

CITY OF BINGHAMTON

Binghamton, New York

FINANCIAL REPORT

December 31, 2014

CITY OF BINGHAMTON
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INDEPENDENT AUDITOR'S REPORT

City Council
City of Binghamton
Binghamton, New York

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, 2014, 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 entity'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 entity'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.

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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, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-31 and 39-43 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 of Binghamton's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 September 29, 2015 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.

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

September 29, 2015
Ithaca, New York

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014. Please read it in conjunction with the City's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The City implemented Governmental Accounting Standards Board (GASB) Statement Number 45, which requires the reporting of the liability for other postemployment health benefits, as of December 31, 2008. The liability at December 31, 2014 is \$37,968,352. 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 \$187,937,195 (net position). Of this amount, \$(33,879,764) is unrestricted. Liabilities of the City's Business-Type Activities exceeded assets by \$(1,603,795).
- The City's expenses were \$(6,941,651) more than the \$88,235,915 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 \$3,559, and there were no revenues.
- The General Fund recorded an operating increase of \$6,180,139 in 2014 and had a fund balance of \$15,961,940 at year-end.
- The City's long-term debt (including lease obligations) increased by \$3,906,601, Bond Anticipation Notes decreased by \$(3,325,427), and other long-term liabilities increased by \$5,189,435.

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 4-5) 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 6. 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.

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 4, with the Government-wide financial statements. The Statement of Net Position and Statement of Activities report information about the City and about 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.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

These two statements report the City's net assets and changes in them. One can think of the City's net assets, the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other nonfinancial factors however, such as changes in the City's property tax base and the condition of the City's infrastructure, 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 6. 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.

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.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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 net assets. The remaining category of total net assets is unrestricted net position (deficit). Included in unrestricted net position is the City's equity interest in two joint ventures. The remaining portion of unrestricted net position 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.

Figure 1
Net Position

	Governmental Activities		Dollar Change	Percent Change
	2013	2014	2013 - 2014	2013 - 2014
<i>Current assets</i>	\$ 42,636,078	\$ 47,394,428	\$ 4,758,350	11%
<i>Noncurrent assets</i>	19,842,943	5,462,119	(14,380,824)	(72)%
<i>Capital assets, net</i>	309,377,616	316,477,038	7,099,422	2%
Total Assets	371,856,637	369,333,585	(2,523,052)	(1)%
<i>Current liabilities</i>	62,939,226	57,728,249	(5,210,977)	(8)%
<i>Noncurrent liabilities</i>	114,038,565	123,668,141	9,629,576	8%
Total Liabilities	176,977,791	181,396,390	4,418,599	3%
<i>Net investment in capital assets</i>	202,852,329	211,048,442	8,196,113	4%
<i>Restricted</i>	11,429,424	10,768,517	(660,907)	(6)%
<i>Unrestricted</i>	(19,402,907)	(33,879,764)	(14,476,857)	(75)%
Total Net Position	\$ 194,878,846	\$ 187,937,195	\$ (6,941,651)	(4)%

Current assets consist largely of \$28,550,994 in unrestricted cash, and receivables of \$13,843,539. Noncurrent assets consist of the long-term portion of loans receivable of \$6,914,534 and the City's equity interest in joint ventures of \$(1,452,415). Current assets increased as a result of significant increases in receivables and prepaid expenditures, offset by lower cash balances. 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 the City's investment in buildings and infrastructure exceeding current depreciation.

Included in current liabilities are Bond Anticipation Notes (BANs) payable of \$33,764,524, the current portion of long-term liabilities of \$6,602,406 and various payables of \$16,975,263. Noncurrent liabilities consist of bonds payable of \$80,400,001, compensated absences of \$3,836,923, other postemployment benefits payable of \$37,968,352 and lease obligations of \$1,462,865. The decrease in current liabilities is primarily due to lower BAN balances, offset partially by amounts due to fiduciary funds. Noncurrent liabilities increased as a result of new debt and other postemployment benefits, offset by payments on debt.

The net amount invested in capital assets increased overall due to the change in capital assets and the change in debt incurred to fund capital projects. Restricted net position consists of \$55,461 for debt service, \$1,143,019 for retirement contributions and benefits, and \$9,566,884 for economic development activities.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Figure 2
Changes in Net Assets

Changes in Net Position	Governmental Activities		Dollar Change	Percent Change
	2013	2014	2013 - 2014	2013 - 2014
REVENUES				
<i>Program Revenues:</i>				
<i>Charges for services</i>	\$ 20,737,131	\$ 22,593,325	\$ 1,856,194	9%
<i>Operating grants</i>	3,311,982	2,648,542	(663,440)	(20)%
<i>Capital grants</i>	5,834,236	10,079,971	4,245,735	73%
<i>General Revenues:</i>				
<i>Property taxes and tax items</i>	36,719,929	37,089,332	369,403	1%
<i>Nonproperty taxes</i>	10,688,328	10,999,064	310,736	3%
<i>State sources</i>	9,693,892	9,662,719	(31,173)	(0)%
<i>Use of money and property</i>	809,951	696,059	(113,892)	(14)%
<i>Change in equity interest in joint venture</i>	4,338,437	(14,514,999)	(18,853,436)	(435)%
<i>Other</i>	5,972,264	8,981,902	3,009,638	50%
Total Revenues	98,106,150	88,235,915	(9,870,235)	(10)%
PROGRAM EXPENSES				
<i>General government</i>	11,980,364	12,089,630	109,266	1%
<i>Public safety</i>	38,217,115	38,156,080	(61,035)	(0)%
<i>Public health</i>	948,670	987,331	38,661	4%
<i>Transportation</i>	9,729,873	6,345,062	(3,384,811)	(35)%
<i>Economic assistance and opportunity</i>	666,955	678,680	11,725	2%
<i>Culture and recreation</i>	4,166,241	4,353,336	187,095	4%
<i>Home and community services</i>	31,533,076	29,102,012	(2,431,064)	(8)%
<i>Interest on long-term debt</i>	3,800,481	3,465,435	(335,046)	(9)%
Total Expenses	101,042,775	95,177,566	(5,865,209)	(6)%
(Decrease) in Net Position	(2,936,625)	(6,941,651)	(4,005,026)	(136)%

Governmental Activities

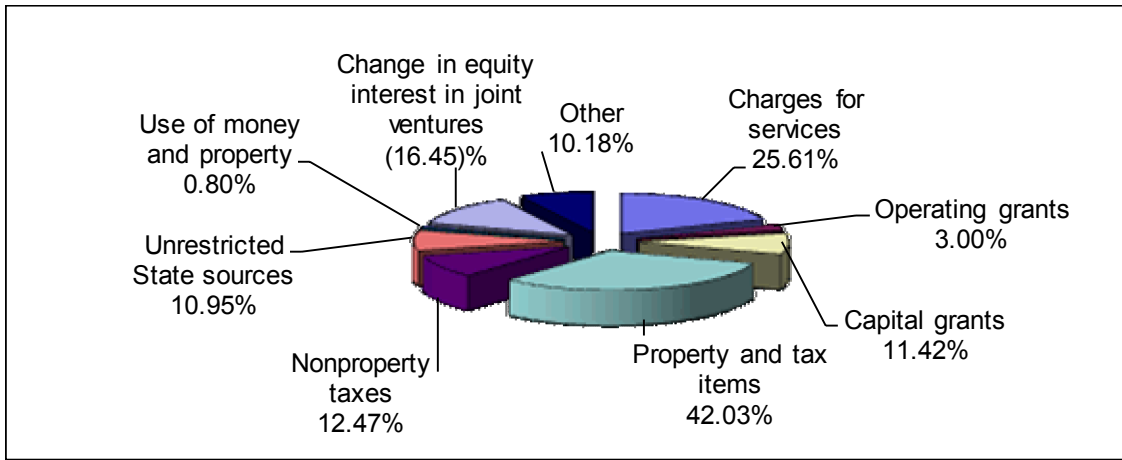
The net position of the City's activities decreased from the beginning balance, by more than twice the amount of last years' decrease. Charges for services increased due mainly to increased water and sewer revenue, offset by decreased special grant activity. Operating grants were down as a result of decreased HUD grant revenue. Capital grants increased substantially as a result of transportation and sewer 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 increased 1% in 2014. Nonproperty taxes were up 3% in 2014 as compared to 2013. Other revenue increased primarily because of 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 4 for more information about the City's joint ventures.

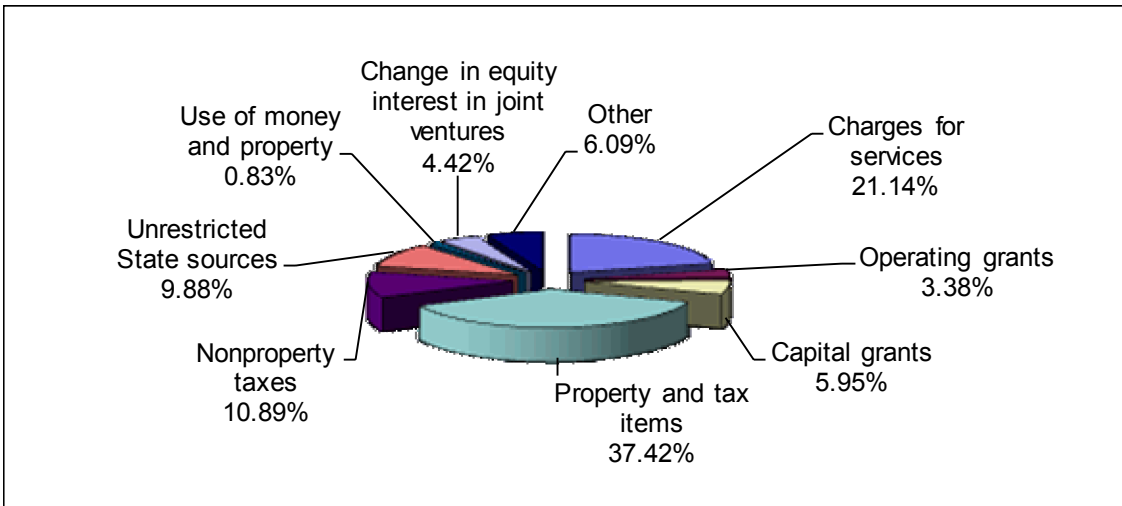
CITY OF BINGHAMTON
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

Expenses decreased primarily due to capital project expenditures in 2013 which did not result in additional capital assets, due to grant programs, flood recovery expenditures, and payments by the City for the joint venture improvements. While these payments continued in 2014, the amounts were somewhat lower.

