

CITY OF BINGHAMTON, NEW YORK

**Financial Statements as of
December 31, 2022
Together with Independent Auditor's Report and Reports
Required by the Uniform Guidance and *Government
Auditing Standards***

Bonadio & Co., LLP
Certified Public Accountants

CITY OF BINGHAMTON, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

September 28, 2023

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York as of December 31, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in Total Other Postemployment Benefit Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability (Asset), and Schedule of Contributions - Pension Plans be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 28, 2023, on our consideration of the City'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 solely to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

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, 2022. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

- The City's governmental assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$203,316,700 (net position).
- The General Fund recorded an operating increase of 1.7 million in 2022, with an ending fund balance of 17.6 million at year end. Most of this was a result of an increase in sales tax of 2.7 million .

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Government-wide financial statements are organized to provide an understanding of the fiscal performance of the City as a whole in a manner similar to a private sector business. There are two Government-wide financial statements, the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the City's finances.

The Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Increases and decreases in net position may serve as useful indicators of whether the financial position of the City is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net positions are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported on the statement for some items that will result in cash flow in future fiscal periods.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's funds, not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the City are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in the future years. Consequently, the governmental fund statements provide a detailed short-term view of the City's operations and the services it provides.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Government-wide financial statements. By doing so, you may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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, with the exception of the Internal Service Fund that is part of Governmental Activities, we report in the Government-wide financial statements but provide more detail and additional information, such as cash flows, for Proprietary Funds.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the city in its capacity as agent or trustee. All the city's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the City's Government-wide financial statements because the City cannot use these assets to finance its operations.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

A summary of the City's Statement of Net Position at December 31, 2022 and 2021 is as follows:

	Governmental 2022	Business-type 2022	Governmental 2021	Business-type 2021
Current Assets	\$ 78,901,770	\$ 3,392,846	\$ 73,180,380	\$ 2,992,975
Noncurrent Assets	<u>481,759,180</u>	<u>1,697,995</u>	<u>474,692,561</u>	<u>1,882,997</u>
Total Assets	560,660,950	5,090,841	547,872,941	4,875,972
Deferred Outflows of Resources-Pensions	32,523,747	-	41,409,189	-
Deferred Outflows of Resources-OPEB	<u>12,048,572</u>	<u>-</u>	<u>15,696,202</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>605,233,269</u>	<u>5,090,841</u>	<u>604,978,332</u>	<u>4,875,972</u>
Current Liabilities	94,261,455	618,254	92,212,384	587,592
Noncurrent Liabilities	<u>217,575,697</u>	<u>-</u>	<u>254,396,071</u>	<u>-</u>
Total Liabilities	311,837,152	618,254	346,608,455	587,592
Deferred Inflows of Resources-Pensions	39,893,351	-	43,046,643	-
Deferred Inflows of Resources-OPEB	<u>50,186,066</u>	<u>-</u>	<u>45,514,746</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>401,916,569</u>	<u>618,254</u>	<u>435,169,844</u>	<u>587,592</u>
Net Position				
Net investment in Capital Assets	225,183,097	-	219,513,887	-
Restricted	19,517,194	3,423,554	16,665,159	3,707,533
Unrestricted (Deficit)	<u>(41,383,591)</u>	<u>1,049,033</u>	<u>(66,370,558)</u>	<u>580,847</u>
Total Net Position	<u>\$ 203,316,700</u>	<u>\$ 4,472,587</u>	<u>\$ 169,808,488</u>	<u>\$ 4,288,380</u>

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

Current Assets consist largely of \$38,483,550 in cash and cash equivalents, \$15,610,956 in restricted cash (mainly ARPA funds) and \$13,012,287 in "due from other governments". Non-current assets increased due to the Joint Sewage Treatment Plant valuation along with other city asset increases.

