
Total cost and revenue comparison of the Governmental Activities for each of the City’s largest programs follows. Note that the City’s home and community service activities which provide water and sewer services include debt service costs in their fee structures. Because debt service costs are not expenses of this function, excess revenue generated by these activities is used to make debt principal and interest payments.

CITY OF BINGHAMTON

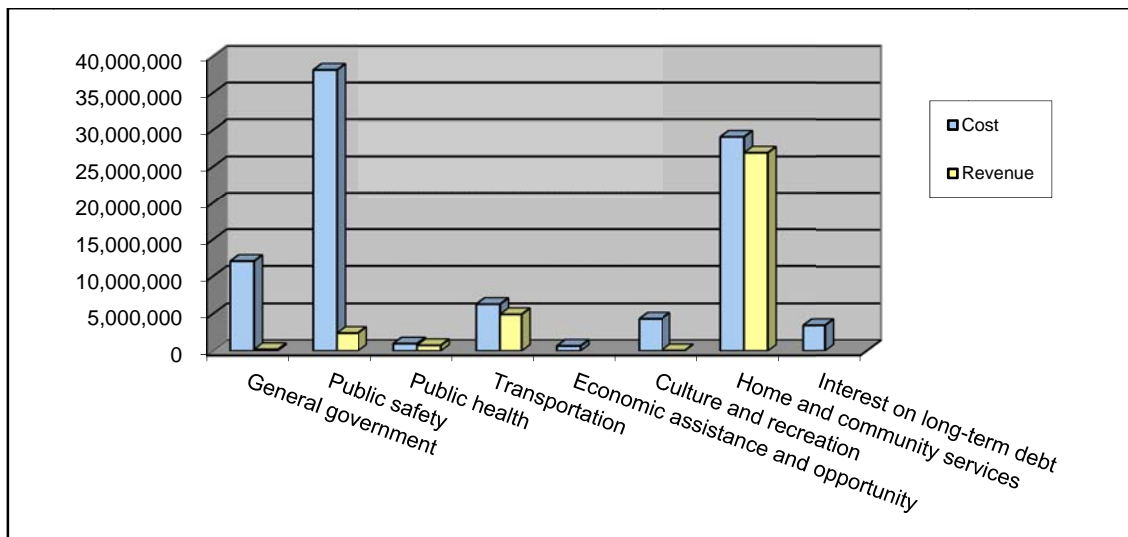
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

*Figure 4
Program Cost and Revenue Comparison
Governmental Activities*

2015



2014



CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

BUSINESS-TYPE ACTIVITIES

The City's Business-Type Activities represent the remaining activity of the Binghamton Regency Hotel. The Hotel was sold in December 2010, and the City received final payment from the buyer in December 2012. The City continues to pay outstanding loans to the U.S. Department of Housing and Urban Development (HUD), and received approval from HUD to extend final payment until August 2019.

Figure 5 shows the assets, liabilities, and net deficit of the Business-Type Activities:

*Figure 5
Business-Type Activities
Net Position*

			<i>Dollar Change</i>	<i>Perecent Change</i>
	<i>2014</i>	<i>2015</i>	<i>2014-2015</i>	<i>2014-2015</i>
<i>Current assets</i>	\$ -	\$ -	\$ -	0%
<i>Total Assets</i>	-	-		0%
<i>Current liabilities</i>	915,920	1,092,303	176,383	19%
<i>Noncurrent liabilities</i>	687,875	516,875	(171,000)	-25%
<i>Total Liabilities</i>	1,603,795	1,609,178	5,383	0%
<i>Unrestricted</i>	(1,603,795)	(1,609,178)	(5,383)	0%
<i>Total Net (Deficit)</i>	\$ (1,603,795)	\$ (1,609,178)	\$ (5,383)	0%

Changes in liabilities reflect the payment by the City to HUD, offset by funds borrowed from governmental activities. Net position changed by the interest expense recorded during the year.

THE CITY'S FUNDS

As the City completed the year, its Governmental Funds, as presented in the balance sheets on pages 7-7a, reported a combined fund balance (deficit) of \$(5,221,337), which is greater than last year's restated total of \$(3,655,648). The General Fund showed a \$1,936,314 increase in fund balance, and ended the year with an overall fund balance of \$17,898,254. The Sewer Fund reported an increase of \$4,835,941; due primarily to an increase in refund of prior years and decreased expenditures. In 2015, the Joint Sewage Treatment Plant returned approximately \$4,000,000 it had been holding for capital projects that were not going to be completed; this resulted in approximately \$1,850,000 in revenue to the Sewer Fund. In addition, the Plant reconciled 2014 and 2015 billings to municipalities during 2015, which resulted in approximately \$2,000,000 in refunds.

The Capital Projects Fund experienced an \$8,873,082 decrease in fund balance due to increased bond and BAN activity; the negative fund balance will be eliminated as short-term debt is converted to long-term financing.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

Figure 6 shows changes in fund balance for the year for the City's funds.

**Figure 6
Governmental Funds
Fund Balance at Year Ending December 31,**

Governmental Fund Balances	As Restated 2014	2015	Dollar Change 2014-2015	Percent Change 2014-2015
<i>General Fund</i>	\$ 15,961,940	\$ 17,898,254	\$ 1,936,314	12%
<i>Sewer Fund</i>	(4,481,006)	354,935	4,835,941	108%
<i>Special Grant Fund</i>	453,441	95,309	(358,132)	-79%
<i>Capital Projects Fund</i>	(17,443,581)	(26,316,663)	(8,873,082)	-51%
<i>Non-Major Funds:</i>				
<i>Refuse and Garbage Fund</i>	260,425	383,516	123,091	47%
<i>Water Fund</i>	1,943,510	2,848,883	905,373	47%
<i>Parking Ramp Fund</i>	(350,377)	(485,571)	(135,194)	-39%
Total Governmental Funds	\$ (3,655,648)	\$ (5,221,337)	\$ (1,565,689)	-43%

The General Fund increase was mainly the result of decreases in Home and Community Services related to refuse and garbage, as they are now accounted for in the Refuse and Garbage Fund. The Special Grant Fund declined due to spending of program income during the year, rather than additional grant revenue. The Water Fund increased primarily due to decreases in home and community service and employee benefit expenditures. See Note 2 regarding funds with deficit fund balances.

General Fund Budgetary Highlights

Over the course of the year, the City Council as well as the management of the City revised the City General Fund budget several times. These budget amendments consist of transfers between functions, encumbrances from the prior fiscal year, and acceptance of grant awards.

Resources available for appropriation were above the final budgeted amount by \$474,913. The actual charges to appropriations (expenditures and encumbrances) were below the final budget amounts by \$2,949,353. Refer to page 48 for detailed information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2015, the City had \$327,554,782, net of accumulated depreciation of \$249,988,811, invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net increase (including additions, net of disposals, of \$27,887,332 and depreciation expense, net of disposals, of \$(12,039,603) of \$15,847,729 over 2014.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

*Figure 7
Capital Assets, Net of Depreciation*

	<i>Governmental Activities</i>		<i>Dollar Change 2014-2015</i>	<i>Percent Change 2014-2015</i>
	<i>As Restated 2014</i>	<i>2015</i>		
<i>Land</i>	\$ 4,279,869	\$ 4,279,869	\$ -	0%
<i>Construction in progress</i>	12,811,755	29,840,861	17,029,106	133%
<i>Buildings, net</i>	10,623,714	13,245,317	2,621,603	25%
<i>Equipment, net</i>	10,117,652	10,505,634	387,982	4%
<i>Infrastructure, net</i>	273,874,063	269,683,101	(4,190,962)	-2%
<i>Total</i>	\$ 311,707,053	\$ 327,554,782	\$ 15,847,729	5%

Debt Administration

Debt (bonds, BANs, and lease obligations payable), considered a liability of Governmental Activities, increased overall by \$28,593,415. BANs increased by \$17,578,152, and compensated absences increased by \$172,538 while the liability for other postemployment benefits increased \$6,364,013, bringing total debt and long-term liabilities to \$197,368,215 as of December 31, 2015, as shown in Figure 8. Of the amount of bonds and BANs outstanding, \$54,620,831 is subject to the constitutional debt limit and represented 64% of the City's statutory debt limit. The City's bond rating was assigned an A2 by Moody's. More detailed information about the City's liabilities is presented in Notes 6 through 9 to the financial statements.

*Figure 8
Outstanding Debt and Long-term Liabilities at Year Ending December 31,*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total Government</i>		<i>Dollar Change 2014-2015</i>	<i>Percent Change 2014-2015</i>
	<i>As Restated 2014</i>	<i>2015</i>		
<i>Bond Anticipation Notes</i>	\$ 33,764,524	\$ 51,342,676	\$ 17,578,152	52%
<i>Serial bonds</i>	86,185,001	92,401,256	6,216,255	7%
<i>Installment purchase debt</i>	2,168,846	1,852,865	(315,981)	-15%
<i>Compensated absences</i>	3,847,948	4,020,486	172,538	4%
<i>Other postemployment benefits</i>	37,968,352	44,332,365	6,364,013	17%
<i>Net pension liability - proportionate share</i>	4,840,129	3,418,567	(1,421,562)	-29%
<i>Total</i>	\$ 168,774,800	\$ 197,368,215	\$ 28,593,415	17%

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

According to the New York State Department of Labor, the unemployment rate for the City of Binghamton was 5.5% in December of 2015, down from 6.0% in December of 2014, 6.8% in December of 2013, and 8.9% in 2010.

The City has instituted an aggressive approach to develop and expand the commercial and industrial base within the City and is continuing to establish its central business district as a major retailing, cultural, convention and entertainment center. Today, the business district is thriving during both during day and evening hours. Downtown has also become an entertainment center and a place where thousands of residents and visitors come to socialize following the end of the workday and on weekends. The urban core currently hosts a variety of restaurants, coffeehouses, hotels, and taverns that attract people from throughout the region. Binghamton is also the home for the Broome County Arena, a 6,925 multi-purpose arena, and is a primary entertainment venue for the residents of the Greater Binghamton area. NYSEG Stadium (former Binghamton Mets Stadium), a stadium located in the northern section of downtown, is home to the Binghamton Mets of the Double-A Eastern League. The Broome County Forum Theatre (the Forum) is a 1,500 seat performing art theatre located in the City's downtown and home to Broadway in Binghamton, the Tri-Cities Opera, and the Binghamton Philharmonic. The Forum also hosts a wide variety of other events, including concerts, conventions, talent competition, and recitals. It also houses a Robert Morgan Theatre Organ.

Successful projects as part of the Governor's Regional Economic Development Council have spurred economic growth in the City and leveraged millions in private investments.

In 2015, Binghamton University broke ground for a High Tech Incubator in downtown Binghamton. The \$22 million project will initially generate construction jobs followed by new businesses related to the research and development being carried out at the University. The new incubator project is a needed addition for the region, which currently has fundamental research carried out at the University, job training initiatives, SUNY Broome initiatives, and great manufacturing facilities. The incubator will also include wrap-around services such as financial, legal, and regulatory resources to help developing companies succeed. With such support, young firms increase their likelihood of success. Rather than two or three of 10 firms succeeding beyond three years, with the support available through an incubator, the success rate jumps to 8 of 10. The University has announced it expects to help create more than 900 jobs within the next nine years. It is expected to be totally operational in 2017.

The City's Economic Development Office is working in concert with the College and the University to identify suitable locations for the Governor's "Start-Up New York" tax free zone program. The Binghamton Local Development Corp (the BLDC) had worked with local business owners, Cornell University, SUNY Broome, and Cornell Cooperative Extension to attract a new generation of food businesses that will take advantage of Binghamton's proximity to Cornell's technology and the City's access to three major railroads and interstate highways. This project is also part of the Upstate Revitalization Initiative discussed below.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

With more than \$6.6 million secured in funding from the NYSDOT and the Upstate Revitalization Initiative, work will begin this fall on the 434 Greenway Project—a bike and pedestrian trail connecting Binghamton University and Downtown. It will serve as a critical link in the multi-use trail network across the Southern Tier, promote alternative modes of transportation, and showcase to the community the City's growing bond with the University.