Figure 3
Revenue by Source
2014



2013

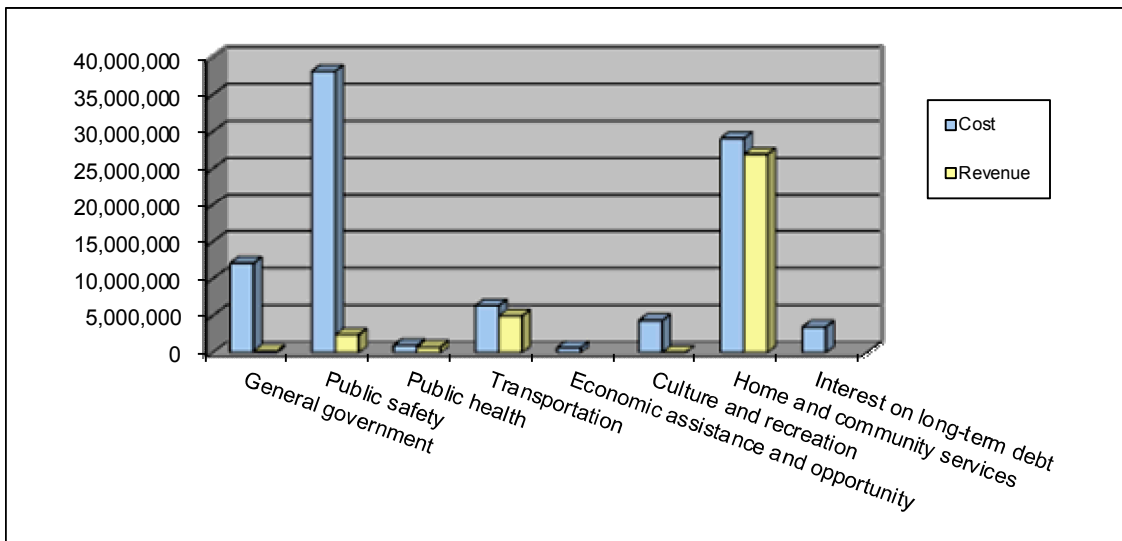


The cost of all Governmental Activities in 2014 in the Statement of Activities was \$95,177,566. However, as shown in the Statement of Activities the amount ultimately financed for these activities through City property and payments in lieu of taxes was \$59,855,728, because some of the cost was paid by those who directly benefited from the programs \$(22,593,325) or by other governments and organizations that subsidized certain programs with grants and contributions \$(12,728,513). Overall, City governmental program revenues, including fees for services and grants, were \$35,321,838. The City paid for the remaining "public benefit" portion of Governmental Activities with \$52,914,077 in taxes and other revenues, such as interest and general entitlements.

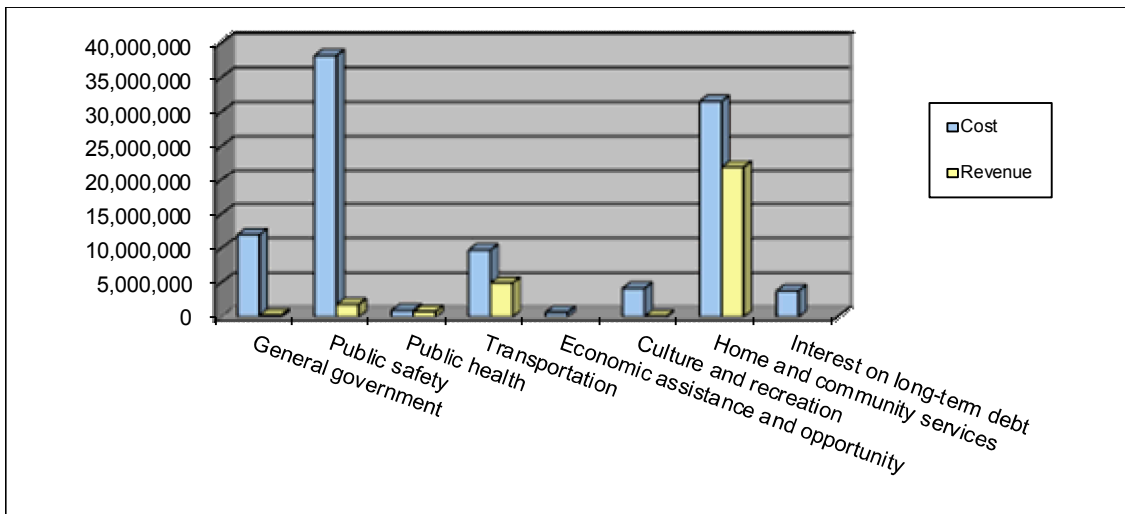
CITY OF BINGHAMTON
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

Total cost and revenue comparison of the Governmental Activities for each of the City's largest programs is presented below. 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.

Figure 4
Program Cost and Revenue Comparison
Governmental Activities
2014



2013



CITY OF BINGHAMTON
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2014

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 recently 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>Percent Change</i>
	2013	2014	2013 - 2014	2013 - 2014
<i>Current assets</i>	\$ -0-	\$ -0-	\$	0%
Total Assets	-0-	-0-		0%
<i>Current liabilities</i>	741,361	915,920	174,559	24%
<i>Noncurrent liabilities</i>	858,875	687,875	(171,000)	(20)%
Total Liabilities	1,600,236	1,603,795	3,559	0%
<i>Unrestricted</i>	(1,600,236)	(1,603,795)	(3,559)	(0)%
Total Net (Deficit)	\$ (1,600,236)	\$ (1,603,795)	\$ (3,559)	(0)%

Changes in liabilities reflect the payment by the City to HUD, offset by funds borrowed from governmental activities. The 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 6-6a, reported a combined fund balance (deficit) of \$(2,225,021), which is improved from last year's total of \$(13,101,301). The General Fund showed a \$6,180,139 increase in fund balance, and ended the year with an overall fund balance of \$15,961,940. The Sewer Fund reported a decrease of \$(265,308) due primarily to expenditures associated with the Binghamton-Johnson City Joint Sewer Treatment Plant, and revenues that were less than budgeted.

The Capital Projects Fund experienced an \$4,634,460 increase in fund balance due to payments from Johnson City, State and Federal aid, and bond and BAN activity in excess of capital outlay; 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
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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			Dollar Change	Percent Change
	2013	2014	2013 - 2014	2013 - 2014
General Fund	\$ 9,781,801	\$ 15,961,940	\$ 6,180,139	63%
Sewer Fund	(4,215,698)	(4,481,006)	(265,308)	(6)%
Special Grant Fund	2,755,538	1,884,068	(871,470)	(32)%
Capital Projects Fund	(22,078,041)	(17,443,581)	4,634,460	21%
Non-Major Funds:				
Refuse and Garbage Fund	418,041	260,425	(157,616)	(38)%
Water Fund	498,121	1,943,510	1,445,389	290%
Parking Ramps Fund	(261,063)	(350,377)	(89,314)	(34)%
Totals	\$ (13,101,301)	\$ (2,225,021)	\$ 10,876,280	83%

The General Fund increased was mainly the result of repayment of prior year health insurance payments, and transfer of FEMA receipts originally recorded in the Capital Projects Fund. The Special Grant Fund declined as a result of lower grants revenues. The Water Fund increased primarily due to increases in water sales, and health insurance reimbursements. See Note 2.A 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 \$2,134,863. The actual charges to appropriations (expenditures and encumbrances) were below the final budget amounts by \$3,320,553.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2014, the City had \$316,477,038, net of accumulated depreciation of \$209,107,429, 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 \$16,583,070 and depreciation expense, net of disposals, of \$9,483,648) of \$7,099,422 over 2013.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Figure 7
Capital Assets, Net of Depreciation

	Governmental Activities		Dollar Change	Percent Change
	2013	2014	2013 - 2014	2013 - 2014
<i>Land</i>	\$ 4,279,869	\$ 4,279,869	\$ -0-	0%
<i>Buildings and improvements</i>	11,088,235	10,623,714	(464,521)	(4)%
<i>Construction in progress</i>	2,455,660	7,149,453	4,693,793	191%
<i>Equipment</i>	9,781,379	9,371,790	(409,589)	(4)%
<i>Infrastructure</i>	281,772,473	285,052,212	3,279,739	1%
Totals	\$ 309,377,616	\$ 316,477,038	\$ 7,099,422	2%

Debt Administration

Debt (bonds, BANs, and lease obligations payable), considered a liability of Governmental Activities, increased overall by \$581,174. Accrued compensated absences increased by \$522,895 while the liability for other postemployment benefits increased \$4,666,540, bringing total debt and long-term liabilities to \$164,035,071 as of December 31, 2014, as shown in Figure 8. Of the amount of bonds and BANs outstanding, \$51,719,074 is subject to the constitutional debt limit and represented 60% 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 3.B.2 and 3 to the financial statements.