Included in the current liabilities are bond anticipation notes (BANS) payable of \$31,004,956, the current portion of long term liabilities of \$10,689,499. Non-current liabilities consist of bonds payable of \$170,330,416, compensated absences of \$3,306,785, other post employment benefits payable of \$43,464,904, and the city's proportional share of the net pension asset of \$105,620. The main decrease in the net pension liability is due to NYS GASB 68 report on retirement plan. The decrease in current liabilities is primarily due to an decrease in deferred revenue because of ARPA funds used along with debt (BANS) paid down.

Changes in deferred outflows of resources - OPEB and deferred inflows of resources - OPEB are based on changes in the actuarial valuation of the City's OPEB plan.

Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. Non-property tax items consist of New York State sales tax, utility tax and franchise tax.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

A summary of this statement for the years ending December 31, 2022 and 2021 is as follows:

	Governmental 2022	Business-type 2022	Governmental 2021	Business-type 2021
Revenues				
Program Revenues				
Charges for Service	\$ 24,283,979	\$ 60,035	\$ 22,732,721	\$ 49,530
Operating Grants	13,074,551	182,583	5,277,421	285,603
Capital Grants	13,494,918	-	8,947,642	-
General Revenues				
Property Taxes and Other Items	35,166,838	-	35,139,936	-
Nonproperty Tax items	16,791,122	-	15,290,167	-
Use of Money and Property	1,990,431	1,623	19,707	206
Sale of Property	88,321	-	105,360	-
Miscellaneous	18,277,145	-	1,259,486	-
State Sources	10,207,529	-	10,128,667	-
Change in Equity Interest in Joint Venture	(8,357,604)	-	(1,695,768)	-
Total Revenues	<u>125,017,230</u>	<u>244,241</u>	<u>97,205,339</u>	<u>335,339</u>
Expenses				
General Government Support	24,268,652	-	24,738,576	-
Public Safety	32,578,690	-	33,685,779	-
Public Health	82,254	-	83,966	-
Transportation	3,715,569	-	3,699,166	-
Economic Assistance and Opportunity	730,542	-	313,857	-
Home and Community Services	5,721,645	-	5,464,132	-
Culture & Recreation	18,149,412	-	14,875,772	-
Interest on long-term debt	5,629,254	-	4,323,897	-
BURA	-	41,240	-	57,605
BWSDC	-	378,858	-	-
BLDC	-	272,936	-	252,896
Total Expenses	<u>90,876,018</u>	<u>693,034</u>	<u>87,185,145</u>	<u>310,501</u>
Transfers	(633,000)	633,000	-	-
Change in Net Position	<u>\$ 33,508,212</u>	<u>\$ 184,207</u>	<u>\$ 10,020,194</u>	<u>\$ 24,838</u>

Net position of the City's activities increased due to revenue increases in Misc. Revenue (ARPA) , and both operating and capital grants. The grants fluctuate year to year depending on the grants the city applies for.

Property tax and tax items were down slightly but remained constant year to year. Non-property increased 9.8% in 2022 as compared to 2021.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

THE CITY'S GOVERNMENTAL FUNDS

The following shows changes in fund balance for the year for the City's funds.

	2022	2021	Increase (Decrease)	% Change
General Fund	\$ 17,608,017	\$ 15,904,146	\$ 1,703,871	11%
Capital Projects Fund	(23,794,246)	(28,444,151)	4,649,905	-16%
Sewer Fund	1,659,161	1,762,331	(103,170)	-6%
Special Grant Fund	405,465	167,949	237,516	141%
Non-Major Funds:				
Parking Ramp Fund	(204,498)	(435,241)	230,743	-53%
Water Fund	1,377,445	1,811,032	(433,587)	-24%
Golf Fund	(321,998)	(221,912)	(100,086)	45%
Refuse and Garbage Fund	1,100,564	1,173,140	(72,576)	-6%
 Total Fund Balance - governmental funds	 <u>\$ (2,170,090)</u>	 <u>\$ (8,282,706)</u>	 <u>\$ 6,112,616</u>	 -74%

The General Fund increase was mainly the result of an increase in Sales Tax. Capital Projects Fund increased due to a settlement agreement the City received from its share in the sewer plant. Sewer Fund remained flat.