SUNY Broome has proposed to take over the former Carnegie Library recently acquired by the Broome County Industrial Development Agency, to develop a downtown campus for its gaming and hospitality programs. It received a \$2.5 million grant to assist in the expansion and is advancing the project, particularly in light of the New York Gaming commission issuing a license to Tioga Downs Raceway and Casino.

Over the last three years 2,500 new upscale student housing units have been built and opened in the City's downtown. In addition another 500 will be completed by the close of 2016 including the Printing House which will house 300 students. These multiple residential and mixed use projects have brought both a renewed optimism and economic vitality to the City's downtown. The projects resulted in millions of dollars being invested into the downtown core, while bringing a new life to downtown. Commercial business storefronts along Court, Washington, State, and Chenango streets attract and serve the new residents.

A state of the art VA clinic at 203 Court Street is set to open in 2017. By tearing down blighted properties and rehabilitation of vacant buildings, this \$10 million project will further transform the Court St. Gateway to our downtown and ensure quality healthcare for the some 17,000 veterans who live in the Greater Binghamton area. A \$5 million, five story commercial and housing project at the vacant 72 Court Street location continues to move through the planning and engineering process.

The trend of converting commercial buildings into urban homes and lofts has gained momentum and quickly spread to multiple areas downtown. In addition to the loft living taking place downtown, an "Arts District" is also being formed. Many artists continue to purchase buildings to use as residences, personal studios and art galleries. Area residents recognize the significant artistic talent that exists in the community and the "First Friday Art Walk" which highlights a range of quality artistic shops, galleries, and live entertainment has continued to grow and increase traffic for local businesses. These artists could locate anywhere in the world, but have all chosen the City as a base for their artistic venues. In 2015, more than 20,000 visitors attended the LUMA Projection Arts Festival in our arts district.

In 2015, multiple manufacturing expansion projects were underway in the City, including new machinery at the Association for Vision Rehabilitation and Employment, Inc. and Buckingham Manufacturing.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

The City's economic development success is not limited to downtown, but is taking place Citywide as businesses continue to take advantage of developing positive economic momentum and the resulting increased customer base. In July 2015, ScottTech, LLC, a warehouse management technology company, relocated its corporate headquarters to 336 Court Street, bringing 14 jobs to the City of Binghamton and investing more than \$300,000 in building upgrades and equipment. With the help of a BLDC loan of \$200,000, Mountain Fresh Dairy has revived the Crowley Dairy plant on Conklin Avenue, and is expected to create 90 new jobs. Across the railroad tracks from the downtown area a developer has proposed a mixed use-market rate development at One North Depot, which will include over 70 moderately priced units; mostly studio apartments for recent graduates, graduate students and professors. The BLDC has loaned \$200,000 to this project to be used on stabilizing the property and making the structure more attractive to commercial lenders. The City sold a former senior center located one block from the Court St. corridor to Red Barn Computer, Inc., this has created a high tech data service and storage center, as well as ancillary businesses and established 15 new jobs.

From 2014 to present, 189 projects were reviewed and approved by the Planning Commission and Planning staff. More than 2,500 building permits were issued in support of the design and construction of these projects. The self-reported value of the total cost of construction for all projects combined (2014-2015) is more than \$58,000,000. Twelve or more projects had a value greater than \$1,000,000 and the most expensive project was valued at over \$9,000,000. Seven of the later projects in this group have been completed and are open for business. The remaining projects are either under construction or under design review. In addition to these larger commercial projects, the City also issued more than 900 building permits during 2014 and more than 950 permits in 2015, reflecting steady investment in both residential and commercial growth opportunities.

New businesses continue to open throughout the City. Nielsen Hardware, a manufacturing spin off, opened on the City's north side with location assistance from BEDO and a BLDC loan from BEDO. Confluence Running opened a running shoe store in the South Bridge district, again with location assistance and a BLDC Loan, along with Sweet Frog Frozen Yogurt and the National Floor Store; completing renovation of a formerly underutilized plaza. Across from this newly renovated plaza, Dunkin Donuts opened a new outlet, filling a building which had been vacant for over 5 five years. I-3 Technologies recently purchased a small manufacturing operation on the Northside of Binghamton and is in the process of relocating part of the assembly of its high tech manufacturing to Binghamton. This will bring over 100 high paying jobs to the City, starting in 2016.

In 2015 the City completed a two phase \$6 Million Riverside Drive Project; a full-depth reconstruction of this Street on the west side of Binghamton. Reconstruction included water/sewer upgrades, full repaving, streetscape changes, and traffic signal upgrades.

The City government continues to improve its infrastructure by investing approximately \$10 million annually in capital improvements. Additional projects to upgrade and rehabilitate the City's gateways and bridges are currently underway in the amount of \$5.2 million. These projects are a direct result of the City's successful partnership with the State Department of Transportation, which is contributing 95% of the costs of each of these projects. Over the last ten years this partnership has resulted in \$85 million being spent on a diverse range of local roadway and bridge projects.

CITY OF BINGHAMTON

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2015

Over the last two years, the City has invested nearly \$2 million in Federal and State grants to assist more than 66 homeowners achieve safer, healthier homes. This has been made possible through the City's key housing programs, Single Family Rehab Program (\$1.7 M), the First Time Homebuyer Program (\$275k), and housing enhancement program (\$36k). Average household income was just below \$30,000 for the programs above and the 44% of the recipients were 60 years or older. Recently the Housing Department successfully received a \$350,000 grant from NYS Affordable Housing Corporation for small repairs targeting elderly/handicapped single family residents.

Over the last two years, the City has assisted 18 residents become first-time homeowners through its First Time Homebuyer Program. 63% of our first time homebuyers are between the ages of 25-30. The City currently offers two purchase assistance programs to income-eligible, first-time homebuyers who have graduated from the Binghamton Homeownership Academy. The First Time Homebuyer Closing Cost/Down Payment Assistance Program provides down-payment/closing cost assistance of up to \$10,000, with a deferred loan format. The Enhanced First Time Homebuyer Program offers closing cost assistance with a rehab component. This program provides down payment/closing costs assistance of up to \$5,000, as well as renovation assistance with a deferred loan format. One-unit homes may receive up to \$20,000. Two-unit homes may receive up to \$40,000. The closing cost portion of these two programs is forgiven after 5 years of owner occupancy.

Other Potentially Significant Matters

Due to flooding that occurred in the entire Broome County area from September 7 to September 11, 2011, the sewage treatment plant jointly owned by the City and the Village of Johnson City (the "Village") suffered damage. Plant employees, Board members, and the City Engineer have worked with its insurer and FEMA to identify all damages, and are in the process of repair and mitigation to rebuild facility damage and improve resistance to future flood events. 100% of eligible project costs will be recovered through State and Federal Assistance. In addition, the City, on behalf of the City and the Village, has received from EFC approximately \$165 million in loans from the State Clean Water Revolving Loan Fund to address this situation, with 54.8% being the City's portion. The City anticipates remaining financing to also be financed through EFC.

The City and the Village of Johnson City have issued bond ordinances to cover the costs associated with rehabilitation of the Joint Sewer Plant. The Plant is currently operating under a consent order and expects to continue until completion of the project, scheduled for 2019. The project is expected to cost approximately \$250 million and will turn the treatment facility that was built in the early 1960's into a State-of-the-Art facility.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Clarence E. Shager, City Comptroller, City Hall, 38 Hawley Street, Binghamton, NY 13901.

CITY OF BINGHAMTON

STATEMENT OF NET POSITION DECEMBER 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Units</u>
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 47,301,028	\$	\$ 47,301,028	\$ 2,373,668
Restricted cash and cash equivalents	2,653,014		2,653,014	
Due from state and federal governments	1,487,543		1,487,543	
Due from other governments	1,591,282		1,591,282	
Other receivables, net	6,898,824		6,898,824	
Loans receivable, short-term portion	728,209		728,209	368,735
Inventories	305,776		305,776	
Prepaid expenses	2,084,038		2,084,038	
Total Current Assets	63,049,714		63,049,714	2,742,403
Noncurrent Assets:				
Restricted investments			-	136,954
Loans receivable, long-term portion	6,536,862		6,536,862	671,135
Equity interest in joint ventures	(6,897,369)		(6,897,369)	
Capital Assets:				
Land and construction in progress	34,120,730		34,120,730	446,632
Depreciable capital assets, net	293,434,052		293,434,052	
Total Noncurrent Assets	327,194,275	-	327,194,275	1,254,721
Total Assets	390,243,989		390,243,989	3,997,124
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	6,158,339		6,158,339	
Total Deferred Outflows of Resources	6,158,339	-	6,158,339	-
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	9,129,027		9,129,027	3,531
Accrued liabilities	7,039,828		7,039,828	
Due to other governments	3		3	
Due to fiduciary funds		921,303	921,303	
Bond Anticipation Notes payable	51,342,676		51,342,676	
Accrued interest payable	1,544,885		1,544,885	
Other	102,732		102,732	
Current Portion of Long-term Liabilities:				
Bonds payable	6,166,225	171,000	6,337,225	
Lease obligations payable	799,012		799,012	
Compensated absences	128,289		128,289	
Total Current Liabilities	76,252,677	1,092,303	77,344,980	3,531
Noncurrent Liabilities:				
Bonds payable	86,235,031	516,875	86,751,906	
Lease obligations payable	1,053,853		1,053,853	
Other postemployment benefits payable	44,332,365		44,332,365	
Compensated absences	3,892,197		3,892,197	
Retainage payable	575,741		575,741	
Net pension liability - proportionate share	3,418,567		3,418,567	
Total Long-term Liabilities	139,507,754	516,875	140,024,629	-
Total Liabilities	215,760,431	1,609,178	217,369,609	3,531
DEFERRED INFLOWS OF RESOURCES				
Pensions	281,889		281,889	
Total Deferred Inflows of Resources	281,889		281,889	-

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF NET POSITION DECEMBER 31, 2015

	<u>Primary Government</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Units</u>
<u>NET POSITION</u>				
Invested in capital assets, Net Investment in Capital Assets	<u>206,983,998</u>	<u></u>	<u>206,983,998</u>	<u>446,632</u>
Restricted	<u>8,865,780</u>	<u></u>	<u>8,865,780</u>	<u>3,538,285</u>
Unrestricted (Deficit)	<u>(35,487,690)</u>	<u>(1,609,178)</u>	<u>(37,096,868)</u>	<u>8,676</u>
Total Net Position (Deficit)	<u>\$ 180,360,008</u>	<u>\$ (1,609,178)</u>	<u>\$ 178,750,830</u>	<u>\$ 3,993,593</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General governmental support	\$ 11,718,550	\$ 134,923	\$ 217,561	\$
Public safety	38,441,514	1,034,131	770,108	3,405,478
Public health	1,000,546	772,790		
Transportation	6,190,445	1,198,799		1,479,215
Economic assistance and opportunity	790,753			
Culture and recreation	4,894,484	20,363	11,000	
Home and community services	32,944,393	16,668,333	2,475,623	5,731,881
Interest on long-term debt	3,701,233			
Total Governmental Activities	99,681,918	19,829,339	3,474,292	10,616,574
Business-Type Activities:				
Proprietary funds	5,383			
Total Primary Government	\$ 99,687,301	\$ 19,829,339	\$ 3,474,292	\$ 10,616,574
Component Units:				
Binghamton Local Development Corp.	\$ 308,671	\$ 150,750	330,863	\$ -
Binghamton Urban Renewal Agency	\$ 67,411	\$ 24,200	38,431	\$ -