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

	Governmental Activities and Total Government		Dollar Change	Percent Change
	2013	2014	2013 - 2014	2013 - 2014
<i>BANs</i>	\$ 37,089,951	\$ 33,764,524	\$ (3,325,427)	(9)%
<i>Serial Bonds</i>	81,590,000	86,185,001	4,595,001	6%
<i>Compensated absences</i>	3,425,453	3,948,348	522,895	15%
<i>Other postemployment benefits payable</i>	33,301,812	37,968,352	4,666,540	14%
<i>Lease obligation payable</i>	2,857,246	2,168,846	(688,400)	(24)%
Totals	\$ 158,264,462	\$ 164,035,071	\$ 5,770,609	4%

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 6.0% in December of 2014, down from 6.9% in December of 2013, and 8.5% in December of 2012.

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 the 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 (host to the AHL Binghamton Senators, and NYSEG Stadium (host of the AA Binghamton Mets).

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

On December 15, 2011, The Farmers Insurance Group of Companies announced the Binghamton metropolitan area as the fifth most secure place to live among mid-size U.S. cities. The rankings, compiled by Best Places expert Bert Sperling took into consideration crime statistics, extreme weather, risk of natural disasters, housing depreciation, foreclosures, air quality, terrorist threats, environmental hazards, life expectancy, mortality rates from cancer and motor vehicle accidents, and job loss numbers in 379 U.S. municipalities. The study divided the communities into three groups: large metropolitan areas, mid-size cities and small towns.

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 purpose of an incubator is to manufacture that first product that will be sold, and to provide the missing piece for the region, which has fundamental research from Binghamton University, job training initiatives, Broome Community College 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 eight of 10.

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 Charles Street Business Park and a large manufacturing-ready facility on Court Street in downtown offer both build to suit and move-in opportunities.

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.

Downtown housing options continue to expand in Binghamton. A \$4.5 million mixed-use housing and commercial project at 70-72 Court St. will break ground in 2016. A vacant, City-owned parcel is being transformed into a state-of-the-art luxury market rate housing development. A \$2.5 million, 20,000 square-foot market rate housing project is underway in 2015. City Center Lofts will target young professionals and families with technology-focused living amenities. In 2014, a \$14.5 million waterfront student housing development opened its doors.

These projects have resulted in millions of dollars being invested into the downtown core, while bringing a new life to downtown. Storefronts along Court and Washington Street have filled in with commercial and service business to attract the new residents. Since 2006, more than 40 new businesses opened in the City, including over 20 new restaurants located in the City's Downtown as well. William H. Lane Incorporated, a construction company, returned to the City after a 40 year absence. New eateries such as Remlik's Grille & Oyster Bar, Amici Pub & Pizzeria, and Burger Mondays Bar & Grill have opened. Binghamton Bag Company, On the Town Dress Boutique, and Sassy Boutique Dress Shop have opened for retail shopping. One of our City's largest hotels, the 207 unit Binghamton Riverwalk Hotel and Conference Center, was recently accepted as a Double Tree (Hilton) facility.

Loan programs of the Binghamton Local Development Corporation (the "BLDC") have distributed \$373,000 in loans over the last two years, resulting in an additional private investment of \$5,996,000. The BLDC is currently managing a \$250,000 NYS HCD Main Street Grant which will leverage an additional \$330,000 in private investment.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

The trend of converting commercial buildings into urban homes and lofts has gained momentum and has 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 25,000 visitors attended the LUMA Projection Arts Festival in our arts district.

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

The City's economic development success is not limited to downtown, but is taking place Citywide as businesses continue to take advantage of the positive economic momentum that has developed and the resulting increased customer base. Over the past decade, the City helped facilitate major developments and expansion projects including Monadnock Paper, Horizon's Federal Credit Union, Team World, F.E. Jones Construction, Manley's Mighty Mart and Orthopedic Associates who have collectively invested millions of dollars establishing their businesses in the City. 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. Bates Troy Healthcare Linen Service announced a \$1.5 million project for an independent power system supply for their 53,000 square-foot facility.

From 2012 to present, 120 projects were reviewed and approved by the Planning Commission and Planning staff. More than 300 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 is more than \$55,000,000. Eight or more projects had a value greater than \$1,000,000 and the most expensive project was valued at more than \$10,000,000. Four of the latter 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 1,000 building permits during 2013 and more than six hundred permits in 2014, 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 National Floor Store completing the renovation of a formerly underutilized plaza. Susan Jablon Mosaics moved into a former recycling center on the City's northeast side. The internally recognized retailer of glass mosaics has participated in multiple beautification projects the City as well bringing a thriving enterprise to the neighborhood. Downtown saw another brew pub, Galaxy Brewing, Simply Sweet Frozen Yogurt, Freshy Sites web design studio, HUE Advertising, North American Business Solutions and the redevelopment of the Lackawanna Train Station with multiple new commercial and professional office spaces.

The US Veterans' Administration is in talks with the Broome County Industrial Development Agency (BC IDA) concerning locating a regional health care facility at the Charles Street Business Park.

In 2012 Lourdes Hospital completed the third phase of a five phase, \$70 million construction project to update and expand its medical complex in the City. The project consists of an expanded emergency department, a new open MRI facility, two new surgical suites, a flood wall, an ambulatory care building, a two-story main entrance connecting the ambulatory building to the main hospital and an expanded radiology department. A multi-story parking garage was completed in 2014.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

In the fall of 2013 the City completed a \$3 Million Court Street Gateway Project, which was a full-depth reconstruction of Court Street in downtown Binghamton. This reconstruction included water/sewer upgrades, full repaving, streetscape changes, a roundabout, pedestrian & bicycle accommodations, and changes in parking and traffic signal upgrades. 95% of the cost of this project was reimbursed by the State Department of Transportation.

The City government continues to improve its infrastructure by investing approximately \$6.5 million in capital improvements annually. Additional projects to upgrade and rehabilitate the City's gateways and bridges are currently underway in the amount of \$5 million. These projects are the 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 a combined \$85 million being spent on a diverse range of local roadway and bridge projects.

The City is the recipient of three Restore New York Program grants for the removal and/or reconstruction of blighted properties. The City has removed/reconstructed over 120 blighted buildings using more than \$6.5 Million in State grants. The City's Blight Prevention Initiative, which, with some adjustments, has gained a newfound vitality, features a registry that now includes more than 380 properties and their maintenance plans. The initiative includes three components: (1) Legal - develop and pass a new vacant property registration ordinance requiring owners of vacant properties to register the property and submit a maintenance plan; (2) Enforcement - dedicate funds for a new Vacant Property Officer to ensure consistent and aggressive enforcement; (3) Organization Reform - incorporate Code Enforcement into the Building and Construction Bureau to improve coordination between the two offices. The new ordinance forces property owners to maintain their properties, which, in turn, reduces code violations. The Initiative has generated \$76,000 in fines, up 200% from 2011. These fines are levied against landlords who have failed to register and keep their properties in decent condition. This important initiative is necessary to minimize deterioration and maximize positive development. The City's Restore Program and Vacant Property Initiative have won 1st place awards in the public administration category from the New York Conference of Mayors (NYCOM).

Over the last five years, the City has invested nearly \$4.8 million in federal and State grants to help more than 100 homeowners achieve safer, healthier homes. This has been made possible through the City's two key housing programs, Single Family Repair Program and the First Time Homebuyer Program. Since 2008, the City has issued 91 loans to assist income-qualified, current homeowners to fix code violations, remove lead hazards and improve energy efficiency. About 25% of City homeowners assisted through the Single Family Repair Program were seniors (60 years or older) on limited incomes. The average household income for those receiving assistance was \$29,000, and no repayments are required so long as the owner maintains residency and ownership for a set period (generally 10 years). The City has annually received a federal grant through HUD's HOME Investment Partnerships to fund its Single Family Repair Program, but since 2008, the City has aggressively pursued other federal and State grants to expand housing programs and loan products. Over the last four years, the City has secured four grants totaling more than \$1 million from New York State's Affordable Housing Corporation, and has leveraged nearly \$100,000 in home repair grants from Binghamton Homeownership Academy partners, such as Metro Interfaith, Quaranta Housing Services and First Ward Action Council.

Over the last three years, the City has also helped a dozen residents become first-time homeowners through its First Time Homebuyer Program. The City currently offers a purchase assistance loan of up to \$10,000 to income-eligible, first-time homebuyers who have graduated from the Binghamton Homeownership Academy. The deferred loan requires no payments so long as the owner maintains residency and ownership, and the full amount is completely forgiven after 5 years.

CITY OF BINGHAMTON
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

The City's River Park Project has evolved significantly over the last few years. From Confluence Park, built on the area where the Chenango River flows into the Susquehanna River, City residents are now able to walk, bike or skate along the riverbank to the Cheri Lindsey Park, which includes a cutting edge skateboard facility, providing a high caliber facility for children of all ages. New lighting, walkways, bicycle paths and landscaping are being installed, paid from State and Federal funds. Kennedy Park was reconstructed in 2010 at a cost of approximately \$500,000. As a result of the City's revitalization of Binghamton's waterways, the New York Upstate Chapter of American Society of Landscape Architects presented the City with a Merit Award for excellence in Public Landscape design for Confluence Park. The City now has a second river crawl where residents meet and walk on river trails from downtown to the south side.

The City and the Village of Johnson City have issued bond ordinances to cover the costs associated with the 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 2018. The project is expected to cost approximately \$200 million and will turn the treatment facility that was built in the early 1960's into a state-of-the-art facility.

The City is dedicated to providing vital services to residents and businesses in the most efficient manner possible. The City made significant cost reductions by consolidating emergency dispatch services and tax collection with Broome County.

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 that is 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 applied to EFC for approximately \$12 million in loans from the State Clean Water Revolving Loan Fund to address this situation.