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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2022 the City had net capital assets of \$327,356,083. Change from the prior year was a result of depreciation and amortization expense of \$19,613,426 and capital asset additions net of disposals of \$29,463,434.

	2022	2021	Increase (Decrease)	% Change
Capital Assets:				
Land	\$ 4,363,829	\$ 4,363,829	\$ -	0%
Construction in Progress	13,987,851	14,567,739	(579,888)	-4%
Buildings, net	33,918,434	33,390,188	528,246	2%
Equipment, net	13,605,616	6,962,258	6,643,358	95%
Infrastructure, net	260,839,693	258,222,061	2,617,632	1%
Right-to-use lease assets, net	640,660	-	640,660	100%
 Total Capital Assets, net	 <u>\$ 327,356,083</u>	 <u>\$ 317,506,075</u>	 <u>\$ 9,850,008</u>	 3%

CITY OF BINGHAMTON, NEW YORK

Management’s Discussion and Analysis (Unaudited)

Debt

Debt (Bonds, Bans and lease obligations payable), considered a liability of the government activities, as shown below. Of the amounts of bonds and BANS, outstanding, \$31,004,095 is subject to the constitutional debt limit and represents 59.1 % of the statutory debt limit. The City's bond rating was rated A2 by Moody's. More detailed information about the City's liabilities is presented in the notes to the financials statements.

	2022	2021	Increase (Decrease)	% Change
Outstanding Debt:				
Bond Anticipation Notes	\$ 31,004,095	\$ 38,743,556	\$ (7,739,461)	-20%
Serial Bonds	73,480,000	79,886,703	(6,406,703)	-8%
EFC Bonds	106,881,740	111,685,337	(4,803,597)	-4%
Lease liabilities	620,724	-	620,724	#DIV/0!
Total Outstanding Debt	<u>\$ 211,986,559</u>	<u>\$ 230,315,596</u>	<u>\$ (18,329,037)</u>	-8%

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City, with a land area of approximately 10.4 square miles, is situated in the southern portion of Broome County (the “County”) in upstate New York. The City of Syracuse lies approximately 75 miles to the north, while the Pennsylvania border lies approximately 7 miles to the south. The City is the County Seat of the County and is part of a metropolitan area running along the Susquehanna River Valley through the incorporated Villages of Endicott and Johnson City and the unincorporated area of Vestal.

Major highways within and in close proximity to the City include U.S. Route 11, Interstate 81 which extends north to Canada and south to Tennessee, Interstate 88 which runs northeast to Albany, Route 17 (soon to be Interstate 86) which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and State Routes 7, 12, and 26.

Banking services are provided within the City by offices of Key Bank, N.A., M&T Bank, Chemung Canal, Tioga State Bank and NBT Bank, N. A. The City maintains accounts with Chase Bank, M&T Bank, Chemung Canal Trust Company and NYCLASS.

Recent and Planned Construction and Development Activity

For the last several years, the City has taken an aggressive approach to developing and expanding Binghamton’s commercial and industrial base and growing its central business district as a major dining, retail, cultural, convention and entertainment center. Downtown has become an entertainment hub and a place where thousands of residents and visitors come to socialize following the end of the workday and on weekends. Even as COVID-19 presented unprecedented challenges to businesses and downtowns across the country, the thriving downtown business district the City has cultivated in recent years remains resilient and poised to continue its growth.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

Located downtown, the Broome County Visions Veterans Memorial Arena ("The Arena") is a 6,925-seat (4,679-seat for hockey) multi-purpose space. The Arena is home to the Binghamton Black Bears, a semi-professional ice hockey team in the Federal Prospects Hockey League, and a primary entertainment venue for residents of the Greater Binghamton area. Also downtown, the Broome County Forum Theatre (the "Forum") is home to Broadway in Binghamton, the Tri-Cities Opera and the Binghamton Philharmonic. The 1,500-seat performing arts theatre hosts a wide variety of other events, including concerts, comedy acts, conventions, talent competitions and recitals. It also houses a Robert Morton Theatre Organ. Recently, the Forum underwent upgrades as part of a broader \$3.7 million project establishing the Downtown Entertainment and Cultural Organizations (DECO) District in downtown Binghamton. The DECO District project builds off existing arts anchors from Court Street to Lewis Street. New public art and improvements to streetscapes, gateways, intersections and other public spaces starting in 2022 have created a unified arts and culture district that is more walkable and visibly attractive. The project received \$1.7 million in State funding. A second phase is currently in design, and construction will begin in 2024.