GENERAL REVENUES

Real property taxes
 Real property tax items
 Nonproperty tax items
 Use of money and property
 Sale of property and compensation for loss
 Miscellaneous local sources
 State sources
 Change in equity interest in joint ventures

Total General Revenues and Contributions

Change in Net Position

Net Position (Deficit) - Beginning, as Restated

Net Position (Deficit) - Ending

See Independent Auditor's Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (11,366,066)	\$	\$ (11,366,066)	\$
(33,231,797)		(33,231,797)	
(227,756)		(227,756)	
(3,512,431)		(3,512,431)	
(790,753)		(790,753)	
(4,863,121)		(4,863,121)	
(8,068,556)		(8,068,556)	
(3,701,233)		(3,701,233)	
(65,761,713)	-	(65,761,713)	-
	(5,383)	(5,383)	
(65,761,713)	(5,383)	(65,767,096)	
			172,942
			(4,780)
36,412,754		36,412,754	
575,049		575,049	
11,193,215		11,193,215	
762,183		762,183	
1,337,117		1,337,117	7,200
9,163,852		9,163,852	6,635
9,627,394		9,627,394	
(5,444,954)		(5,444,954)	
63,626,610	-	63,626,610	13,835
(2,135,103)	(5,383)	(2,140,486)	181,997
182,495,111	(1,603,795)	180,891,316	3,811,596
\$ 180,360,008	\$ (1,609,178)	\$ 178,750,830	\$ 3,993,593

CITY OF BINGHAMTON

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Major Funds		
	General Fund	Special Revenue Funds	
		Special Grant Fund	Sewer Fund
ASSETS			
Assets:			
Cash and cash equivalents - Unrestricted	\$ 14,703,159	\$ 788,159	\$ 467,575
Due from other funds	1,035,513		129,800
Due from state and federal governments	195,244	395,455	
Due from other governments	1,591,282		
Other receivables, net	1,908,000	175	2,419,773
Inventory	16,425		91,745
Prepaid expenses	1,562,123		65,496
Cash with fiscal agent			
Loans receivable, net		7,265,071	
Total Assets	\$ 21,011,746	\$ 8,448,860	\$ 3,174,389
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 600,542	\$ 442,669	\$ 2,813,753
Accrued liabilities	2,017,147		2,632
Due to other funds	240,354	645,812	
Due to other governments			
Bond Anticipation Notes payable			
Compensated absences	105,578		3,069
Other liabilities			
Total Liabilities	2,963,621	1,088,481	2,819,454
Deferred Inflows of Resources:			
Unavailable revenue	149,871	7,265,070	
Fund Balances:			
Nonspendable	1,578,547		157,241
Restricted	1,422,758	95,309	79,490
Assigned	724,765		118,204
Unassigned	14,172,184		
Total Fund Balances (Deficit)	17,898,254	95,309	354,935
Total Liabilities and Fund Balances	\$ 21,011,746	\$ 8,448,860	\$ 3,174,389

See Independent Auditor's Report and Notes to Financial Statements

<u>Major Funds Capital Projects Fund</u>	<u>Total Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 30,566,711	\$ 775,424	\$ 47,301,028
	110,554	1,275,867
896,844		1,487,543
		1,591,282
117,408	2,453,468	6,898,824
	197,606	305,776
	379,255	2,006,874
7,794		7,794
		7,265,071
\$ 31,588,757	\$ 3,916,307	\$ 68,140,059
\$ 5,033,229	\$ 226,712	\$ 9,116,905
1,526,803	104,120	3,650,702
	389,701	1,275,867
	3	3
51,342,676		51,342,676
	19,642	128,289
	102,732	102,732
57,902,708	842,910	65,617,174
2,712	326,569	7,744,222
	576,861	2,312,649
	3,153	1,600,710
	2,654,465	3,497,434
(26,316,663)	(487,651)	(12,632,130)
(26,316,663)	2,746,828	(5,221,337)
\$ 31,588,757	\$ 3,916,307	\$ 68,140,059

CITY OF BINGHAMTON

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2015

Total Governmental Fund Balances \$ (5,221,337)

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Capital assets	\$ 577,543,593	
Accumulated depreciation	<u>(249,988,811)</u>	327,554,782

The City's proportion of the collective net pension asset or liability is not reported in the funds.

ERS net pension asset - proportionate share	\$ (1,889,118)	
PFRS net pension liability - proportionate share	<u>(1,529,449)</u>	(3,418,567)

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. These are the investments in the City's joint ventures. (6,897,369)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 7,744,222

Internal Service Funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position. (678,864)

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Accrued interest payable	\$ (1,544,885)	
Other postemployment benefits payable	(44,332,365)	
Retainage payable	(575,741)	
Compensated absences	<u>(3,892,197)</u>	(50,345,188)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. (92,401,256)

Lease obligations payable are not due and payable in the current period and, therefore, are not reported in the funds. (1,852,865)

Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

ERS deferred outflows - pensions	2,303,503	
ERS deferred inflows - pensions	(212,621)	
PFRS deferred outflows - pensions	3,854,836	
PFRS deferred inflows - pensions	<u>(69,268)</u>	<u>5,876,450</u>

Net Position of Governmental Activities		<u>\$ 180,360,008</u>
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See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	Major Funds			
	General Fund	Special Revenue Funds		Capital Projects Fund
		Special Grant Fund	Sewer Fund	
REVENUES				
Real property taxes	\$ 36,412,754	\$	\$	\$
Real property tax items	575,049			
Nonproperty tax items	11,193,215			
Departmental income	1,406,223	43,937	7,912,464	
Intergovernmental charges	443,640	44,327		4,853,599
Use of money and property	121,773		556,662	1,413
Licenses and permits	233,071			
Fines and forfeitures	687,269			
Sale of property and compensation for loss	272,799			1,143,175
Miscellaneous local sources	341,874	(95,400)	3,325,846	517,324
Interfund revenues	1,624,442			
State sources	9,898,629		(143,145)	2,692,751
Federal sources	590,086	2,431,296	(429,436)	3,681,053
Total Revenues	63,800,824	2,424,160	11,222,391	12,889,315
EXPENDITURES				
Current:				
General governmental support	6,912,755		64,723	
Public safety	21,643,841			
Public health	43,389			
Transportation	2,255,944			
Economic assistance and opportunity	241,424			
Culture and recreation	2,962,148			
Home and community services	1,011,276	2,782,292	4,416,203	
Employee benefits	17,220,537		458,327	
Debt Service:				
Principal	3,896,298		1,932,094	
Interest	1,400,648		1,423,697	
Capital outlay				35,153,458
Total Expenditures	57,588,260	2,782,292	8,295,044	35,153,458
Excess of Revenues (Expenditures)	6,212,564	(358,132)	2,927,347	(22,264,143)
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	-	-	1,506,013	24,306
Interfund transfers (out)	(4,276,250)	-	402,581	
BANs redeemed from appropriations				970,500
Proceeds of obligations				12,396,255
Premium on obligations				
Payments to escrow agent				
Total Other Financing (Uses) Sources	(4,276,250)	-	1,908,594	13,391,061
Net Changes in Fund Balances	1,936,314	(358,132)	4,835,941	(8,873,082)
Fund Balances, Beginning	15,961,940	453,441	(4,481,006)	(17,443,581)
Fund Balances, Ending	\$ 17,898,254	\$ 95,309	\$ 354,935	\$ (26,316,663)

See Independent Auditor's Report and Notes to Financial Statements

Total Non-Major Governmental Funds	Total Governmental Funds
\$ _____	\$ 36,412,754
_____	575,049
_____	11,193,215
8,973,471	18,336,095
-	5,341,566
82,335	762,183
_____	233,071
_____	687,269
111,828	1,527,802
262,936	4,352,580
-	1,624,442
_____	12,448,235
-	6,272,999
9,430,570	99,767,260
_____	_____
56,630	7,034,108
_____	21,643,841
_____	43,389
629,079	2,885,023
_____	241,424
_____	2,962,148
5,491,681	13,701,452
2,439,686	20,118,550
_____	_____
15,449,470	21,277,862
669,376	3,493,721
_____	35,153,458
24,735,922	128,554,976
_____	_____
(15,305,352)	(28,787,716)
_____	_____
2,643,350	4,173,669
(300,000)	(4,173,669)
_____	970,500
16,190,000	28,586,255
79,147	79,147
(2,413,875)	(2,413,875)
_____	_____
16,198,622	27,222,027
_____	_____
893,270	(1,565,689)
_____	_____
1,853,558	(3,655,648)
\$ <u>2,746,828</u>	\$ <u>(5,221,337)</u>

CITY OF BINGHAMTON

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (1,565,689)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the sale of capital assets increase financial resources. The net effect is loss on sale of capital assets on the Government-wide Statement of Activities vs. proceeds from the sale of capital assets on the Governmental Fund financial statements.

Capital outlay	\$ 28,811,854	
Depreciation expense	(12,773,440)	
Net book value of disposed assets	<u>(190,685)</u>	15,847,729

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference in unearned revenue. (192,339)

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. This is the change in the investments in the City's joint ventures. (5,444,954)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which the issuance of new debt and BANs redeemed exceeded

Proceeds of debt	\$ (12,396,255)	
BANs redeemed	(970,500)	
Principal payments	<u>7,466,481</u>	(5,900,274)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

Change in accrued interest payable	\$ (207,512)	
Change in noncurrent compensated absences	(55,274)	
Change in retainage payable	(575,741)	
Change in other postemployment benefits payable	<u>(6,364,013)</u>	(7,202,540)

Internal Service Funds are used by management to charge the costs of certain activities, such as workers compensation and insurance, to individual funds. Net revenue of the Internal Service Fund is reported with Governmental Activities. 623,609

Changes in the County's proportionate share of net pension liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the County's deferred outflows and deferred inflows related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ 875,978	
PFRS	<u>823,377</u>	<u>1,699,355</u>

Change in Net Position of Governmental Activities \$ (2,135,103)

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2015

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
ASSETS		
Current Assets:		
Cash and cash equivalents - restricted	\$ _____	\$ 2,645,220
Prepaid expenses	_____	77,164
Equity interest in joint ventures		
Total Assets	_____ -	_____ 2,722,384
LIABILITIES		
Current Liabilities:		
Accounts payable	_____	12,122
Accrued liabilities	_____	3,389,126
Due to governmental funds	_____	_____
Due to fiduciary funds	921,303	_____
Loans payable, current	171,000	_____
Total Current Liabilities	_____ 1,092,303	_____ 3,401,248
Noncurrent Liabilities:		
Loans payable, long-term portion	516,875	_____
Total Liabilities	_____ 1,609,178	_____ 3,401,248
NET POSITION		
Unrestricted (Deficit)	_____ (1,609,178)	_____ (678,864)
Total Net (Deficit)	\$ <u><u>(1,609,178)</u></u>	\$ <u><u>(678,864)</u></u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	Enterprise Fund	Internal Service Fund
OPERATING REVENUES		
Interfund transfers	\$	\$ 3,014,112
Other operating revenues		115,130
Total Operating Revenues	-	3,129,242
 OPERATING EXPENSES		
Salaries and benefits		82,246
Contractual services		407,993
Workers compensation claims		2,017,629
Total Operating Expenses	-	2,507,868
 Income from Operations	-	621,374
 NONOPERATING (EXPENSES) REVENUES		
Interest income		2,235
Interest expense	(5,383)	
Total Nonoperating (Expenses)	(5,383)	2,235
 Change in Net Position	(5,383)	623,609
 Total Net (Deficit), Beginning	(1,603,795)	(1,302,473)
Total Net (Deficit), Ending	\$ (1,609,178)	\$ (678,864)