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, 2014

	<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	\$ 28,550,994	\$	\$ 28,550,994	\$ 2,142,896
Restricted cash and cash equivalents	2,672,403		2,672,403	
Due from state and federal governments	4,989,536		4,989,536	
Due from other governments	1,196,558		1,196,558	
Other receivables, net	6,889,163		6,889,163	32,178
Loans receivable, short-term portion	768,282		768,282	286,121
Inventories	14,878		14,878	
Prepaid expenses	2,210,768		2,210,768	
Internal balances	101,846	(101,846)	-0-	
Total Current Assets	<u>47,394,428</u>	<u>(101,846)</u>	<u>47,292,582</u>	<u>2,461,195</u>
Noncurrent Assets:				
Restricted investments			-0-	136,954
Loans receivable, long-term portion	6,914,534		6,914,534	796,854
Equity interest in joint ventures	(1,452,415)		(1,452,415)	
Capital Assets:				
Land and construction in progress	11,429,322		11,429,322	446,632
Depreciable capital assets, net	305,047,716		305,047,716	
Total Noncurrent Assets	<u>321,939,157</u>		<u>321,939,157</u>	<u>1,380,440</u>
Total Assets	<u>369,333,585</u>	<u>(101,846)</u>	<u>369,231,739</u>	<u>3,841,635</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	8,807,110		8,807,110	30,039
Accrued liabilities	6,386,527		6,386,527	
Due to other governments	85,590		85,590	
Due to fiduciary funds	386,056	643,074	1,029,130	
Bond Anticipation Notes payable	33,764,524		33,764,524	
Accrued interest payable	1,337,373		1,337,373	
Other	358,663		358,663	
Current Portion of Long-term Liabilities:				
Bonds payable	5,785,000	171,000	5,956,000	
Lease obligations payable	705,981		705,981	
Compensated absences	111,425		111,425	
Total Current Liabilities	<u>57,728,249</u>	<u>814,074</u>	<u>58,542,323</u>	<u>30,039</u>
Long-term Liabilities:				
Bonds payable	80,400,001	687,875	81,087,876	
Lease obligations payable	1,462,865		1,462,865	
Other postemployment benefits payable	37,968,352		37,968,352	
Compensated absences	3,836,923		3,836,923	
Total Long-term Liabilities	<u>123,668,141</u>	<u>687,875</u>	<u>124,356,016</u>	
Total Liabilities	<u>181,396,390</u>	<u>1,501,949</u>	<u>182,898,339</u>	<u>30,039</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	211,048,442		211,048,442	446,632
Restricted	10,768,517		10,768,517	3,358,593
Unrestricted (Deficit)	(33,879,764)	(1,603,795)	(35,483,559)	6,371
Total Net Position (Deficit)	<u>\$ 187,937,195</u>	<u>\$ (1,603,795)</u>	<u>\$ 186,333,400</u>	<u>\$ 3,811,596</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:				
General governmental support	\$ 12,089,630	\$ 148,784	\$ 54,642	\$
Public safety	38,156,080	1,178,731	746,199	490,097
Public health	987,331	756,840		
Transportation	6,345,062	1,311,162		3,649,974
Economic assistance and opportunity	678,680			
Culture and recreation	4,353,336	18,861	29,523	
Home and community services	29,102,012	19,178,947	1,818,178	5,939,900
Interest on long-term debt	3,465,435			
Total Governmental Activities	95,177,566	22,593,325	2,648,542	10,079,971
Business-Type Activities:				
Proprietary funds	3,559			
Total Primary Government	\$ 95,181,125	\$ 22,593,325	\$ 2,648,542	\$ 10,079,971
Component Units:				
Binghamton Local Development Corp.	\$ 271,478	\$ 110,468	\$ 250,649	\$ -0-
Binghamton Urban Renewal Agency	\$ 69,647	\$ 24,200	\$ 38,000	\$ -0-

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

Net Position (Deficit) - Ending

See Independent Auditor's Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Units</u>	<u>Total</u>
\$ (11,886,204)	\$ _____	\$ _____	\$ (11,886,204)
(35,741,053)	_____	_____	(35,741,053)
(230,491)	_____	_____	(230,491)
(1,383,926)	_____	_____	(1,383,926)
(678,680)	_____	_____	(678,680)
(4,304,952)	_____	_____	(4,304,952)
(2,164,987)	_____	_____	(2,164,987)
(3,465,435)	_____	_____	(3,465,435)
(59,855,728)	-0-	-0-	(59,855,728)
_____	(3,559)	_____	(3,559)
(59,855,728)	(3,559)	_____	(59,859,287)
_____	_____	89,639	89,639
_____	_____	(7,447)	(7,447)
36,303,480	_____	_____	36,303,480
785,852	_____	_____	785,852
10,999,064	_____	_____	10,999,064
696,059	_____	1,278	697,337
134,232	_____	_____	134,232
8,847,670	_____	1,073	8,848,743
9,662,719	_____	_____	9,662,719
(14,514,999)	_____	_____	(14,514,999)
52,914,077	_____	2,351	52,916,428
(6,941,651)	(3,559)	84,543	(6,942,859)
194,878,846	(1,600,236)	3,727,053	197,005,663
\$ <u>187,937,195</u>	\$ <u>(1,603,795)</u>	\$ <u>3,811,596</u>	\$ <u>190,062,804</u>

CITY OF BINGHAMTON
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Major Funds		
	Special Revenue Funds		
	General Fund	Special Grant Fund	Sewer Fund
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents - Unrestricted	\$ 10,611,689	\$ 649,515	\$ 7,812
Due from other funds	2,397,234		40,924
Due from state and federal governments	175,417	1,531,027	
Due from other governments	1,129,315		
Other receivables, net	2,109,272		2,450,501
Inventory	14,878		
Prepaid expenses	1,844,298		71,902
Cash with fiscal agent			
Loans receivable, net		7,682,816	
 Total Assets	 <u>\$ 18,282,103</u>	 <u>\$ 9,863,358</u>	 <u>\$ 2,571,139</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 838,502	\$ 295,094	\$ 5,535,640
Accrued liabilities	1,306,584		37,692
Due to other funds			1,455,761
Due to other governments	85,560		
Bond Anticipation Notes payable			
Compensated absences	89,517	1,380	2,830
Other liabilities			
 Total Liabilities	 <u>2,320,163</u>	 <u>296,474</u>	 <u>7,031,923</u>
Deferred Inflows of Resources:			
Unavailable revenue		7,682,816	20,222
Fund Balances:			
Nonspendable	1,859,176		71,902
Restricted	1,198,480	1,884,068	
Assigned	1,732,953		
Unassigned	11,171,331		(4,552,908)
 Total Fund Balances (Deficit)	 <u>15,961,940</u>	 <u>1,884,068</u>	 <u>(4,481,006)</u>
 Total Liabilities and Fund Balances	 <u>\$ 18,282,103</u>	 <u>\$ 9,863,358</u>	 <u>\$ 2,571,139</u>

See Independent Auditor's Report and Notes to Financial Statements

<u>Major Funds</u> Capital Projects Fund	<u>Total</u> Non-Major Governmental Funds	<u>Total</u> Governmental Funds
\$ 16,730,905	\$ 551,073	\$ 28,550,994
858,011	49,101	3,345,270
3,283,092		4,989,536
58,963	8,280	1,196,558
6,693	2,286,161	6,852,627
		14,878
	230,628	2,146,828
172,403		172,403
		7,682,816
<u>\$ 21,110,067</u>	<u>\$ 3,125,243</u>	<u>\$ 54,951,910</u>
\$ 1,759,228	\$ 274,759	\$ 8,703,223
1,500,803	152,322	2,997,401
1,274,260	489,523	3,219,544
	30	85,590
33,764,524		33,764,524
	17,698	111,425
252,121	106,542	358,663
38,550,936	1,040,874	49,240,370
2,712	230,811	7,936,561
	230,628	2,161,706
		3,082,548
	1,973,307	3,706,260
(17,443,581)	(350,377)	(11,175,535)
(17,443,581)	1,853,558	(2,225,021)
<u>\$ 21,110,067</u>	<u>\$ 3,125,243</u>	<u>\$ 54,951,910</u>

CITY OF BINGHAMTON
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014

Total Governmental Fund Balances \$ (2,225,021)

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	\$ 525,584,467	
Accumulated depreciation	<u>(209,107,429)</u>	316,477,038

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. (1,452,415)

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 7,936,561

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. (1,302,473)

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	\$ (1,337,373)	
Other postemployment benefits payable	(37,968,352)	
Compensated absences	<u>(3,836,923)</u>	(43,142,648)

Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds. (86,185,001)

Lease obligations payable are not due and payable in the current period and, therefore, are not reported in the funds. (2,168,846)

Net Position of Governmental Activities \$ 187,937,195

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, 2014

	Major Funds			
	General Fund	Special Revenue Funds		Capital Projects Fund
	Fund	Special Grant Fund	Sewer Fund	Fund
<u>REVENUES</u>				
Real property taxes	\$ 36,303,480	\$	\$	\$
Real property tax items	785,852			
Nonproperty tax items	10,999,064			
Departmental income	1,459,263	98,135	9,170,863	
Intergovernmental charges	600,009			2,224,977
Use of money and property	96,185		513,089	15,070
Licenses and permits	205,705			
Fines and forfeitures	704,412			
Sale of property and compensation for loss	283,745			
Miscellaneous local sources	2,049,746	104,220	88,523	1,807,732
Interfund revenues	934,926			
State sources	9,877,880			6,148,802
Federal sources	616,087	1,805,660		1,715,276
Total Revenues	<u>64,916,354</u>	<u>2,008,015</u>	<u>9,772,475</u>	<u>11,911,857</u>
<u>EXPENDITURES</u>				
Current:				
General governmental support	6,369,076		88,747	
Public safety	21,430,596			
Public health	43,398			
Transportation	2,394,373			
Economic assistance and opportunity	215,414	282,594		
Culture and recreation	2,778,258	4,917		
Home and community services	2,060,493	2,591,974	5,223,103	
Employee benefits	17,907,279		619,695	
Debt Service:				
Principal	4,712,575		1,805,909	
Interest	1,438,679		1,478,813	
Capital outlay				19,989,688
Total Expenditures	<u>59,350,141</u>	<u>2,879,485</u>	<u>9,216,267</u>	<u>19,989,688</u>
Excess of Revenues (Expenditures)	<u>5,566,213</u>	<u>(871,470)</u>	<u>556,208</u>	<u>(8,077,831)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund transfers in	840,777		91,065	1,637,934
Interfund transfers (out)	(226,851)		(912,581)	(980,695)
BANs redeemed from appropriations				2,170,051
Proceeds of obligations				9,885,001
Total Other Financing Sources (Uses)	<u>613,926</u>		<u>(821,516)</u>	<u>12,712,291</u>
Net Changes in Fund Balances	<u>6,180,139</u>	<u>(871,470)</u>	<u>(265,308)</u>	<u>4,634,460</u>
Fund Balances, Beginning	9,781,801	2,755,538	(4,215,698)	(22,078,041)
Fund Balances, Ending	<u>\$ 15,961,940</u>	<u>\$ 1,884,068</u>	<u>\$ (4,481,006)</u>	<u>\$ (17,443,581)</u>