Artists continue to utilize buildings downtown as residences, personal studios and art galleries. Area residents recognize the significant artistic talent that exists in the community. In early 2023, the Broome County Arts Council opened a new headquarters on State Street downtown in the heart of the new DECO District. The Broome County Arts Council recently took on ownership of the popular First Friday Art Walk to guide the event through the pandemic and beyond. The monthly Art Walk, which highlights a range of quality artistic shops, galleries and live entertainment downtown, continues to grow and increase traffic for local businesses. As a direct result of efforts to brand and expand the Downtown Arts District, State Street's "Artists Row" recently added OBSIDIAN, a contemporary art gallery, to a formerly empty storefront.

The annual LUMA Projection Arts Festival, which began in 2015, sees artists and technical experts merge their talents and draw tens of thousands of attendees to downtown. With strong City support, along with State, County, and private funding, the festival has grown rapidly in the years since its inception, expanding to multiple days and drawing tens of thousands of people to the City's restaurants, hotels and other businesses.

In the northern section of downtown, Mirabito Stadium (formerly Binghamton Municipal Stadium) is home to Minor League Baseball's Binghamton Rumble Ponies of the Double-A Eastern League. In recent years, the stadium has received more than \$5.1 million in upgrades that include new seating, new video boards, an upgraded sound system, critical structural improvements, turf replacement and clubhouse renovations. In late 2020, following news of a Minor League Baseball contraction, the New York Mets announced the Binghamton Rumble Ponies would remain the franchise's Double-A affiliate, securing professional baseball in Binghamton for the foreseeable future.

The City continues to invest in upgrades to the municipal-owned ballpark and surrounding area. In 2021, the City completed a Stadium District Master Plan, providing recommendations for improving the area around Mirabito Stadium and increasing its number of visitors. The plan calls for adding street-facing retail establishments on Henry Street, creating high-quality, affordable housing and investing in major infrastructure upgrades to make the area more walkable and attractive. In 2022, the City announced plans for a \$24 million, 70-unit mixed-use housing project at 180 Henry St. Across from Mirabito Stadium. In 2023, the City entered the design phase of a project to reconstruct Henry Street, making it more pedestrian friendly and addressing stormwater issues in the area. The project received a \$5 million earmark in the House Appropriations bill, a preliminary step toward that needs final approval but could lead to Binghamton's largest grant award for a local infrastructure project in some time.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

The urban core hosts a growing variety of restaurants, coffeehouses, hotels and taverns that attract people from throughout the region. New eateries, coffee shops and other businesses have filled vacant storefronts around downtown and beyond. The City's support during the COVID-19 pandemic, including the launch of an emergency, zero-interest loan program, grants to small businesses and new outdoor dining regulations, allowed new and longtime establishments to keep their doors open to customers.

Many new establishments have opened in and around downtown in recent years, including 205 Dry, P.S. Restaurant, which moved from its original location in nearby Vestal, The Grove, Red Jug Pub and Pho Nomenal. Popular local brewery Beer Tree opened its first downtown location in 2022 in a previously unoccupied commercial space. Three new restaurants are set to open downtown in the fourth quarter of 2023 – Iron Agave, Courtside Bar & Grill and Stadium 138. The City's restaurants have remained popular destinations for residents for safe indoor and outdoor dining and takeout. A testament to the boom of eateries in the City in recent years, the City's bi-annual Restaurant Week has grown from seven participating restaurants in 2010 to close to 20 in 2023. These new establishments and others have filled previously empty storefronts in the City's urban core, breathed new life into downtown, and raised the City's profile on the regional restaurant scene.