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from other funds	\$ 15,193	\$ 3,050,648
Cash payments - Employees		(82,246)
Cash payments - Suppliers		(421,217)
Cash payments - Judgments and claims		(2,519,330)
Refund of prior year expenditures		115,130
	<u>15,193</u>	<u>142,985</u>
Net Cash Provided by Operating Activities	<u>15,193</u>	<u>142,985</u>
Cash Flows from Non-capital Financing Activities:		
Interfund transfer	176,383	
	<u>176,383</u>	<u>-</u>
Net Cash Provided by Non-Capital Financing Activities	<u>176,383</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:		
Bond payments	(186,193)	
Interest expense	(5,383)	
	<u>(191,576)</u>	<u>-</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(191,576)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest income received		2,235
	<u>-</u>	<u>2,235</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>2,235</u>
NET CHANGE IN CASH EQUIVALENTS	<u>-</u>	<u>145,220</u>
Cash and Cash Equivalents, January 1, 2015	<u>-</u>	<u>2,500,000</u>
Cash and Cash Equivalents, December 31, 2015	<u>\$ -</u>	<u>\$ 2,645,220</u>
Reconciliation of Income from Operations to Net Cash Provided by Operating Activities:		
Income from operations	\$ 15,193	\$ 621,374
Decrease in accounts receivable		36,536
(Increase) in prepaid expenses		(13,224)
(Decrease) in accounts payable		(91,765)
(Decrease) in due to governmental activities		(409,936)
	<u>15,193</u>	<u>142,985</u>
Net Cash Provided by Operating Activities	<u>\$ 15,193</u>	<u>\$ 142,985</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2015

	<u>Agency Fund</u>	<u>Private Purpose Trust Fund</u>
ASSETS		
Cash and cash equivalent - Unrestricted	\$ 1,874,925	\$
Due from governmental funds	393	
Due from proprietary funds	<u>921,303</u>	
Total Assets	\$ <u>2,796,621</u>	<u>-</u>
LIABILITIES		
Agency liabilities	\$ 2,715,035	
Due to other governments	<u>81,586</u>	
Total Liabilities	\$ <u>2,796,621</u>	<u>-</u>
NET POSITION		
Restricted		<u>-</u>
Total Net Position		\$ <u>-</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND DECEMBER 31, 2015

	<u>Private Purpose Trust Fund</u>
ADDITIONS	
Other revenue	\$ <u> </u>
Total Additions	<u> -</u>
DEDUCTIONS	
Employee benefits	846
Closing fund transfer	<u>18,062</u>
	18,908
Change in Net Position	(18,908)
Net Position - Beginning of Year	18,908
Net Position - End of Year	\$ <u><u> -</u></u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

The financial statements of the City of Binghamton (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity

The City, which was established in 1867, is governed by its Charter, General City Law, and other general laws of the State of New York and various local laws. The Common Council is the legislative body responsible for overall operations; the Mayor serves as chief executive officer, and the Comptroller serves as the chief fiscal officer.

The following basic services are provided: public safety (police and fire), highways and streets, sanitation, health, culture and recreation, parking facilities, economic and community development, planning and zoning, and general administration.

All Governmental Activities and functions performed for the City are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Reporting Entity: Omnibus":

- The primary government, which is the City,
- Organizations for which the primary government is financially accountable, and;
- 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.

The decision to include a potential component unit in the City's reporting entity is based on several criteria set forth in GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following have been included in the City's reporting entity, and are discretely reported.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Component Unit - Binghamton Urban Renewal Agency

The Binghamton Urban Renewal Agency (BURA) was created in 1963 pursuant to an act of the State Legislature (General Municipal Law Article 572). Members of the Agency consist of the Mayor, Comptroller, Corporation Counsel, City Engineer, Commissioner of Public Works, and two members of Common Council. Because of local grants in aid, municipal expenditures on behalf of BURA and municipal debt for BURA purposes, BURA provides benefits and creates burdens for the City.

Components Unit - Binghamton Local Development Corporation

The Binghamton Local Development Corporation (BLDC) was incorporated in 1982 under the not for profit corporation law. BLDC is governed by a Board of Directors consisting of the Mayor, Corporation Counsel, Director of the Economic Development Department, Comptroller, and several members at large. BLDC is fiscally dependent on the City because its operations are substantially funded by grants received from the City under the Federal Community Development Block Grant and Urban Development Action Grant programs. BLDC has a fiscal year end of August 31; the information included in the financial statements is for the year ended August 31, 2015.

Financial statements for BURA and BLDC are both available from the City Department of Economic Development.

Joint Venture - Binghamton-Johnson City Joint Sewage and Waste Water Treatment Plant

The City jointly operates a sewage treatment operation with the Village of Johnson City. The operation is jointly controlled and the City has an ongoing financial responsibility for and an equity interest in the joint venture. Equity interest in the joint venture has been reflected in the Statement of Net Position.

Related Organization - Binghamton Housing Authority

The Binghamton Housing Authority was created in 1957 pursuant to an act of the State Legislature. It is governed by seven members, five of whom are appointed by the Mayor. The Authority designates management and exercises complete responsibility for all fiscal matters.

The City's basic financial statements include both Government-wide (reporting the City as a whole) and Governmental Fund financial statements (reporting the City's Major Funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either governmental or proprietary. The City's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. The remaining activities of the Binghamton Regency Hotel are classified as Business-Type Activities.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Government-wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government. Government-wide financial statements do not include the activities reported in the Fiduciary Funds. This Government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets; restricted; and unrestricted.

The Statement of Activities reports both the gross and net cost for each of the City's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the City.

The City does not allocate indirect costs. Indirect costs are reported in the function entitled "general government."

Governmental Fund Financial Statements

The financial transactions of the City are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

The City records its transactions in the funds described below:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position.

The City reports the following Major Funds:

- General Fund - Principal operating fund; includes all operations not required to be recorded in other funds.
- Capital Projects Fund - Accounts for financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

Special Revenue Funds

- Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments, and the application of such revenues toward related operating expenses and debt retirement.
- Special Grant Fund - Accounts for Community Development Block Grant activities and other federal revenue sources.

The City reports the following Non-Major Funds:

Special Revenue Funds

- Water Fund - Accounts for revenues derived from charges for water consumption and the application of such revenues toward related operating expenses and debt retirement.
- Refuse and Garbage Fund - Accounts for revenues derived from charges for garbage, refuse, and recycling consumption, and the application of such revenues toward related operating expenses.
- Parking Ramps Fund - Accounts for funds collected from parking garage receipts and related expenditures.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Proprietary Fund Types

The Proprietary Funds are used to account for activities which are similar to those often found in the private sector. The costs of providing goods or services to the general public are financed or recovered primarily through user fees. The measurement focus is upon determination of operating income, changes in net position, financial position, and cash flows.

The City reports the following Proprietary Funds:

- Enterprise Fund - Accounts for the remaining activity associated with the Binghamton Regency Hotel. The City sold the property in December 2010; the Enterprise Fund accounts for remaining activity.
- Internal Service Fund - Accounts for special activities or services provided by one department to other departments or to other governments on a cost-reimbursement basis, and for insurance coverage when the Council has decided to have a self-insurance program on an actuarial basis. The reimbursements and premiums are treated as operating revenues of the Internal Service Fund and as expenditures/expenses of the reimbursing or insured fund. Included is the following:
 - Self-Insurance Funds for Workers' Compensation - Accounts for the accumulation of resources for payment of compensation, assessments, and other obligations under Workers' Compensation Law, Article 5.

Fiduciary Fund Types

Fiduciary Fund Types are used to account for assets held by the local government in a trustee or custodial capacity. The City reports the following Fiduciary Funds:

- Agency Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian or agent.
- Private Purpose Trust Fund - Accounts for local pension funds.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Accrual Basis

The Government-wide financial statements, Proprietary Fund Types and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Basis of Accounting/Measurement Focus - Continued

Modified Accrual Basis

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The City has an agreement with Broome County; the County collects property taxes on behalf of the City and pays the City the full amount of taxes due prior to year-end. The City is assured of full tax collections, and has no current taxes receivable. All other revenues deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows related to pensions in the Statement of Net Position, as described in Note 6.

In addition to liabilities, the Statement of Net Position and the Balance Sheet - Governmental Funds will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has one type of deferred inflow, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the Balance Sheet - Governmental Funds. The governmental funds report unavailable revenues from loans receivable that remain uncollected collected after 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows related to pensions in the Statement of Net Position, as described in Note 6.

Inventory

Inventory is valued at cost utilizing the first-in, first-out method for the General, Sewer, and Water Funds. The cost of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 Summary of Significant Accounting Policies - Continued

Property Taxes

Real property taxes are levied annually by the City no later than December 31, and become a lien on January 1. City taxes are collected in two installments, the first due January 31 and the second due July 31.

Effective September 1, 2006, the City signed an intermunicipal agreement with Broome County (County) for the purposes of tax billing, collection, and enforcement of property taxes for the City and the Binghamton City School District. As part of this agreement, the City turned over outstanding delinquent taxes, In Rem Agreements, Payment in Lieu of Tax Agreements, and foreclosures. The County paid the City \$3,000,000 and agreed to pay the City for amounts collected that exceed that amount. The City has increased its allowance for doubtful accounts to cover the remaining amounts due under this agreement. The City is working with the County to determine if any funds remain to be paid. The County pays the City on or before February 15th (for the January 31st installment) and August 15th (for the July 31st installment).

Receivables

Amounts due from state and federal governments represent amounts owed to the City to reimburse it for expenditures incurred pursuant to state and federally funded programs. Other receivables represent amounts owed to the City including sewer rents, water rents, rehabilitation loans, and assessments. Provisions have been made for uncollectible accounts as considered appropriate by management. All receivables net of estimated allowances for uncollectible amounts are expected to be collected within the subsequent fiscal year.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments with initial maturities of three months or less are considered cash equivalents.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of over \$5,000, and having a useful life of greater than three years are capitalized. The estimated useful lives for governmental capital assets are as follows:

Buildings	30 - 60 years
Improvements other than buildings	10 - 20 years
Machinery and equipment	6 - 15 years
Infrastructure	5 - 60 years
Water System	65 years

No interest on construction in progress has been capitalized.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Insurance

The City assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Vacation and Sick Leave and Compensatory Absences

The City recognizes a liability for vacation leave and other compensated absences with similar characteristics and additional salary-related payments as the benefits are earned by the employees, based on the rendering of past service and the probability the employees will be compensated for the benefits through paid time off or some other means. This includes vacation leave and other compensated absences with similar characteristics earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Amounts do not include leave expected to lapse and do include leave that (new) employees will (eventually) qualify for.

In addition, the City recognizes a liability for vesting sick leave and other compensated absences with similar characteristics and additional salary-related payments as employees earn benefits and to the extent it's probable that the City will compensate the employees for the benefits through cash payments (which may be conditioned on the employees' termination or retirement), rather than be taken as absences due to illness or other contingencies.

The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the Governmental Funds inasmuch as it will be funded from current financial resources. The Statement of Net Position records this current portion, as well as amounts to be paid from future financial resources.

Other Postretirement Benefits

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with employment contracts. Substantially all of the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The City recognizes the cost of providing benefits in accordance with GASB Statement No. 45, as discussed in Note 9.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources are available, it is the City's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Certain assets are classified on the Balance Sheet as restricted because their use is limited. The proceeds of bond and note sales may only be used for the stated borrowing purpose. Community Development Block Grant Funds must be used for approved programs only.

Equity Classifications Government-wide Financial Statements

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 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 "net investment in capital assets."