See Independent Auditor's Report and Notes to Financial Statements

Total Non-Major Governmental Funds	Total Governmental Funds
\$	\$ 36,303,480
	785,852
	10,999,064
9,803,000	20,531,261
56,625	2,881,611
76,081	700,425
	205,705
	704,412
75	283,820
456,619	4,506,840
148,190	1,083,116
	16,026,682
	4,137,023
10,540,590	99,149,291
91,077	6,548,900
	21,430,596
	43,398
672,955	3,067,328
	498,008
	2,783,175
4,427,894	14,303,464
1,420,648	19,947,622
1,624,902	8,143,386
655,006	3,572,498
	19,989,688
8,892,482	100,328,063
1,648,108	(1,178,772)
48,851	2,618,627
(498,500)	(2,618,627)
	2,170,051
	9,885,001
(449,649)	12,055,052
1,198,459	10,876,280
655,099	(13,101,301)
\$ 1,853,558	\$ (2,225,021)

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, 2014

Net Change in Fund Balances - Total Governmental Funds \$ 10,876,280

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	\$ 16,821,809	
Depreciation expense	(9,696,666)	
Net book value of disposed assets	<u>(25,721)</u>	7,099,422

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. (2,129,517)

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. (14,514,999)

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 repayment of debt principal.

Proceeds of debt	\$ (9,885,001)	
BANs redeemed	(2,170,051)	
Principal payments	<u>8,143,386</u>	(3,911,666)

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	\$ 107,063	
Change in noncurrent compensated absences	(754,016)	
Change in other postemployment benefits payable	<u>(4,666,540)</u>	(5,313,493)

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. 952,322

Change in Net Position of Governmental Activities \$ (6,941,651)

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents - restricted	\$ _____	\$ <u>2,500,000</u>
Accounts receivable	_____	<u>36,536</u>
Prepaid expenses	_____	<u>63,940</u>
 Total Assets	 _____ -0-	 _____ 2,600,476
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	_____	<u>103,887</u>
Accrued liabilities	_____	<u>3,389,126</u>
Due to governmental funds	<u>101,846</u>	<u>409,936</u>
Due to fiduciary funds	<u>643,074</u>	_____
Loans payable, current	<u>171,000</u>	_____
Total Current Liabilities	<u>915,920</u>	<u>3,902,949</u>
Noncurrent Liabilities:		
Loans payable, long-term portion	<u>687,875</u>	_____
 Total Liabilities	 _____ 1,603,795	 _____ 3,902,949
<u>NET POSITION</u>		
Unrestricted (Deficit)	_____ (1,603,795)	_____ (1,302,473)
 Net Position (Deficit)	 \$ <u>(1,603,795)</u>	 \$ <u>(1,302,473)</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, 2014

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>OPERATING REVENUES</u>		
Interfund transfers	\$	\$ 3,184,271
Other operating revenues		62,411
Total Operating Revenues	<u>-0-</u>	<u>3,246,682</u>
<u>OPERATING EXPENSES</u>		
Salaries and benefits		79,317
Contractual services		364,536
Workers compensation claims		1,850,507
Total Operating Expenses	<u>-0-</u>	<u>2,294,360</u>
Income from Operations	<u>-0-</u>	<u>952,322</u>
<u>NONOPERATING (EXPENSES)</u>		
Interest expense	<u>3,559</u>	
Total Nonoperating (Expenses)	<u>3,559</u>	<u>-0-</u>
Change in Net Position	(3,559)	952,322
Total Net Position (Deficit), Beginning	<u>(1,600,236)</u>	<u>(2,254,795)</u>
Total Net Position (Deficit), Ending	<u>\$ (1,603,795)</u>	<u>\$ (1,302,473)</u>

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, 2014

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from other funds	\$	\$ 2,206,928
Cash payments - Employees		(79,317)
Cash payments - Suppliers	(50,922)	(364,536)
Cash payments - Judgments and claims		(1,843,502)
Refund of prior year expenditures		25,875
	<u>(50,922)</u>	<u>(54,552)</u>
Net Cash (Used) by Operating Activities		
Cash Flows from Non-capital Financing Activities:		
Interfund transfer	<u>254,481</u>	
	<u>254,481</u>	<u>-0-</u>
Net Cash Provided by Non-Capital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Bond payments	(200,000)	
Interest expense	<u>(3,559)</u>	
	<u>(203,559)</u>	<u>-0-</u>
Net Cash (Used) by Capital and Related Financing Activities		
NET CHANGE IN CASH EQUIVALENTS	<u>-0-</u>	<u>(54,552)</u>
Cash and Cash Equivalents, January 1, 2014	<u>-0-</u>	<u>2,554,552</u>
Cash and Cash Equivalents, December 31, 2014	<u>\$ -0-</u>	<u>\$ 2,500,000</u>
Reconciliation of Income from Operations to Net Cash (Used) by Operating Activities:		
Income from operations	\$	\$ 952,322
(Increase) in accounts receivable		(36,536)
(Increase) in prepaid expenses		(63,940)
(Increase) decrease in accounts payable	(50,922)	70,945
(Decrease) in due to governmental activities		(977,343)
	<u>(50,922)</u>	<u>(54,552)</u>
Net Cash (Used) by Operating Activities	<u>\$ (50,922)</u>	<u>\$ (54,552)</u>

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Agency Fund	Private Purpose Trust Fund
<u>ASSETS</u>		
Cash and cash equivalents - Unrestricted	\$ 1,243,557	\$ 18,908
Due from other governments	240,354	
Due from governmental funds	386,056	
Due from proprietary funds	643,074	
Other assets	68,575	
 Total Assets	 \$ 2,581,616	 18,908
 <u>LIABILITIES</u>		
Due to other governments	\$ 76,194	
Agency liabilities	2,505,422	
 Total Liabilities	 \$ 2,581,616	 -0-
 <u>NET POSITION</u>		
Restricted		18,908
 Total Net Position		 \$ 18,908

See Independent Auditor's Report and Notes to Financial Statements

CITY OF BINGHAMTON
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUND
DECEMBER 31, 2014

		<u>Private Purpose Trust Fund</u>
	<u>ADDITIONS</u>	
Other revenue		\$ <u>5,860</u>
Total Additions		<u>5,860</u>
	<u>DEDUCTIONS</u>	
Employee benefits		<u>5,076</u>
Change in Net Position		784
Net Position - Beginning of Year		<u>18,124</u>
Net Position - End of Year		\$ <u><u>18,908</u></u>

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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.

A. 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":

1. The primary government, which is the City,
2. Organizations for which the primary government is financially accountable, and;
3. 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 has been included in the City's reporting entity, and are discretely reported.

1. Component Units

a. 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). The 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

b. 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, 2014.

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

2. Joint Venture

a. Binghamton-Johnson City Joint Sewage and Waste Water Treatment Plant

The City jointly operated 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.

3. Related Organization

a. 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.

B. Basic Financial Statements

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.

1. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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."

2. 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.

The City records its transactions in the funds described below:

a. 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 following are the City's Governmental Funds:

1) 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

a) 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.

2) Non-Major Funds

a) 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.

b. 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 Board 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

c. 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.

C. 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.

1. 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.
2. 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 considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

D. Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and the Balance Sheet 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 only 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 governmental fund Balance Sheet. The governmental fund reports unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

E. Inventory

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

F. 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).

G. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

H. Cash and Cash Equivalents

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

I. 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.

J. 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.

K. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

L. 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 3.B.4.

M. 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.

N. 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.

O. Equity Classifications

1. 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."

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

2. 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.
- **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, which 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.

P. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 2 - Stewardship, Compliance, Accountability

A. Deficit Fund Balances

The Sewer Fund had a deficit fund balance of \$(4,481,006) due to expenditures incurred to operate the Binghamton-Johnson City Joint Sewage and Waste Water Treatment Plant. In 2015, the owners of the Joint Sewage Plant changed some of the capital projects at the Plant which will decrease the payables due and decrease the deficit fund balance by more than \$1,800,000.

The Capital Projects Fund had a deficit fund balance of \$(17,443,581), 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 \$(350,377) 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 for benefit to the community in excess of fees collected are being explored.

The Internal Service Fund had a net position (deficit) of \$(1,302,473) 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 \$(1,603,795), 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 - Detailed Notes

A. Assets

1. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Deposits and investments are valued at cost or cost plus interest. Total financial institution (bank) balances at December 31, 2014, per the banks, were \$32,983,048, which were insured, and collateral, where required, was held by the City's agent in the City's name.