Building on Binghamton's growing dining and entertainment scene, SUNY Broome opened its new Culinary and Event Center at the former Carnegie Library downtown in early 2020. In 2019, the college completed a \$21.5 million renovation of the building, which opened in 1904 and had been vacant for 20 years. It now hosts SUNY Broome's popular Hospitality programs, including Culinary Arts, Event Management, Lodging and Casino Management, and Restaurant Management. The Culinary and Event Center is located around the block from the \$19 million Koffman Southern Tier Incubator, which opened on Hawley Street in June 2017. The 35,000 square-foot Incubator was built by Binghamton University and SUNY Broome to support the Southern Tier's growing entrepreneurial ecosystem and attract new companies to the area, especially those in the energy fields. The Incubator has offices, labs, common areas and co-working spaces meant to encourage collaboration. It also offers wrap-around services, such as financial, legal and regulatory resources, designed to help developing companies succeed. Binghamton University announced it expects to help create more than 900 jobs through the Incubator in its first decade.

Downtown has attracted new businesses outside the restaurant industry in recent years, as well. Muckles Inc., a screen-printing and apparel shop, and the Dapper Rascal Barber Shop, opened in a newly renovated building in the heart of downtown in 2018. Other new retail spaces downtown include Mabel D. Orr Fashion Boutique, Old Barn Market, which relocated from the South Side, and Goldenrod Studios, which opened in early 2023. Also in early 2023, the first legal cannabis dispensary in Upstate New York opened on Court Street in downtown Binghamton. Just Breathe has drawn customers from across the region and beyond, including Pennsylvania, to downtown. On the outskirts of downtown, the Lackawanna Train Station was renovated in recent years with multiple commercial and professional office spaces and now hosts a popular food truck festival multiple times each summer. A new restaurant opening is planned for the train station in 2023. William H. Lane Incorporated, a construction company, recently returned to the City after a 40-year absence, and Ellis Brothers Furniture invested millions to renovate a once-vacant building downtown into a modern furniture and gift shop. In 2022, the City announced \$300,000 to support construction of a 4,000-square-foot office building downtown for the local nonprofit VINES. The \$1.8 million building, which will be built on vacant lots near the VINES Urban Farm, will include office space, kitchen, dry and cold storage, and a large open community programming space. A groundbreaking was held in the summer of 2023.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

In the neighborhood commercial districts, retailers like Parlor City Vegan and Collect Binghamton have brought increased activity to Clinton Street. On the South Side, Common Soil Juicery, Brix Barber Co. and Simply Apparel opened their doors in 2022. On the East Side, Stellar Human thrift store has become a destination and de facto community center for residents from the East Side and beyond. In 2023, the City announced a funding partnership with the Multi-Craft Apprenticeship Preparation Program (MAPP) to open an East Side construction trades training facility.

Businesses continue to take advantage of the positive economic momentum that has developed Citywide and the increased customer base that has been generated. New businesses continue to open throughout Binghamton. The City previously worked with ScottTech, LLC, a warehouse management technology company, to relocate its corporate headquarters to the westerly end of the Court Street Corridor near downtown, bringing 14 engineering and manufacturing jobs to the City. In 2015, the City also sold a former senior center located one block from the Court Street Corridor to Red Barn Computer, Inc. which has opened a high-tech data service and storage center, as well as ancillary businesses, and established 15 new jobs. In 2016, I3, a high-tech electronic manufacturer moved part of its operation into the City, bringing high-paying jobs to the downtown area. In 2017, Save Around located its headquarters at the First Ward business park, retaining 74 jobs and planning to add 10 more. In 2021, KLAW industries, winner of the Binghamton Local Development Corporation's 2021 Business Plan Competition, located their operations on Griswold Street and expanded at that location. KLAW Industries takes glass products unable to be recycled by other means and creates a sustainable concrete additive to replace coal ash or slag. In 2023, pharmaceutical technology company iA announced it would create an "innovation hub" at the Charles Street Business Park, partially moving operations – and 85 jobs – to the First Ward commercial property.