Equity Classification - Governmental Fund Financial Statements

The City reports fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

Equity Classification - Governmental Fund Financial Statements - Continued

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

***Note 2* Stewardship, Compliance, Accountability**

Deficit Fund Balances

The Capital Projects Fund had a deficit fund balance of \$(26,316,663), as the City's Bond Anticipation Notes are accounted for as short-term debt in the Fund. The deficit fund balance will be eliminated as the Bond Anticipation Notes are converted to long-term debt.

The Parking Ramps Fund had a deficit fund balance of \$(485,571) due to current and previous years' excess of expenditures over revenues. Revenue increases were instituted in 2011 and 2012. Other methods of subsidizing the parking ramps to offset the costs are being explored.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

***Note 2* Stewardship, Compliance, Accountability**

Deficit Fund Balances - Continued

The Internal Service Fund had a net position (deficit) of \$(678,864) due to timing of funding and accrued liabilities. This Fund captures the combined Workers Compensation run-out claims, and General Municipal Law 207c claims for all city employees as well as stop-loss coverage and the expenses associated with being self-insured. Accrued liabilities of the fund are based on actuarially determined liabilities, and are not funded.

The Enterprise Fund had a deficit fund balance of \$(1,609,178), resulting from the sale of the applicable property (Regency Hotel). The City has received approval from HUD to extend repayment of the remaining loan balance until August 1, 2019.

***Note 3* Cash and Investments**

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

Collateral is required for demand and time deposits and certificates of deposit 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.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least the cost of the repurchase agreement.

Deposits and investments are valued at cost or cost plus interest. Total financial institution (bank) balances at December 31, 2015, per the banks, were \$53,221,883, which were insured, and collateral, where required, was held by the City's agent in the City's name.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 4 Other Receivables

Other receivables at December 31, 2015 are as follows:

Major Funds:

General Fund:

Accounts receivable	\$ <u>1,908,000</u>
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Special Revenue Funds:

Special Grant Fund – Accounts Receivable	175
--	-----

Sewer Fund - Sewer rents receivable	2,539,909
-------------------------------------	-----------

Allowance for doubtful accounts	<u>(120,136)</u>
---------------------------------	------------------

Total Special Revenue Funds	2,419,948
-----------------------------	-----------

Capital Projects Fund:

Accounts receivable	117,408
---------------------	---------

Non-Major Funds:

Special Revenue Funds:

Parking Ramps Fund - Accounts Receivable	1,053
--	-------

Water Fund - Water rents receivable	2,281,964
-------------------------------------	-----------

Allowance for doubtful accounts	(125,266)
---------------------------------	-----------

Refuse and Garbage Fund - Fees	420,717
--------------------------------	---------

Allowance for doubtful accounts	<u>(125,000)</u>
---------------------------------	------------------

Total Non-Major Funds	<u>2,453,468</u>
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Total Other Receivables - Governmental Activities	<u>\$ <u>6,898,824</u></u>
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Sales Taxes and Collection

Broome County imposes a 4% sales tax on sales within the County. The County imposed tax is administered and collected by the State Tax Commission in the same manner as that relating to the State imposed 4% (June 1, 2005) sales and compensating use tax. The County remits a portion of sales tax collected to local municipalities, including the City.

Net collections, meaning monies collected after deducting expenses of administration and collections and amounts refunded or to be refunded, but inclusive of any applicable penalties and interest, are paid by the State to the County, respectively. In 2015, payments from the County to the City aggregated \$10,127,140 .

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 5 Net Capital Assets

A summary of changes in capital assets at December 31, 2015 follows:

<u>Governmental Activities</u>	<u>Restated Balance at 12/31/14</u>	<u>Additions</u>	<u>Deletions and Reclassification</u>	<u>Balance at 12/31/15</u>
Non-depreciable Capital Assets:				
Land	\$ 4,279,869	\$	\$	\$ 4,279,869
Construction in progress - City	7,149,453	13,911,857	(4,269,164)	16,792,146
Construction in progress - Joint Sewer	5,662,302	7,386,413		13,048,715
Total Non-depreciable Capital Assets	17,091,624	21,298,270	(4,269,164)	34,120,730
Depreciable Capital Assets:				
Buildings and improvements	32,949,788	1,881,230	1,326,135	36,157,153
Machinery and equipment	24,090,130	2,009,479	(1,673,122)	24,426,487
Infrastructure - City	457,429,870	3,622,875	3,691,629	464,744,374
Infrastructure - Joint Sewer	18,094,849			18,094,849
Total Depreciable Capital Assets	532,564,637	7,513,584	3,344,642	543,422,863
Total Historical Cost	549,656,261	28,811,854	(924,522)	577,543,593
Less Accumulated Depreciation:				
Buildings and improvements	(22,326,074)	(585,762)		(22,911,836)
Machinery and equipment	(13,972,478)	(1,312,065)	1,363,690	(13,920,853)
Infrastructure - City	(186,422,071)	(10,513,716)	(629,853)	(197,565,640)
Infrastructure - Joint Sewer	(15,228,585)	(361,897)		(15,590,482)
Total Accumulated Depreciation	(237,949,208)	(12,773,440)	733,837	(249,988,811)
Governmental Activities Capital Assets, Net	\$ 311,707,053	\$ 16,038,414	\$ (190,685)	\$ 327,554,782

Depreciation expense was charged to functions as follows:

Governmental Activities

General governmental support	\$ 5,012,794
Public safety	482,800
Transportation	157,061
Culture and recreation	275,694
Home and community services	6,845,091
Total	\$ 12,773,440

During the year, the City performed an internal review of capital assets. The review decreased the net book value of capital assets and the City's beginning net position by \$(4,769,985). Refer to Note 6.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

***Note 6* Pension Obligations - New York State and Local Retirement System**

For the fiscal year ended December 31, 2015, the City implemented GASB Statement No. 68 “Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date.” The implementation of the Statements requires the City to report as an (asset) and/or liability its portion of the collective net pension (asset) liability in the New York State Employees’ Retirement System. The implementation of the Statements also requires the City to report a deferred outflow and/or inflow of resources for the effect of the net change in the City’s proportion of the collective net pension (asset) liability and difference during the measurement period between the City’s contributions and its proportionate share of total contributions to the pension system not included in pension expense. Also included as a deferred outflow is the City’s contributions to the pension system subsequent to the measurement date.

Plan Descriptions and Benefits Provided

The City participates in the New York State and Local Employees’ Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS), which are collectively referred to as the New York State and Local Retirement System (the System). The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to the System. Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller.

The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Generally, members of the System are employees of the State and its municipalities, other than New York City.

ERS and PFRS are cost-sharing, multiple-employer defined benefit pension plans. The System is Included in the State’s financial report as a pension trust fund. The Public Employees’ Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. In these statements, GLIP amounts are apportioned to and included in ERS and PFRS.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Plan Descriptions and Benefits Provided - Continued

Separately issued financial statements for the System can be accessed on the Comptroller's website at <http://www.osc.state.ny.us/pension/cafr.htm> or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

Members who joined the System prior to January 1, 2010 require five years of service to be 100% vested. Members who joined on or after January 1, 2010 (ERS) or January 9, 2010 (PFRS) require ten years of service credit to be 100% vested.

Generally, Tier 1 and 2 members are not required to contribute to the System, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual report.

Contributions

Participating employers are required under the RSSL to contribute to the System at an actuarially determined rate adopted annually by the Comptroller. The City's contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	<u>2015,</u>	<u>2014</u>	<u>2013</u>
ERS	\$ 2,470,316	\$ 2,600,259	\$ 2,590,272
PFRS	4,944,560	5,111,965	4,013,150

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from a report provided to the City by the System.

	ERS	PFRS
Actuarial valuation date	04/01/2014	04/01/2014
Net pension liability	\$ 3,378,245,000	\$ 28,474,417,000
City's proportionate share of the Plan's total net pension liability	1,889,118	1,529,449

For the year ended December 31, 2015, the City recognized pension expense of \$1,656,515 for ERS and \$3,532,697 for PFRS in the financial statements. At December 31, 2015 the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	ERS	PFRS
Deferred Outflows of Resources:		
Differences between expected and actual experience	\$ 60,473	\$ 184,442
Net differences between projected and actual earnings on pension plan investments	328,116	513,487
Changes in proportion and differences between the City's contributions and proportionate share of contributions City's contributions subsequent to the measurement date	1,914,914	3,156,907
Total	\$ 2,303,503	\$ 3,854,836
Deferred Inflows of Resources:		
Changes in proportion and differences between the City's contributions and proportionate share of contributions	212,621	69,268
Total	\$ 212,621	\$ 69,268

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS		PFRS
Year ended:			
2016	\$ 43,992	\$	151,406
2017	43,992		151,406
2018	43,992		151,406
2019	43,992		151,406
2020			23,037
Thereafter			

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	PFRS
Measurement date	March 31, 2015	March 31, 2015
Actuarial valuation date	April 1, 2014	April 1, 2014
Interest rate	7.5%	7.5%
Salary scale	4.9%	6.0%
	April 1, 2005 - March 31, 2010	April 1, 2005 - March 31, 2010
Decrement tables	System's Experience	System's Experience
Inflation rate	2.7%	2.7%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2005 - March 31, 2011 System's experience with adjustments for mortality improvements based on MP-2014.

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Actuarial Assumptions - Continued

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>NYSLRS</u>
Measurement date	March 31, 2015
Asset Type:	
Domestic equities	7.3%
International equities	8.5%
Real estate	8.3%
Private equity/Alternative investments	11.0%
Absolute return strategies	6.8%
Opportunistic portfolio	8.6%
Real assets	8.7%
Cash	2.3%
Inflation-indexed bonds	4.0%
Mortgages and bonds	4.0%

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption

The following presents the City's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower than the current rate:

ERS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 12,591,786	\$ 1,889,118	\$ (7,146,588)
PFRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$ 20,363,814	\$ 1,529,449	\$ (14,254,886)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset) liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands	
	ERS	PFRS
Valuation date	March 31, 2015	March 31, 2015
Employers' total pension liability	\$ 164,591,504	\$ 28,474,417
Plan net position	(161,213,259)	(28,199,157)
Employers' Net Pension Liability	\$ 3,378,245	\$ 275,260
Ratio of Plan Net Position to the Employers' Total Pension Liability	97.9%	99.0%

Prepaid Payments to the Pension Plan

For ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. The City made their annual payment prior to December 31, 2015. Prepaid retirement contributions as of December 31, 2015 amounted to \$505,834 for ERS and \$1,052,303 for PFRS.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2015 resulted in the following effect on net position:

ERS	Beginning Balance	Change	Ending Balance
Net pension liability	\$ 2,526,951	\$ (637,833)	\$ 1,889,118
Deferred outflows of resources	(1,852,737)	(450,766)	(2,303,503)
Deferred inflows of resources	-	212,621	212,621
Sub Total	674,214	(875,978)	(201,764)
PFRS	Beginning Balance	Change	Ending Balance
Net pension liability	2,313,178	(783,729)	1,529,449
Deferred outflows of resources	(3,745,920)	(108,916)	(3,854,836)
Deferred inflows of resources	-	69,268	69,268
Sub Total	(1,432,742)	(823,377)	(2,256,119)
Total Effect of Net Position	\$ (758,528)	\$ (1,699,355)	\$ (2,457,883)

Restatement of Net Position

For the fiscal year ended December 31, 2015, the City implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - Amendment to GASB Statement No. 27," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date." The implementation of these new accounting standards resulted in the reporting of deferred outflows of resources, a liability, and deferred inflows of resources related to the City's participation in the New York State Employees' retirement system.