2. Other Receivables

Other receivables at December 31, 2014 are as follows:

Major Funds:	
General Fund:	
Accounts receivable	\$ <u>2,109,272</u>
Special Revenue Funds:	
Sewer Fund:	
Sewer rents receivable	2,575,501
Allowance for doubtful accounts	<u>(125,000)</u>
Total Sewer Fund	<u>2,450,501</u>
Capital Projects Fund:	
Accounts receivable	6,693
Non-Major Funds:	
Special Revenue Funds:	
Parking Ramps Fund - Accounts Receivable	8,177
Water Fund - Water rents receivable	2,062,141
Allowance for doubtful accounts	<u>(100,540)</u>
Refuse and Garbage Fund - Fees	<u>316,383</u>
Total Non-Major Funds	<u>2,286,161</u>
Total Other Receivables - Governmental Funds	6,852,627
Internal Service Fund	
Accounts receivable	<u>36,536</u>
Total Other Receivables - Governmental Activities	<u>\$ 6,889,163</u>

3. 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 2014, payments from the County to the City aggregated \$10,026,100.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

4. Property and Equipment

A summary of changes in capital assets at December 31, 2014 follows:

	<u>Balance at</u> <u>12/31/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/14</u>
<u>Governmental Activities</u>				
Non-depreciable Capital Assets:				
Land	\$ 4,279,869	\$	\$	\$ 4,279,869
Construction in progress	<u>2,455,660</u>	<u>15,976,789</u>	<u>(11,282,996)</u>	<u>7,149,453</u>
Total Non-depreciable Capital Assets	<u>6,735,529</u>	<u>15,976,789</u>	<u>(11,282,996)</u>	<u>11,429,322</u>
Depreciable Capital Assets:				
Buildings and improvements	32,949,788			32,949,788
Machinery and equipment	23,324,357	845,020	(238,739)	23,930,638
Infrastructure	<u>445,991,723</u>	<u>11,282,996</u>		<u>457,274,719</u>
Total Depreciable Capital Assets	<u>502,265,868</u>	<u>12,128,016</u>	<u>(238,739)</u>	<u>514,155,145</u>
Total Historical Cost	<u>509,001,397</u>	<u>28,104,805</u>	<u>(11,521,735)</u>	<u>525,584,467</u>
Less Accumulated Depreciation:				
Buildings and improvements	(21,861,553)	(464,521)		(22,326,074)
Machinery and equipment	(13,542,978)	(1,228,888)	213,018	(14,558,848)
Infrastructure	<u>(164,219,250)</u>	<u>(8,003,257)</u>		<u>(172,222,507)</u>
Total Accumulated Depreciation	<u>(199,623,781)</u>	<u>(9,696,666)</u>	<u>213,018</u>	<u>(209,107,429)</u>
Governmental Activities Capital Assets, Net	<u>\$ 309,377,616</u>	<u>\$ 18,408,139</u>	<u>\$ (11,308,717)</u>	<u>\$ 316,477,038</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>	
General governmental support	\$ 1,564,300
Public safety	420,490
Transportation	2,244,485
Culture and recreation	245,254
Home and community services	<u>5,222,137</u>
Total Governmental Activities Depreciation Expense	<u>\$ 9,696,666</u>

CITY OF BINGHAMTON
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

B. Liabilities

1. Pension Plans

a. NYS Sponsored Plans

Plan Description - The City participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS), and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer defined benefit public employee retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The City is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2014	\$ 2,470,316	\$ 4,994,560
2013	2,600,259	5,111,965
2012	2,590,272	4,013,150

The City's contributions made to the System were equal to 100% of the contributions required for each of the years. The System's pension relief legislation (New York State Chapter 620, Laws of 2004) was enacted to provide employers with relief in payment of their annual ERS cost. This legislation provides several options to employers, including delaying payments from December 15 to February 6 of the ensuing year, payment of a portion of their cost over an amortized period, and the means to issue serial bonds to provide funding for the employer's liability. In addition, the employer was given the option of making full payment on December 15 at a discounted amount. The City exercised its option of making payment on December 15, 2014, equal to 100% of the contributions required for the year.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

b. 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. Current membership in the PFPF is 1 retiree and beneficiary in the Police Group. The remaining survivor died in 2015, and plan contributions will not be needed after that date. Surviving widows of retirees are entitled to a uniform monthly benefit, which amounted to \$212 as of December 31, 2014. The City funded the plans with general fund contributions. There were no employee contributions. The funding was estimated using the projected unit credit method.

Annual Required Contribution and Net Pension Obligation - During the year ended December 31, 2014 no contributions were required or made. Significant actuarial assumptions used to compute past year's contributions were the same as those used to compute the net pension obligation. The actuarial value of the assets in the Fire Group exceeded the actuarial accrued liabilities at December 31, 2014. There was no net pension obligation. The actuarial value of the assets in the Police Group did not exceed the actuarial accrued liabilities at December 31, 2014, and the General Fund transfers funds as needed.

The City transferred \$5,860 from the General Fund to the Police Group of the PFPF during the year ended December 31, 2014; \$11,520 and \$16,000 were transferred in the years ended December 31, 2013 and 2012, respectively.

Plan Financial Statements - Statement of Plan Net Assets

	<u>Police Group</u>	<u>Fire Group</u>	<u>Total</u>
Assets			
Cash	\$ <u>-0-</u>	\$ <u>18,908</u>	\$ <u>18,908</u>
Net Assets			\$ <u>18,908</u>

Plan Financial Statements - Statement of Changes in Plan Net Assets

Additions		
Transfer from General Fund		\$ <u>5,860</u>
Deductions		
Benefits		<u>5,076</u>
Net Change in Plan Net Assets		784
Net Assets, Beginning of Year		<u>18,124</u>
Net Assets, End of Year		\$ <u>18,908</u>

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

2. Short-term Debt

Liabilities for Bond Anticipation Notes are generally accounted for in the Capital Projects Fund 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, 2014 in the Capital Fund consisted of the following:

Description	Date Issued	Maturity Date	Amount
Various Projects	2009	01/29/2015	\$ 910,000
Various Projects	2010	01/29/2015	2,225,000
Water Projects	2011	01/29/2015	2,450,000
Various Projects	2011	01/29/2015	1,978,000
Various Projects	2012	01/29/2015	3,165,000
Various Projects	2012	01/29/2015	1,587,000
City Hall improvements	2012	01/29/2015	1,300,000
Demolition of flooded property	2013	01/29/2015	3,500,000
Water and Sewer Projects	2014	01/29/2015	2,000,000
Joint Sewer Project	2014	01/30/2019	4,528,948
Various Projects	2014	01/29/2015	<u>10,120,576</u>
Total			<u>\$ 33,764,524</u>

Interest on short-term debt for the year ended December 31, 2014 was as follows:

Interest paid	\$ 386,263
Less: Interest accrued in the prior year	(355,604)
Plus: Interest accrued in the current year	<u>220,288</u>
Total Expense	<u>\$ 250,947</u>

3. Long-term Debt

At December 31, 2014, the total outstanding indebtedness of the City aggregated \$122,118,371. Of this amount, \$51,719,074 was subject to the constitutional debt limit and represented approximately 60% of its debt limit.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

a. 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.

b. 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 3.B.4 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 \$2,402,954.

c. 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, 2014:

<u>Description</u>	<u>Balance at 12/31/13</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Payments</u>	<u>Balance at 12/31/14</u>	<u>Due Within One Year</u>
General obligation debt	\$ 81,590,000	\$ 27,530,001	\$ 22,935,000	\$ 86,185,001	\$ 5,785,000
Less: Refunding of debt		(17,645,000)	(17,645,000)		
Regency Hotel	<u>1,058,875</u>		<u>200,000</u>	<u>858,875</u>	<u>171,000</u>
	82,648,875	9,885,001	5,490,000	87,043,876	5,956,000
Bond Anticipation Notes	37,089,951	14,684,624	18,010,051	33,764,524	33,764,524
Lease obligations payable	2,857,246		688,400	2,168,846	705,981
Liability for other postemployment benefits	33,301,812	4,666,540		37,968,352	
Compensated absences	<u>3,425,453</u>	<u>522,895</u>		<u>3,948,348</u>	<u>111,425</u>
 Total	 <u>\$ 159,323,337</u>	 <u>\$ 29,759,060</u>	 <u>\$ 24,188,451</u>	 <u>\$ 164,893,946</u>	 <u>\$ 40,537,930</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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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 \$11,955,000 at December 31, 2014.

d. 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
Water Projects	2005	5.13%	2017	\$ 220,623
Various Projects	2005	5.13%	2017	3,229,377
Wastewater Projects	2000	3.80%	2019	995,000
Water Projects	2000	4.60%	2022	6,015,000
Combined Sewer Overflow	2003	4.54%	2031	3,770,000
Wastewater Projects	2005	3.00%	2034	14,425,000
Various Projects	2007	4.25%	2029	1,850,000
Wastewater Projects	2010	4.11%	2039	4,500,000
Refunding Bonds - 2004 & 2005	2012	3.00%	2026	11,630,000
Various Projects	2012	2.00%	2029	8,809,400
Various Projects	2012	2.00%	2029	3,210,600
General Capital Improvements	2014	3.79%	2034	4,579,721
Water and Sewer Improvements	2014	3.79%	2034	5,305,280
Refunding Bonds	2014	2.63%	2029	16,680,000
Refunding Bonds	2014	3.89%	2029	<u>965,000</u>
Total				<u>\$ 86,185,001</u>
Business Type Activities Description	Date of Issue	Interest	Maturity Date	Outstanding
Regency Hotel	1993	1.25%	2019	<u>\$ 858,875</u>

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

The following table summarizes the City's future debt service requirements as of December 31, 2014:

Year Ending December 31,	Governmental Activities Bonds		Installment Purchase		Business Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 5,785,000	\$ 3,827,955	\$ 705,981	\$ 50,673	\$ 171,000	\$ 2,827
2016	5,995,000	3,588,106	724,132	32,520	171,000	2,264
2017	6,180,000	3,347,664	603,665	13,777	172,000	1,701
2018	5,160,001	3,076,655	135,068	2,418	172,000	1,135
2019	5,285,001	2,862,029			172,875	570
2020-2024	25,825,002	10,886,159				
2025-2029	22,265,002	4,979,212				
2030-2034	8,614,995	1,180,079				
2035-2039	<u>1,075,000</u>	<u>150,628</u>				
Total	<u>\$ 86,185,001</u>	<u>\$ 33,898,487</u>	<u>\$ 2,168,846</u>	<u>\$ 99,388</u>	<u>\$ 858,875</u>	<u>\$ 8,497</u>

Interest on long-term debt for the year ended December 31, 2014 (including installment purchase agreements) is as follows:

Interest paid	\$ 3,186,235
Less: Interest accrued in the prior year	(1,082,852)
Plus: Interest accrued in the current year	<u>1,111,105</u>
Total Expense	<u>\$ 3,214,488</u>

4. 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, 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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.

