

CITY OF BINGHAMTON  
AUDITORS' REPORT ON  
AUDIT OF FEDERAL FINANCIAL  
ASSISTANCE PROGRAMS  
DECEMBER 31, 2007

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TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	1 - 2
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	3 - 5
Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2007	6
Notes to the Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8 - 9

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members of City Council  
City of Binghamton, New York

We have audited 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, 2007, and have issued our report thereon dated August 28, 2008. We expressed an adverse opinion on the City's Statement of Net Assets and Statement of Activities because the City had not recorded general infrastructure assets. The remaining financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Binghamton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Binghamton's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Binghamton's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Binghamton's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Binghamton's financial statements that is more than inconsequential will not be prevented or detected by the City of Binghamton's internal control.

# Piaker & Lyons

City of Binghamton

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Binghamton's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Binghamton's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.



PIAKER & LYONS, P.C.

Binghamton, New York  
August 28, 2008

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

Honorable Mayor and Members of City Council  
City of Binghamton, New York

**Compliance**

We have audited the compliance of the **CITY OF BINGHAMTON** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 **Compliance Supplement** that are applicable to each of its major federal programs for the year ended December 31, 2007. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Binghamton's management. Our responsibility is to express an opinion on the City of Binghamton's compliance based on our audit.

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. Our audit does not provide a legal determination on the City of Binghamton's compliance with those requirements.

In our opinion, the City of Binghamton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

City of Binghamton

## Internal Control Over Compliance

The management of the City of Binghamton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Binghamton's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

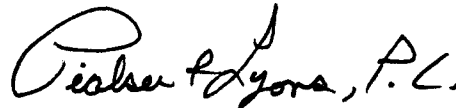
## Schedule of Expenditures of Federal Awards

We have audited 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, 2007, and have issued our report thereon dated August 28, 2008. In our report, we expressed an adverse opinion on the City's Statement of Net Assets and Statement of Activities because the City had not recorded general infrastructure assets. In our opinion the remaining financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Binghamton's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

# Piaker & Lyons

City of Binghamton

This report is intended solely for the information and use of the City Council, management, federal awarding agencies and pass-through entities and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Piaker & Lyons, P.C." in a cursive, flowing script.

PIAKER & LYONS, P. C.

Binghamton, New York  
August 28, 2008

CITY OF BINGHAMTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CDFA #	Expenditures
<b><u>Primary Entity</u></b>		
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Community Development Block Grant	14.218	\$ 3,143,146
Community Development Block Grant - Section 108 Loan	14.218	5,045,000
Section 8 Housing Choice Vouchers	14.871	1,376,981
HOME Investment Partnerships Program	14.239	828,194
Emergency Shelter Grants Program	14.231	<u>49,284</u>
<b>Total Department of Housing and Urban Development</b>		<b><u>10,442,605</u></b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>		
<b>Passed Through: New York State Department of Transportation</b>		
Highway, Planning, and Construction Program - Court Street/Court Street Gateway/Norfolk Southern RR Bridge Projects/ Chenango Riverfront/East Clinton Street and Water Street Traffic Signal/ Park Ave/ Fairview Ave	20.205	<u>940,840</u>
<b>Total Department of Transportation</b>		<b><u>940,840</u></b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>		
<b>Direct</b>		
Assistance to Firefighters Grant Program	97.044	147,873
<b>Passed Through: New York State Emergency Management Office</b>		
FEMA: Public Assistance Grants	97.036	1,389,448
Homeland Security Grant Program	97.067	<u>97,857</u>
<b>Total Department of Homeland Security</b>		<b><u>1,635,178</u></b>
<b>U.S. DEPARTMENT OF JUSTICE</b>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11,450
Weed and Seed Program	16.595	<u>223,345</u>
<b>Total Department of Justice</b>		<b><u>234,795</u></b>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		
AmeriCorps * VISTA Supervision and Transportation Grant	94.013	<u>13,351</u>
<b>Total Expenditures of Federal Awards - Primary Entity</b>		<b><u>13,351</u></b>
<b><u>Component Unit - Binghamton Local Development Corporation (8/31/07)</u></b>		
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
Community Development Block Grant	14.218	<u>297,596</u>
<b>Total Expenditures of Federal Awards - Component Unit</b>		<b><u>297,596</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS - REPORTING ENTITY</b>		<b><u>\$ 13,564,365</u></b>

The accompanying notes are an integral part of this schedule.



CITY OF BINGHAMTON  
 NOTES TO THE SCHEDULE OF  
 EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2 - SUBRECIPIENTS**

Of the federal expenditures presented in the schedule, the City of Binghamton provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant	14.218	\$ 86,879
Emergency Shelter Grant	14.231	\$ 49,284

**CITY OF BINGHAMTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2007**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Adverse  
 Internal control over financial reporting:  
   Material weakness (es) identified? \_\_\_\_\_yes      X  no  
   Reportable conditions (s) identified  
     not considered to be material weakness? \_\_\_\_\_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  
   Reportable condition (s) identified  
     not considered to be material weaknesses? \_\_\_\_\_yes      X  none reported  
 Type of auditor's report issued on compliance  
   for major programs: Unqualified  
 Any audit findings disclosed that are required  
   to be reported in accordance with  
   Circular A-133, Section .510(a)? \_\_\_\_\_yes      X  no

**Identification of major programs:**

CFDA Number(s)

14.218  
97.036

Name of Federal Program(s)

Community Development Block Grant  
FEMA: Public Assistance Grants

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  
YEAR ENDED DECEMBER 31, 2007

**Section II - Financial Statement Findings**

**Prior Year**

No matters were reported.

**Current Year**

No matters were reported.

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

**Prior Year**

No matters would be reported under the U.S. Office of Management and Budget (OMB) Circular A -133 Compliance Supplement.

**Current Year**

No matters would be reported under the U.S. Office of Management and Budget (OMB) Circular A -133 Compliance Supplement.