In addition to these restatements, the City also restated its net position for the capital assets adjustment, as described in Note 5. Finally, receivables in the Special Grant fund that were determined to be invalid were eliminated from beginning fund balance and net position.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

The City's net position has been restated as follows:

Net Position Beginning of Year, as Previously Stated	\$ 187,937,195
GASB Statement No. 68 implementation:	
Beginning system liability - ERS	(2,526,951)
Beginning system liability - PFRS	(2,313,178)
Beginning deferred outflow of resources for contributions subsequent to the measurement date - ERS	1,852,737
Beginning deferred outflow of resources for contributions subsequent to the measurement date - PFRS	<u>3,745,920</u>
Net GASB Statement No. 68 restatement	<u>758,528</u>
Capital asset restatements	(4,769,985)
Special Grant Fund receivables	<u>(1,430,627)</u>
Net Position Beginning of Year, as Restated	<u><u>\$ 182,495,111</u></u>

Locally Sponsored Plan

Plan Description - All of the City's full time Police and Fire employees hired between 1912 and 1935 became participants in the Police and Fire Pension Fund (PFPF), a single-employer, defined benefit pension plan. There is no employee payroll for these plans. The remaining survivor died in 2015, and plan contributions will not be needed after that date.

The City transferred \$18,062 to the General Fund to close the Police and Fire Plan. \$5,860 and \$11,520 were transferred from the General Fund in the years ended December 31, 2014 and 2013, respectively.

Plan Financial Statements - Statement of Plan Net Assets

	<u>Police Group</u>	<u>Fire Group</u>	<u>Total</u>
Assets			
Cash	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Net Assets			\$ <u> -</u>

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 6 Pension Obligations - New York State and Local Retirement System - Continued

Plan Financial Statements - Statement of Changes in Plan Net Assets

Deductions		
Employee benefits	\$	846
Transfer to General Fund		<u>18,062</u>
Net Change in Plan Net Assets		(18,908)
Net Assets, Beginning of Year		<u>18,908</u>
Net Assets, End of Year	\$	<u><u>-</u></u>

Note 7 Short-term Debt

Liabilities for Bond Anticipation Notes are generally accounted for in the Capital Projects Fund and used to finance capital projects. Principal payments on BANs must be made annually.

State law requires BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided stipulated annual reductions of principal are made. BANs issued to the New York State Environmental Facilities Corporation (EFC) do not renew on an annual basis; funds are drawdown as needed, and converted to long-term debt at conclusion.

BANs payable at December 31, 2015 in the Capital Fund consisted of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Amount</u>
Various Projects	2009	01/15/2016	\$ 815,000
Various Projects	2010	01/15/2016	510,000
Various Projects	2011	01/15/2016	731,000
Various Projects	2012	01/15/2016	780,000
Various Projects	2012	01/15/2016	575,500
Joint Sewer Project	2014	01/30/2019	9,858,364
Various Projects	2014	01/15/2016	4,820,576
Various Projects	2015	01/15/2016	15,664,086
Various Projects	2015	04/22/2016	<u>17,588,150</u>
Total			\$ <u><u>51,342,676</u></u>

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 7 Short-term Debt - Continued

Short-term Debt - Continued

Interest on short-term debt for the year ended December 31, 2015 was as follows:

Interest paid	\$ 328,901
Less: Interest accrued in the prior year	(220,288)
Plus: Interest accrued in the current year	<u>404,998</u>
Total	<u>\$ 513,611</u>

Note 8 Long-term Debt

At December 31, 2015, the total outstanding indebtedness of the City aggregated \$145,596,797. Of this amount, \$54,620,531 was subject to the constitutional debt limit and represented approximately 64% of its debt limit.

Serial Bonds

The City borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Statement of Net Position. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others, for the liquidation of the long-term liabilities.

Other Long-term Debt and Liabilities

In addition to the above long-term debt, the City had the following non-current liabilities:

- Compensated Absences - Represents the unfunded value of the liability for compensated absences and is liquidated in the General, Parking Ramps, Water, Sewer, and Refuse and Garbage Funds.
- Other Postemployment Benefits Payable - Represents the liability for future health insurance benefits. See Note 9 for more information.
- Lease Obligations Payable - Represents the amount outstanding on a capital lease for energy improvements. The gross amount of assets in the Statement of Net Position recorded under capital leases is \$3,120,195, which is recorded under buildings. The associated accumulated amortization of these assets is \$2,558,964.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8 Long-term Debt - Continued

Changes in Indebtedness and Other Long-term Liabilities

The following is a summary of changes in the City's indebtedness and long-term liabilities for the period ended December 31, 2015:

<u>Description</u>	<u>Balance at 12/31/14</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Payments</u>	<u>Balance at 12/31/15</u>	<u>Due Within One Year</u>
General obligation debt	\$ 86,185,001	\$ 14,406,255	\$ 8,190,000	\$ 92,401,256	\$ 6,166,225
Bond Anticipation Notes	33,764,524	38,678,652	21,100,500	51,342,676	51,342,676
Lease obligations payable	2,168,846	390,000	705,981	1,852,865	799,012
Liability for other					
postemployment benefits	37,968,352	6,364,013		44,332,365	
Compensated absences	3,948,348	55,274	111,425	3,892,197	
Net pension liability - proportionate share	4,840,129		1,421,562	3,418,567	
Total Governmental Activities	<u>168,875,200</u>	<u>59,894,194</u>	<u>31,529,468</u>	<u>197,239,926</u>	<u>58,307,913</u>
Regency Hotel - Business Type Activities	<u>858,875</u>		<u>171,000</u>	<u>687,875</u>	<u>171,000</u>
Total	<u>\$ 169,734,075</u>	<u>\$ 59,894,194</u>	<u>\$ 31,700,468</u>	<u>\$ 197,927,801</u>	<u>\$ 58,478,913</u>

Additions and deletions to the liability for other postemployment benefits and compensated absences are shown net, as it is impractical to determine these amounts separately.

On June 7, 2012, \$11,905,000 in general obligation bonds, with variable interest rates ranging from 3% to 5%, were issued to refund \$12,230,000 of outstanding bonds with interest rates ranging from 3.5% to 4.5%. The proceeds of \$11,905,000 were used to purchase U.S. government securities and pay bond issue costs. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the \$12,230,000 in bonds is considered defeased and the liability for those bonds has been removed from the financial statements. The outstanding principal of the defeased bonds was \$11,115,000 at December 31, 2015.

On July 14, 2015, \$2,400,000 in general obligation bonds, with variable interest rates ranging from 2% to 3%, were issued to refund \$2,355,000 of outstanding bonds with interest rates ranging from 3% to 5%. The proceeds of \$2,400,000 were used to purchase U.S. government securities and pay bond issue costs. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the \$2,355,000 in bonds is considered defeased and the liability for those bonds has been removed from the financial statements. The outstanding principal of the defeased bonds was \$2,355,000 at December 31, 2015.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8 Long-term Debt - Continued

Debt Maturity Schedule

The following is a statement of serial bonds with corresponding maturity schedules.

Governmental Activities Description	Date of Issue	Interest	Maturity Date	Outstanding
Wastewater Projects	2000	3.80%	2019	\$ 805,000
Water Projects	2000	4.60%	2022	5,310,000
Combined Sewer Overflow	2003	4.54%	2031	3,595,000
Wastewater Projects	2005	3.00%	2034	13,790,000
Various Projects	2007	4.25%	2029	945,000
Wastewater Projects	2010	4.11%	2039	4,355,000
Refunding Bonds - 2004 & 2005	2012	3.00%	2026	10,805,000
Various Projects	2012	2.00%	2029	8,329,415
Various Projects	2012	2.00%	2029	3,035,585
General Capital Improvements	2014	3.79%	2034	4,468,529
Water and Sewer Improvements	2014	3.79%	2034	5,176,472
Refunding Bonds	2014	2.63%	2029	16,480,000
Refunding Bonds	2014	3.89%	2029	950,000
Various Projects	2015	3.00%	2040	12,006,255
Refunding Bonds	2015	3.00%	2017	<u>2,350,000</u>
Total				<u>\$ 92,401,256</u>

Business Type Activities Description	Date of Issue	Interest	Maturity Date	Outstanding
Regency Hotel	1993	1.25%	2019	<u>\$ 687,875</u>

The following table summarizes the City's future debt service requirements as of December 31, 2015:

Year Ending December 31,	Governmental Activities s		Installment Purchase		Business Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 6,166,255	\$ 3,357,632	\$ 799,012	\$ 40,480	\$ 171,000	\$ 2,264
2017	6,510,000	2,983,046	680,074	20,209	172,000	1,701
2018	5,515,001	2,768,906	213,036	7,290	172,000	1,135
2019	5,645,001	2,588,286	79,560	3,281	172,875	570
2020	5,580,001	2,407,868	81,183	1,657		
2021-2025	27,770,001	9,097,547				
2026-2030	21,290,002	4,504,573				
2031-2035	9,779,995	1,586,050				
2036-2040	4,145,000	362,913				
Total	<u>\$ 92,401,256</u>	<u>\$ 29,656,821</u>	<u>\$ 1,852,865</u>	<u>\$ 72,917</u>	<u>\$ 687,875</u>	<u>\$ 5,670</u>

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 8 Long-term Debt - Continued

Debt Maturity Schedule - Continued

Interest on long-term debt for the year ended December 31, 2015 (including installment purchase agreements) is as follows:

Interest paid	\$	3,164,820
Less: Interest accrued in the prior year		(1,117,086)
Plus: Interest accrued in the current year		<u>1,139,888</u>
Total	\$	<u><u>3,187,622</u></u>

Note 9 Postemployment Benefits Other Than Pensions

In 2008, the City adopted GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Prior to 2008, the City reported the cost of its retiree health care postretirement benefits on a "pay-as-you-go" basis. An actuarial valuation of the City Postretirement Health Care Plans (Plan) was performed as of January 1, 2013 for the years ended December 31, 2015, 2014, and 2013 and January 1, 2010 for the fiscal years ending December 31, 2012, 2011, and 2010. The valuation of the Plan was performed using the entry age normal method.

Plan Description

The Plan is a single-employer, defined benefit healthcare plan administered by the City. The Plan consists of a traditional indemnity plan, a self-insured PPO plan, and a community rated Medicare supplemental plan to eligible retirees and dependents. The Plan provides medical and prescription drug benefits to eligible retirees, spouses, and their covered dependents. Benefit provisions are established through negotiations between the City and bargaining units and are renegotiated each three-year period. The City assigns the authority to establish and amend benefit provisions to the City Council for non-bargaining unit employees. The Plan does not issue a stand-alone financial report.

The contribution requirements of Plan members and the City are established and may be amended by the City Council. The City Council has negotiated several collective bargaining agreements, which include obligations of Plan members and the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and accumulate sufficient total accruals for all postretirement benefits when due.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9 Postemployment Benefits Other Than Pensions - Continued

Plan Description - Continued

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the City's net OPEB obligation to the City's Plan:

Annual required contribution	\$ 9,849,532
Interest on net OPEB obligation	1,518,734
Adjustment to annual required contribution	<u>(2,184,188)</u>
Total Annual OPEB Cost (Expense)	9,184,078
Contributions made (expected)	<u>(2,820,065)</u>
Increase in Net OPEB Obligation	6,364,013
Net OPEB Obligation - January 1, 2015	<u>37,968,352</u>
 Net OPEB Obligation - December 31, 2015	 <u><u>\$ 44,332,365</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2015, 2014 and 2013 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2015	\$ 9,184,078	30.7%	\$ 44,332,365
12/31/2014	\$ 7,742,746	39.7%	\$ 37,968,352
12/31/2013	\$ 7,433,347	35.1%	\$ 33,301,812

Funded Status and Funding Progress - As of December 31, 2015 the Plan was not funded. Actuarial accrued liability for benefits was \$99,418,849; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by 28,426,956 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 349.7%.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 9 Postemployment Benefits Other Than Pensions - Continued

Plan Description - Continued

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2013, Actuarial Valuation Report, the entry age normal method was used. The actuarial value of assets was determined as the accumulation of prior accruals, less benefits paid. Actuarial assumptions included an annual discount rate of 4%. Additional actuarial assumptions included an annual medical cost trend rate of 9% initially, decreased by decrements to a trend rate of 4.5% after 4 years.