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	\$ 8,157,310
Interest on net OPEB obligation	1,332,072
Adjustment to annual required contribution	<u>(1,746,636)</u>
Total Annual OPEB Cost (Expense)	7,742,746
Contributions made (expected)	<u>(3,076,206)</u>
Increase in Net OPEB Obligation	4,666,540
Net OPEB Obligation - January 1, 2014	<u>33,301,812</u>
Net OPEB Obligation - December 31, 2014	<u>\$ 37,968,352</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014, 2013 and 2012 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>
12/31/2014	\$ <u>7,742,746</u>	39.7%	\$ <u>37,968,352</u>
12/31/2013	\$ <u>7,433,347</u>	35.1%	\$ <u>33,301,812</u>
12/31/2012	\$ <u>7,910,864</u>	51.0%	\$ <u>28,477,440</u>

Funded Status and Funding Progress - As of December 31, 2014, the Plan was not funded. Actuarial accrued liability for benefits was \$83,374,986; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$31,003,710 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 268.9%.

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
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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 5% after 4 years.

C. 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, 2014 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expense</u>
General Fund	\$ 2,397,234	\$	\$ 840,777	\$ 226,851
Sewer Fund	40,924	1,455,761	91,065	912,581
Capital Projects Fund	858,011	1,274,260	1,637,934	980,695
Non-Major Funds	<u>49,101</u>	<u>489,523</u>	<u>48,851</u>	<u>498,500</u>
 Total Governmental Funds	 3,345,270	 3,219,544	 2,618,627	 2,618,627
 Internal Service Fund		 409,936		
Enterprise Fund		744,920		
Agency Fund	<u>1,029,130</u>	<u></u>	<u></u>	<u></u>
 Total	 <u>\$ 4,374,400</u>	 <u>\$ 4,374,400</u>	 <u>\$ 2,618,627</u>	 <u>\$ 2,618,627</u>

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

D. Fund Equity

1. Restricted Fund Balance

Restricted fund balance includes the following:

<u>Purpose</u>	<u>Balance December 31, 2014</u>
General Fund - Restricted:	
Retirement Contribution	\$ 962,556
Retirement Benefits	180,463
Debt	55,461
Total	<u>\$ 1,198,480</u>
Special Grant Fund - Restricted:	
Grant activities	<u>\$ 1,884,068</u>

2. Assigned Fund Balance

Assigned fund balance includes the following:

<u>Purpose</u>	<u>Balance December 31, 2014</u>
General Fund	
Appropriated for the 2015 budget	\$ 1,506,013
Encumbrances	226,940
Total	<u>1,732,953</u>
Water Fund	
Remaining fund balance	<u>\$ 1,808,556</u>
Refuse and Garbage Fund	
Remaining fund balance	<u>\$ 164,751</u>

Note 4 - 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

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 charges that are established are the same for the other municipalities.

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

	Year Ending 12/31/2014
Total Assets	\$ 50,284,760
Total Liabilities	52,935,153
Joint Venture Equity	(2,650,393)
Total Revenues	16,306,910
Total Expenses	17,139,636

Note 5 - Public Entity Risk Pool

A. 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.

Note 6 - Summary of Significant Commitments and Contingencies

A. 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.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

B. 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.

C. 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.

D. Tax Certiorari Proceedings

Various tax certiorari proceedings pending against the City as of December 31, 2014 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.

E. Hotel

In 1993 the City utilized a Section 108 loan in the amount of \$1,400,000 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 not 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.

F. 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 2014, payment of \$50,000 was made.

CITY OF BINGHAMTON
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 7 - Subsequent Events

In January of 2015, the City issued \$12,006,255 of serial bonds, and redeemed Bond Anticipation Notes. Repayments begin in 2016 and continue through 2040, with interest ranging from 3.25% to 4.25%. In July 2015, the City refunded \$3,495,000 in an outstanding bond, originally issued in 2005. Repayments on the refunded debt will continue through 2017. In September of 2015, NYSEFC refinance a bond issued in 2005 on the City's behalf. Repayments begin in 2016 and continue through 2034, with interest ranging from 3.808% to 4.569%.

CITY OF BINGHAMTON
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND - NON-GAAP BUDGET BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Encumbrances	Variance Fav./Unfav.)
<u>REVENUES</u>					
Real property taxes	\$ 36,334,924	\$ 36,334,924	\$ 36,303,480	\$	\$ (31,444)
Real property tax items	531,408	531,408	785,852		254,444
Nonproperty tax items	11,334,313	11,334,313	10,999,064		(335,249)
Departmental income	1,424,400	1,440,000	1,459,263		19,263
Intergovernmental charges	466,226	506,344	600,009		93,665
Use of money and property	127,670	127,670	96,185		(31,485)
Licenses and permits	224,850	224,850	205,705		(19,145)
Fines and forfeitures	516,500	516,500	704,412		187,912
Sale of property and compensation for loss	90,500	187,150	283,745		96,595
Miscellaneous local sources	217,765	297,172	2,049,746		1,752,574
Interfund revenues	931,926	931,926	934,926		3,000
State sources	9,880,957	9,880,957	9,877,880		(3,077)
Federal sources	175,503	468,277	616,087		147,810
Total Revenues	<u>62,256,942</u>	<u>62,781,491</u>	<u>64,916,354</u>	<u>-0-</u>	<u>2,134,863</u>
<u>EXPENDITURES</u>					
Current:					
General governmental support	6,418,071	6,769,303	6,369,076	71,808	328,419
Public safety	21,376,654	21,804,889	21,430,596	42,725	331,568
Public health	44,233	44,713	43,398	91	1,224
Transportation	2,335,042	2,423,648	2,394,373	19,444	9,831
Economic assistance and opportunity	226,461	222,030	215,414		6,616
Culture and recreation	2,831,079	3,002,255	2,778,258	92,220	131,777
Home and community services	2,159,214	2,128,998	2,060,493	652	67,853
Employee benefits	20,748,863	20,349,526	17,907,279		2,442,247
Debt Service:					
Principal and Interest	5,869,194	6,152,272	6,151,254		1,018
Total Expenditures	<u>62,008,811</u>	<u>62,897,634</u>	<u>59,350,141</u>	<u>226,940</u>	<u>3,320,553</u>
Excess of Revenues (Expenditures)	<u>248,131</u>	<u>(116,143)</u>	<u>5,566,213</u>	<u>(226,940)</u>	<u>5,455,416</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Interfund transfers in			840,777		840,777
Interfund transfers (out)	(248,131)	(248,131)	(226,851)		21,280
Total Other Financing (Used) Sources	<u>(248,131)</u>	<u>(248,131)</u>	<u>613,926</u>	<u>-0-</u>	<u>862,057</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>-0-</u>	<u>(364,274)</u>	<u>6,180,139</u>	<u>\$ (226,940)</u>	<u>\$ 6,317,473</u>
Appropriated Fund Balances		<u>364,274</u>			
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>6,180,139</u>		
Fund Balance, Beginning			<u>9,781,801</u>		
Fund Balance, Ending			<u>\$ 15,961,940</u>		

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
 FOR THE YEAR ENDED DECEMBER 31, 2014

	Sewer Fund				
	Original Budget	Final Budget	Actual	Encumbrances	Variance Fav./(Unfav.)
<u>REVENUES</u>					
Departmental income	\$ 10,521,011	\$ 10,521,011	\$ 9,170,863	\$	\$ (1,350,148)
Use of money and property	596,901	596,901	513,089		(83,812)
Miscellaneous local sources			88,523		88,523
Total Revenues	<u>11,117,912</u>	<u>11,117,912</u>	<u>9,772,475</u>	<u>-0-</u>	<u>(1,345,437)</u>
<u>EXPENDITURES</u>					
Current:					
General governmental support	136,247	136,247	88,747		47,500
Home and community services	5,812,209	5,835,838	5,223,103	3,337	609,398
Employee benefits	756,377	747,406	619,695		127,711
Debt Service:					
Principal and interest	4,073,079	3,500,498	3,284,722		215,776
Total Expenditures	<u>10,777,912</u>	<u>10,219,989</u>	<u>9,216,267</u>	<u>3,337</u>	<u>1,000,385</u>
Excess of Revenues Over (Expenditures)	<u>340,000</u>	<u>897,923</u>	<u>556,208</u>	<u>(3,337)</u>	<u>(345,052)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Interfund transfers in			91,065		91,065
Interfund transfers (out)	(340,000)	(912,581)	(912,581)		-0-
Total Other Financing (Uses)	<u>(340,000)</u>	<u>(912,581)</u>	<u>(821,516)</u>	<u>-0-</u>	<u>91,065</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>-0-</u>	<u>(14,658)</u>	<u>(265,308)</u>	<u>\$ (3,337)</u>	<u>\$ (253,987)</u>
Appropriated Fund Balances		<u>14,658</u>			
Net Change in Fund Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>(265,308)</u>		
Fund Balance (Deficit), Beginning			<u>(4,215,698)</u>		
Fund Balance (Deficit), Ending			<u>\$ (4,481,006)</u>		

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

CITY OF BINGHAMTON
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2014

Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio
<u>POLICE FUND</u>				
12/31/2014	\$ <u>18,908</u>	\$ <u>18,908</u>	\$ <u>-0-</u>	100.00%
12/31/2013	\$ <u>18,124</u>	\$ <u>18,124</u>	\$ <u>-0-</u>	100.00%
12/31/2012	\$ <u>29,758</u>	\$ <u>94,095</u>	\$ <u>64,337</u>	46.25%
12/31/2011	\$ <u>18,834</u>	\$ <u>83,171</u>	\$ <u>64,337</u>	29.27%
12/31/2010	\$ <u>(609)</u>	\$ <u>63,728</u>	\$ <u>64,337</u>	(0.95)%
12/31/2009	\$ <u>(22,457)</u>	\$ <u>41,880</u>	\$ <u>64,337</u>	(34.91)%
12/31/2008	\$ <u>(38,287)</u>	\$ <u>26,050</u>	\$ <u>64,337</u>	(59.51)%
12/31/2007	\$ <u>(22,368)</u>	\$ <u>41,969</u>	\$ <u>64,337</u>	(34.77)%
12/31/2006	\$ <u>3,013</u>	\$ <u>67,350</u>	\$ <u>64,337</u>	4.47%
<u>FIRE FUND</u>				
12/31/2014	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	
12/31/2013	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	
12/31/2012	\$ <u>(17,344)</u>	\$ <u>(22,822)</u>	\$ <u>(5,478)</u>	(316.61)%
12/31/2011	\$ <u>(9,307)</u>	\$ <u>(14,785)</u>	\$ <u>(5,478)</u>	(169.90)%
12/31/2010	\$ <u>2,537</u>	\$ <u>(2,941)</u>	\$ <u>(5,478)</u>	46.31%
12/31/2009	\$ <u>17,765</u>	\$ <u>12,287</u>	\$ <u>(5,478)</u>	144.58%
12/31/2008	\$ <u>32,993</u>	\$ <u>27,515</u>	\$ <u>(5,478)</u>	119.91%
12/31/2007	\$ <u>48,222</u>	\$ <u>42,744</u>	\$ <u>(5,478)</u>	112.82%
12/31/2006	\$ <u>63,450</u>	\$ <u>57,972</u>	\$ <u>(5,478)</u>	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, 2014

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
12/31/2014	1/1/2013	\$ -0-	\$ 83,374,986	\$ 83,374,986	0.0%	\$ 31,003,710	268.9%
12/31/2013	1/1/2013	\$ -0-	\$ 79,119,248	\$ 79,119,248	0.0%	\$ 25,775,259	307.0%
12/31/2012	1/1/2010	\$ -0-	\$ 82,452,268	\$ 82,452,268	0.0%	\$ 29,549,822	279.0%
12/31/2011	1/1/2010	\$ -0-	\$ 82,452,268	\$ 82,452,268	0.0%	\$ 31,137,684	264.8%
12/31/2010	1/1/2010	\$ -0-	\$ 130,997,882	\$ 130,997,882	0.0%	\$ 24,923,657	525.6%
12/31/2009	1/1/2008	\$ -0-	\$ 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
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 - Budgeting Policies

The budget policies are as follows:

1. 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.
2. After public hearings are conducted to obtain taxpayer comments, no later than December 31, the governing board adopts the budget.
3. 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, 2014.

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.

CITY OF BINGHAMTON
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	Special Revenue Funds			
<u>ASSETS</u>	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Non-Major Governmental Funds
Assets:				
Cash and cash equivalents - Unrestricted	\$	\$ 319,896	\$ 231,177	\$ 551,073
Due from other funds	5,589	31,802	11,710	49,101
Due from other governments	8,280			8,280
Other receivables, net	8,177	1,961,601	316,383	2,286,161
Prepaid expenses		134,954	95,674	230,628
 Total Assets	 \$ 22,046	 \$ 2,448,253	 \$ 654,944	 \$ 3,125,243
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 99,400	\$ 117,372	\$ 57,987	\$ 274,759
Accrued liabilities	62,900	82,054	7,368	152,322
Due to other funds	210,123	279,400		489,523
Due to other governments			30	30
Compensated absences		4,947	12,751	17,698
Other liabilities			106,542	106,542
 Total Liabilities	 372,423	 483,773	 184,678	 1,040,874
 Deferred Inflows of Resources:				
Unavailable revenues		20,970	209,841	230,811
 Fund Balances:				
Nonspendable		134,954	95,674	230,628
Assigned		1,808,556	164,751	1,973,307
Unassigned	(350,377)			(350,377)
Total Fund Balances (Deficit)	(350,377)	1,943,510	260,425	1,853,558
 Total Liabilities and Fund Balances	 \$ 22,046	 \$ 2,448,253	 \$ 654,944	 \$ 3,125,243

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, 2014

	Special Revenue Funds			Total Non-Major Governmental Funds
	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	
<u>REVENUES</u>				
Departmental income	\$ 929,053	\$ 7,957,221	\$ 916,726	\$ 9,803,000
Intergovernmental charges			56,625	56,625
Use of money and property		76,081		76,081
Sale of property and compensation for loss	75			75
Miscellaneous local sources		456,619		456,619
Interfund revenues		148,190		148,190
Total Revenues	<u>929,128</u>	<u>8,638,111</u>	<u>973,351</u>	<u>10,540,590</u>
<u>EXPENDITURES</u>				
Current:				
General governmental support		88,747	2,330	91,077
Transportation	672,955			672,955
Home and community services		3,442,834	985,060	4,427,894
Employee benefits		1,265,361	155,287	1,420,648
Debt Service:				
Principal	204,016	1,420,886		1,624,902
Interest	145,810	509,196		655,006
Total Expenditures	<u>1,022,781</u>	<u>6,727,024</u>	<u>1,142,677</u>	<u>8,892,482</u>
Excess of (Expenditures) Revenues	<u>(93,653)</u>	<u>1,911,087</u>	<u>(169,326)</u>	<u>1,648,108</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund transfers in	5,339	31,802	11,710	48,851
Interfund transfers (out)	(1,000)	(497,500)		(498,500)
Total Other Financing Sources	<u>4,339</u>	<u>(465,698)</u>	<u>11,710</u>	<u>(449,649)</u>
Excess of (Expenditures) and Other (Uses) Over Revenues and Other Financing Sources	<u>(89,314)</u>	<u>1,445,389</u>	<u>(157,616)</u>	<u>1,198,459</u>
Fund Balances (Deficit), Beginning	<u>(261,063)</u>	<u>498,121</u>	<u>418,041</u>	<u>655,099</u>
Fund Balances (Deficit), Ending	<u>\$ (350,377)</u>	<u>\$ 1,943,510</u>	<u>\$ 260,425</u>	<u>\$ 1,853,558</u>

See Independent Auditor's Report

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**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 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 as of and for the year ended December 31, 2014, 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, 2015.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cianchi, Strotzky, Little, McLaughlin, & Company, LLP

September 29, 2015
Ithaca, New York

John H. Dietershagen, C.P.A.
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& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

City Council
City of Binghamton
Binghamton, New York

Report on Compliance for Each Major Program

We have audited the City of Binghamton's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Binghamton's major federal programs for the year ended December 31, 2014. The City of Binghamton'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Binghamton'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 of Binghamton'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 of Binghamton's compliance.

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Opinion on Each Major Federal Program

In our opinion, the City of Binghamton 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, 2014.

Report on Internal Control Over Compliance

Management of the City of Binghamton 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 of Binghamton'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 OMB Circular A-133, 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 of Binghamton'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

September 29, 2015
Ithaca, New York

CITY OF BINGHAMTON, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant:			
Entitlement Grant	14.218	N/A	\$ 1,785,351
Entitlement Grant - Section 108 Loan	14.218	N/A	203,559
Total Community Development Block Grant			<u>1,988,910</u>
Emergency Shelter Grants Program	14.231	N/A	138,594
Home Investment Partnerships Program	14.239	N/A	651,581
Community Challenge Planning Grants	14.704	N/A	<u>210,931</u>
Total U.S. Department of Housing and Urban Development			<u>2,990,016</u>
<u>U.S. Department of Transportation</u>			
Passed Through NYS Department of Transportation:			
Highway Planning and Construction	20.205	(1)	<u>2,030,050</u>
Total U.S. Department of Transportation			<u>2,030,050</u>
<u>U.S. Department of Justice</u>			
Byrne Justice Assistance Grant	16.738	N/A	98,055
Public Safety Partnership and Community Policing Grants - ARRA	16.710	N/A	<u>359,005</u>
Total U.S. Department of Justice			<u>457,060</u>
<u>U.S. Department of Homeland Security</u>			
Staffing for Adequate Fire and Emergency Response	97.083	N/A	285,821
Passed through New York State Division and			
Homeland Security and Emergency Services:			
FEMA Hazard Mitigation Grants	97.039	4031DR NY	2,119,692
FEMA Public Assistance Grants	97.036	4031DR NY	<u>500,956</u>
Total U.S. Department of Homeland Security			<u>2,906,469</u>
Total Expenditures of Federal Awards			<u>\$ 8,383,595</u>

(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, 2014

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 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 financial statements.

CITY OF BINGHAMTON
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

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 Section 510(a) of Circular A-133? yes x no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.239</u>	<u>Home Investment Partnerships Program</u>
<u>97.039</u>	<u>FEMA Hazard Mitigation Grant</u>
<u>97.036</u>	<u>FEMA Public Assistance Grants</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

Dollar threshold used to distinguish between type A and type B programs \$300,000

Auditee qualified as low-risk auditee: yes x no

CITY OF BINGHAMTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Section II - **Financial Statement Findings:**

None

Section III - **Federal Award Findings and Questioned Costs:**

None