Note 10 Interfund Receivables and Payables

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources, primarily to provide services, which are routine annual events for the budget and accounting process.

Interfund receivables and payables at December 31, 2015 were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expense or Expenditures</u>
General Fund	\$ 1,035,513	\$ 240,354	\$	\$ 4,276,250
Sewer Fund	129,800		1,506,013	402,581
Special Grant Fund		645,812		
Capital Projects Fund			24,306	
Non-Major Funds	<u>110,554</u>	<u>389,701</u>	<u>2,643,350</u>	<u>300,000</u>
 Total Governmental Funds	 1,275,867	 1,275,867	 4,173,669	 4,173,669
 Enterprise Fund		 921,303		
Agency Fund	<u>921,303</u>	<u> </u>	<u> </u>	<u> </u>
 Total	 <u>\$ 2,197,170</u>	 <u>\$ 2,197,170</u>	 <u>\$ 4,173,669</u>	 <u>\$ 4,173,669</u>

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 11 Fund Equity

Restricted Fund Balance

Restricted fund balance includes the following:

<u>Purpose</u>	<u>Balance December 31, 2015</u>
General Fund - Restricted:	
Retirement Contribution	\$ 962,556
Retirement Benefits	180,463
Debt	279,739
Sewer Fund - Restricted:	
Debt	79,490
Water Fund - Restricted:	
Debt	1,073
Parking Ramps Fund - Restricted:	
Debt	2,080
Special Grant Fund - Restricted:	
Grant activities	95,309
Total Restricted Fund Balance	<u>\$ 1,600,710</u>

Assigned Fund Balance

Assigned fund balance includes the following:

<u>Purpose</u>	<u>Balance December 31, 2015</u>
General Fund	
Appropriated for the 2015 budget	\$ 468,928
Encumbrances	255,837
Total	<u>\$ 724,765</u>
Water Fund	
Remaining fund balance	<u>\$ 2,440,578</u>
Refuse and Garbage Fund	
Remaining fund balance	<u>\$ 213,887</u>
Sewer Fund	
Remaining fund balance	<u>\$ 118,204</u>

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 12 Joint Venture

The following is the activity undertaken jointly with another municipality. Except for their equity interest in the joint venture, this activity is excluded from the financial statements of the participating municipalities. Separate financial statements are issued for this joint venture and may be obtained from the City Comptroller's office.

A sewage project is operated jointly with the Village of Johnson City (Village), under an agreement originally dated July 14, 1965 and most recently amended March 20, 2013. The agreement is for an indefinite period. A six member board constitutes the governing body; three members of the board are appointed by the City, and three by the Village. Ownership of the project, operational and capital costs are shared by the participants as follows: City - 54.8%; Village - 45.2%. The board of the project has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. In addition to providing services for the City and Village, the project also provides services for several other municipalities.

The following is an unaudited summary of financial information included in financial statements for the joint venture:

	Year Ending 12/31/2015
Total Assets	\$ 51,916,121
Total Liabilities	64,002,560
Joint Venture Equity	(12,086,439)
Total Revenues	12,071,244
Total Expenses	15,830,960

Note 13 Public Entity Risk Pool

Risk Financing

The City's Corporation Counsel reviews all claims made against the City and estimates liabilities, if any, based on expertise and experience. All amounts reflected as an estimated liability are at present value with no discount. No annuity contracts have been purchased to satisfy claims.

Effective June 1, 1985, the City became self-insured for general liability exposure. A self-insurance fund was established as an internal service fund to administer the City's insurance program for general liability for all City departments and funds.

Effective July 1, 1995, the City became self-insured for workers' compensation insurance. The City annually appropriates funds for compensation pay awarded to disabled employees or surviving family. The City is negotiating premium costs related to claims incurred prior to July 1, 1995 with the insurance carrier in force at that time. Effective December 1, 1999 the City purchased stop loss insurance for workers compensation claims. City officials believe annual appropriations, reserves and stop loss insurance are sufficient to liquidate the City's obligations. In 2010, the City purchased workers compensation insurance.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

***Note 14* Summary of Significant Commitments and Contingencies**

General Information

The City is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Judgments and Claims

The City and/or its agencies are named in several lawsuits, some of which are for substantial amounts. These claims are either adequately covered by insurance or, in the opinion of City officials, will not result in material judgments against the City or will not be pursued and, therefore, are not expected to have a material effect on the basic financial statements.

State and Federally Assisted Programs

The City receives many different state and federal grants to be used for specific purposes. These grants are generally conditioned on compliance with certain statutory, regulatory and/or contractual requirements. The City makes every effort to comply with all applicable requirements. However, because these grants are audited from time to time, it is possible that the City will be required, upon audit, to repay portions of the grant monies received and recorded as revenue in a prior year. City officials do not anticipate material grant-in-aid disallowances, and no provision, therefore, is reflected in the basic financial statements.

Tax Certiorari Proceedings

Various tax certiorari proceedings pending against the City as of December 31, 2015 seek reductions in property tax assessments. The City's Assessment Rolls were changed to full market value in 1994, and are updated on a regular basis. Negotiations continue to settle open cases.

Hotel

In 1993 the City utilized a Section 108 loan to provide permanent financing to a local hotel. The hotel was sold in December 1998. The collateral for the loan is secured by the personal guarantees of the former owners. The term of this loan is 20 years, and principal payments began in 1999. In 2008 the City refinanced its agreement with the U.S. Department of Housing and Urban Development (HUD) and has been paying interest at variable rates.

The City was required to pledge its full faith and credit. The required security is limited to future federal grants under the Housing & Community Development Act of 1974, proceeds from foreclosure sale of the property, and if necessary, certain other funds generated by Federal Grant Programs. The City has been granted an extension from HUD to complete repayment of the loan to August 1, 2019.

CITY OF BINGHAMTON

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

***Note 14* Summary of Significant Commitments and Contingencies - Continued**

Stadium

In 1992 the BURA agreed to make certain payments as an incentive for private investment in a municipal stadium development plan located on blighted railroad land. The obligations to Sterling Doubleday, L.P. as developer were satisfied in 1996. The other obligation is to the Binghamton Mets Baseball Club, Inc. for an annual repair and replacement payment. During 2015, payment of \$50,000 was made.

***Note 15* Subsequent Events**

In January 2016, the City issued Bond Anticipation Notes totaling \$5,063,340. In April 2016, the City issues Bond Anticipation Notes totaling \$27,923,150. And in September 2016, the City issues bonds totaling \$29,179,922 in connection with the Joint Sewer Treatment Plant renovations.

CITY OF BINGHAMTON

BUDGETARY COMPARISON SCHEDULE GENERAL FUND - NON-GAAP BUDGET BASIS FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Encumbrances	Variance Fav./(Unfav.)
REVENUES					
Real property taxes	\$ 36,514,440	\$ 36,514,440	\$ 36,412,754	\$	\$ (101,686)
Real property tax items	635,890	635,890	575,049		(60,841)
Nonproperty tax items	10,850,000	10,850,000	11,193,215		343,215
Departmental income	1,372,770	1,379,445	1,406,223		26,778
Intergovernmental charges	491,452	491,452	443,640		(47,812)
Use of money and property	95,670	135,670	121,773		(13,897)
Licenses and permits	225,850	225,850	233,071		7,221
Fines and forfeitures	621,500	621,500	687,269		65,769
Sale of property and compensation for loss	142,500	142,500	272,799		130,299
Miscellaneous local sources	117,000	167,600	341,874		174,274
Interfund revenues	1,584,719	1,611,427	1,624,442		13,015
State sources	9,913,911	9,913,912	9,898,629		(15,283)
Federal sources	636,225	636,225	590,086		(46,139)
Total Revenues	63,201,927	63,325,911	63,800,824	-	474,913
EXPENDITURES					
Current:					
General governmental support	6,650,603	7,356,087	6,912,755	198,466	244,866
Public safety	21,952,917	22,174,415	21,643,841	50,142	480,432
Public health	45,359	45,602	43,389		2,213
Transportation	2,265,005	2,362,146	2,255,944	2,750	103,452
Economic assistance and opportunity	231,689	278,416	241,424		36,992
Culture and recreation	2,895,883	3,045,998	2,962,148	4,171	79,679
Home and community services	1,093,847	1,082,255	1,011,276	308	70,671
Employee benefits	19,919,725	19,099,095	17,220,537		1,878,558
Debt Service:					
Principal and Interest	5,369,436	5,349,436	5,296,946		52,490
Total Expenditures	60,424,464	60,793,450	57,588,260	255,837	2,949,353
Excess of Revenues (Expenditures)	2,777,463	2,532,461	6,212,564	(255,837)	3,424,266
OTHER FINANCING SOURCES (USES)					
Interfund transfers in		18,062			(18,062)
Interfund transfers (out)	(4,283,476)	(4,283,476)	(4,276,250)		7,226
Total Other Financing (Uses)	(4,283,476)	(4,265,414)	(4,276,250)	-	(10,836)
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(1,506,013)	(1,732,953)	1,936,314	(255,837)	3,413,430
Appropriated Fund Balances	1,506,013	1,732,953			
Net Change in Fund Balance	\$ -	\$ -	1,936,314		
Fund Balance, Beginning			15,961,940		
Fund Balance, Ending			17,898,254		

See Independent Auditor's Report and Notes to Required Supplementary Information

CITY OF BINGHAMTON

BUDGETARY COMPARISON SCHEDULE BUDGETED MAJOR SPECIAL REVENUE FUNDS - NON-GAAP BUDGET BASIS SEWER FUND FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Incumbrances</u>	<u>Variance Fav./(Unfav.)</u>
REVENUES					
Departmental income	\$ 7,755,000	\$ 7,755,000	\$ 7,912,464	\$	\$ 157,464
Use of money and property	493,995	493,995	556,662		62,667
Miscellaneous local sources			3,325,846		3,325,846
State sources			(143,145)		(143,145)
Federal sources			(429,436)		(429,436)
Total Revenues	<u>8,248,995</u>	<u>8,248,995</u>	<u>11,222,391</u>	<u>-</u>	<u>2,973,396</u>
EXPENDITURES					
Current:					
General governmental support	71,723	71,723	64,723		7,000
Home and community services	5,551,616	5,579,284	4,416,203	36,689	1,126,392
Employee benefits	599,828	575,497	458,327		117,170
Debt Service:					
Principal and interest	3,361,841	3,361,841	3,355,791		6,050
Total Expenditures	<u>9,585,008</u>	<u>9,588,345</u>	<u>8,295,044</u>	<u>36,689</u>	<u>1,256,612</u>
Excess of Revenues (Expenditures)	<u>(1,336,013)</u>	<u>(1,339,350)</u>	<u>2,927,347</u>	<u>(36,689)</u>	<u>4,230,008</u>
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	1,506,013	1,506,013	1,506,013		
Interfund transfers (out)	(170,000)	(170,000)	402,581		572,581
Total Other Financing (Uses)	<u>1,336,013</u>	<u>1,336,013</u>	<u>1,908,594</u>	<u>-</u>	<u>572,581</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>-</u>	<u>(3,337)</u>	<u>4,835,941</u>	<u>\$ (36,689)</u>	<u>\$ 4,802,589</u>
Appropriated Fund Balances		<u>3,337</u>			
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,835,941</u>		
Fund Balance (Deficit), Beginning			<u>(4,481,006)</u>		
Fund Balance, Ending			<u>\$ 354,935</u>		

See Independent Auditor's Report and Notes to Required Supplementary Information

CITY OF BINGHAMPTON

SCHEDULE OF FUNDING PROGRESS AND ACTUARIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Year Ended</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>
POLICE FUND				
12/31/2015	\$ -	\$ -	\$ -	
12/31/2014	18,908	18,908	-	100.00%
12/31/2013	18,124	18,124	-	100.00%
12/31/2012	29,758	94,095	64,337	46.25%
12/31/2011	18,834	83,171	64,337	29.27%
12/31/2010	(609)	63,728	64,337	(0.95)%
12/31/2009	(22,457)	41,880	64,337	(34.91)%
12/31/2008	(38,287)	26,050	64,337	(59.51)%
12/31/2007	(22,368)	41,969	64,337	(34.77)%
12/31/2006	3,013	67,350	64,337	4.47%
FIRE FUND				
12/31/2014	\$ -	\$ -	\$ -	
12/31/2013	-	-	-	
12/31/2012	(17,344)	(22,822)	(5,478)	(316.61)%
12/31/2011	(9,307)	(14,785)	(5,478)	(169.90)%
12/31/2010	2,537	(2,941)	(5,478)	46.31%
12/31/2009	17,765	12,287	(5,478)	144.58%
12/31/2008	32,993	27,515	(5,478)	119.91%
12/31/2007	48,222	42,744	(5,478)	112.82%
12/31/2006	63,450	57,972	(5,478)	109.45%

See Independent Auditor's Report and Notes to Required Supplementary Information

CITY OF BINGHAMTON

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED DECEMBER 31, 2015

Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2015	1/1/2013	\$ -	\$ 99,418,849	\$ 99,418,849	0.0%	\$ 28,426,956	349.7%
12/31/2014	1/1/2013	-	83,374,986	83,374,986	0.0%	31,003,710	268.9%
12/31/2013	1/1/2013	-	79,119,248	79,119,248	0.0%	25,775,259	307.0%
12/31/2012	1/1/2010	-	82,452,268	82,452,268	0.0%	29,549,822	279.0%
12/31/2011	1/1/2010	-	82,452,268	82,452,268	0.0%	31,137,684	264.8%
12/31/2010	1/1/2010	-	130,997,882	130,997,882	0.0%	24,923,657	525.6%
12/31/2009	1/1/2008	-	130,997,882	130,997,882	0.0%	24,923,657	525.6%

See Independent Auditor's Report and Notes to Required Supplementary Information

CITY OF BINGHAMTON

SCHEDULE OF CITY CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 2 FISCAL YEARS

	<u>2015</u>	<u>2014</u>
<u>Employees' Retirement System:</u>		
Contractually required contribution	\$ 2,470,316	\$ 2,600,259
Contributions in relation to the contractually required contribution	2,470,316	2,600,259
Contribution deficiency (excess)	-	-
City's covered - employee payroll	13,490,397	13,575,922
Contributions as a percentage of covered - employee payroll	18.3%	19.2%
 <u>Police and Fire Retirement System:</u>		
Contractually required contribution	4,994,560	5,111,965
Contributions in relation to the contractually required contribution	4,994,560	5,111,965
Contribution deficiency (excess)	-	-
City's covered - employee payroll	18,004,243	18,193,014
Contributions as a percentage of covered - employee payroll	27.7%	28.1%

See Independent Auditor's Report and Notes to Required Supplementary Information

CITY OF BINGHAMTON

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLANS FOR THE YEAR ENDED DECEMBER 31,

	<u>2015</u>
<u>Employees' Retirement System:</u>	
City's proportion of the net pension liability	0.0559201%
City's proportionate share of the net pension liability	1,889,118
City's covered-employee payroll during the measurement period	13,572,847
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	13.92%
Plan fiduciary net position as a percentage of the total pension liability	97.9%
 <u>Police and Fire Retirement System:</u>	
City's proportion of the net pension liability	0.5556389%
City's proportionate share of the net pension liability	1,529,449
City's covered-employee payroll during the measurement period	18,452,614
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	8.29%
Plan fiduciary net position as a percentage of the total pension liability	99.0%

See Independent Auditor's Report and Notes to Required Supplementary Information

CITY OF BINGHAMTON

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2015

***Note 1* Budgeting Policies**

The budget policies are as follows:

- No later than September 15, the budget officer submits a tentative budget to the City Council for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- After public hearings are conducted to obtain taxpayer comments, no later than December 31, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board. (However, the Comptroller is authorized to transfer certain budgeted amounts within departments.)

***Note 2* Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

An annual legal budget is not adopted for the Special Grant Fund, which is one of the Special Revenue Funds. Budgetary controls for the Special Grant Fund are established in accordance with the applicable grant agreements. Projects within the Special Grant Fund also cover periods other than the City's fiscal year.

***Note 3* Reconciliation of the General Fund Budget Basis to GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at December 31, 2015.

***Note 4* Schedules of Funding Progress**

The Schedules of Funding Progress, presented as required supplementary information presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

***Note 5* Schedule of City's Proportionate Share of Net Pension Liability**

The Schedules of the City's Proportionate Share of the Net Pension Liability, required supplementary information, present two years of information. These schedules will present ten years of information as it becomes available from the pension plans.

CITY OF BINGHAMTON

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2015

	Special Revenue Funds				Non-Major Governmental Funds
	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Debt Service Fund	
ASSETS					
Assets:					
Cash and cash equivalents -					
Unrestricted	\$ 8,610	\$ 352,142	\$ 414,672	\$ -	\$ 775,424
Due from other funds		110,554			110,554
Other receivables, net	1,053	2,156,698	295,717		2,453,468
Inventories		197,606			197,606
Prepaid expenses		209,626	169,629		379,255
Total Assets	\$ 9,663	\$ 3,026,626	\$ 880,018	\$ -	\$ 3,916,307
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 51,294	\$ 114,539	\$ 60,879	\$ -	\$ 226,712
Accrued liabilities	52,156	47,935	4,029		104,120
Due to other funds	389,701				389,701
Due to other governments			3		3
Compensated absences		8,768	10,874		19,642
Other liabilities			102,732		102,732
Total Liabilities	493,151	171,242	178,517	-	842,910
Deferred Inflows of Resources:					
Unavailable revenues	2,083	6,501	317,985	-	326,569
Fund Balances:					
Nonspendable		407,232	169,629		576,861
Restricted	2,080	1,073			3,153
Assigned		2,440,578	213,887		2,654,465
Unassigned	(487,651)				(487,651)
Total Fund Balances (Deficit)	(485,571)		383,516	-	2,746,828
Total Liabilities and Fund Balances	\$ 9,663	\$ 177,743	\$ 880,018	\$ -	\$ 3,916,307

See Independent Auditor's Report

CITY OF BINGHAMTON

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Debt Service Fund	Total Non-Major Governmental Funds
REVENUES					
Real property taxes	\$	\$	\$	\$	\$
Real property tax items					
Nonproperty tax items					
Departmental income	899,424	7,046,751	1,027,296		8,973,471
Use of money and property	13,127	67,573	1,635		82,335
Sale of property and compensation for loss	200	2,358	109,270		111,828
Miscellaneous local sources	1,117	386,819	(125,000)		262,936
Total Revenues	913,868	7,503,501	1,013,201	-	9,430,570
EXPENDITURES					
Current:					
General governmental support		43,894	6,339	6,397	56,630
Transportation	629,079				629,079
Home and community services		3,277,921	2,213,760		5,491,681
Employee benefits		1,144,138	1,295,548		2,439,686
Debt Service:					
Principal	315,652	1,328,818	15,000	13,790,000	15,449,470
Interest	104,331	503,357	2,813	58,875	669,376
Total Expenditures	1,049,062	6,298,128	3,533,460	13,855,272	24,735,922
Excess of (Expenditures) Revenues	(135,194)	1,205,373	(2,520,259)	(13,855,272)	(15,305,352)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in		-	2,643,350		2,643,350
Interfund transfers (out)		(300,000)			(300,000)
Proceeds of obligations				16,190,000	16,190,000
Premium on obligations				79,147	79,147
Payments to escrow agent				(2,413,875)	(2,413,875)
Total Other Financing Sources	-	(300,000)	2,643,350	13,855,272	16,198,622
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	(135,194)	905,373	123,091	-	893,270
Fund Balances (Deficit), Beginning	(350,377)	1,943,510	260,425	-	1,853,558
Fund Balances (Deficit), Ending	\$ (485,571)	\$ 2,848,883	\$ 383,516	\$ -	\$ 2,746,828

See Independent Auditor's Report

**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**

City Council
City of Binghamton
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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City of Binghamton’s basic financial statements, and have issued our report thereon dated September 29, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

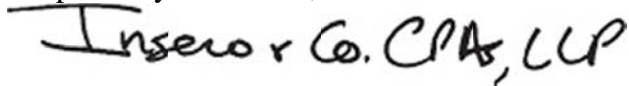
Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 29, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

City Council
City of Binghamton
Binghamton, New York

Report on Compliance for Each Major Federal Program

We have audited the City of Binghamton, New York's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
September 29, 2016

CITY OF BINGHAMTON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Expenditures to Subrecipients	Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant:				
Entitlement Grant	14.218	N/A	\$	\$ 1,552,186
	14.218	N/A	10,626	10,626
	14.218	N/A	19,375	19,375
	14.218	N/A	114,750	114,750
	14.218	N/A	1,516	1,516
	14.218	N/A	16,000	16,000
	14.218	N/A	15,166	15,166
	14.218	N/A	6,926	6,926
	14.218	N/A	10,218	10,218
	14.218	N/A	17,866	17,866
	14.218	N/A	32,367	32,367
	14.218	N/A	18,666	18,666
	14.218	N/A	20,044	20,044
	14.218	N/A	8,094	8,094
	14.218	N/A	19,716	19,716
Entitlement Grant - Section 108 Loan	14.218	N/A		176,564
Total Community Development Block Grant			311,330	2,040,080
Emergency Shelter Grants Program	14.231	N/A		33,393
	14.231	N/A	26,930	26,930
	14.231	N/A	65,036	65,036
	14.231	N/A	34,268	34,268
	14.231	N/A	29,222	29,222
Home Investment Partnerships Program	14.239	N/A		553,364
Community Challenge Planning Grants	14.704	N/A		37,892
Total U.S. Department of Housing and Urban Development			466,786	2,820,185
<u>U.S. Department of Transportation</u>				
Passed Through NYS Department of Transportation:				
Highway Planning and Construction	20.205	(1)		2,926,152
Total U.S. Department of Transportation				2,926,152
<u>U.S. Department of Justice</u>				
Byrne Justice Assistance Grant	16.738	N/A		22,193
Total U.S. Department of Justice				22,193
<u>U.S. Department of Homeland Security</u>				
Staffing for Adequate Fire and Emergency Response	97.083	N/A		523,339
Assistance to Firefighters Grant	97.044	N/A		292,671
Passed through New York State Division and				
Homeland Security and Emergency Services:				
FEMA Hazard Mitigation Grants	97.039	4031DR NY		308,508
Total U.S. Department of Homeland Security				1,124,518
<u>U.S. Environmental Protection Agency</u>				
Chesapeake Bay Program	66.466	(1)		7,600
Total U.S. Environmental Protection Agency				7,600
Total Expenditures of Federal Awards			\$ 466,786	\$ 6,900,648

(1) Unable to obtain

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

CITY OF BINGHAMTON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2015

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the City, an entity as defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10% de minimis cost rate.

Note 4 **Matching Costs**

Matching costs, for example, the City's share of certain program costs, are not included in the reported expenditures.

CITY OF BINGHAMTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes x no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

14.218 Community Development Block Grant

97.083 Staffing for Adequate Fire and Emergency Response

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee: x yes _____ no

CITY OF BINGHAMTON

PRIOR YEAR AUDIT FINDINGS DECEMBER 31, 2015

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

None