In early 2021, Greater Good Grocery opened on the ground floor of the new Canal Plaza mixed-use development on Binghamton's North Side. It marks the first time the North Side has had a grocery store in 25 years, increasing access to healthy, affordable foods for residents, including many who struggle with food insecurity. A partnership between the City, New York State, the Binghamton Housing Authority and the Broome County Council of Churches, the store generated three full-time and eight part-time jobs.

In January 2021, the City opened a new 304-spot parking garage at 7 Hawley St. The well-built and aesthetically pleasing garage, equipped with the latest parking technology, has helped meet the demand for parking caused, in part, by a revitalized downtown. The project received a \$2.15 million grant from New York State.

Since 2010, thousands of new upscale student housing units have opened in the City's downtown, including Twin Rivers Commons, 20 Hawley St., Chenango Place and the Printing House. These residential and mixed-use projects have brought a renewed optimism and economic vitality to the City's downtown and beyond. The projects resulted in millions of dollars being invested into the urban core and have spurred new commercial development, including multiple restaurants, taverns and shops. These commercial and service business storefronts along Court, Washington and State streets attract and serve the new residents and visitors.

The trend of converting commercial buildings into urban homes and lofts has also gained momentum and has quickly spread to multiple areas downtown. Most recently, the housing focus has shifted away from students and toward other populations, including empty nesters, young professionals and families.

From 2020 through 2022, the City of Binghamton has added 254 units of housing, representing a growth rate of 1.02% over a three-year period. With hundreds of more units under construction or in the pipeline, we expect that growth rate to continue over the next five years as new projects come online.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

On the West Side, a short walk from downtown, a \$20 million market-rate mixed-use housing project is planned for the corner of Front and Clinton streets. Multiple blighted vacant buildings will be demolished to make room for a 115-unit development with 6,000 square-feet of commercial space. The project is down the street from a \$30 million luxury housing project at 50 Front Street boasts riverviews and convenient access to the City's amenities for empty-nesters and young professionals. Two miles down the road, the \$25 million, 97-unit ANSCO Lofts market-rate project in the First Ward attracts young professionals to a former underutilized industrial building. Both 50 Front Street and the ANSCO Lofts opened in 2019 and have waiting lists for interested tenants.

In the First Ward, 187 Clinton St. is the former site of the Vail-Ballou printing factory and was most recently home to a Department of Motor Vehicles office. Since demolition of that building in 2014, the site has stood empty and ready for redevelopment. The site recently attracted a developer committed to remediating the former brownfield and building over 100 units of affordable one- and two- bedroom units. The project will leverage \$2.95M in Restore NY funding from NYS.

On the City's North Side, major affordable housing projects were completed in 2020. The \$20.5 million Canal Plaza project at 435 State St. replaced a blighted, vacant shopping plaza with 48 apartments of affordable housing and 15,000-square feet of commercial space, including Greater Good Grocery. The City demolished a former Big Lots plaza on the site in 2017. The project received federal, state and local funding.

In early 2021, the Family Enrichment Network (FEN) opened a 19-unit homeless housing project on the North Side for homeless veterans, families, victims of domestic violence and young adults. FEN will provide on-site support services to residents. The \$4.2 million building went up on seven parcels of land where the City had demolished several blighted properties in recent years. It's located across the street from the City's Lee Barta Community Center, which received a \$500,000 expansion in 2018. In 2022, Greater Opportunities continued work on a \$8.1 million supportive housing project creating 27 units of affordable housing across four sites on the North Side.

Also on the North Side, plans are moving forward on a \$38 million project to upgrade and rehabilitate Town and Country Apartments. This project will transform perhaps the most troubled apartment complex in Binghamton into a safe, stable and affordable place for residents to raise their families.

In the North of Main neighborhood on Binghamton's West Side, the City assisted the First Ward Action Council in completing a \$10 million project to rehabilitate 10 severely blighted homes on Crandall Street into 37 units of quality affordable housing and a new community center. The First Ward Action Council is now working on a second affordable housing project in the neighborhood – rehabilitating seven properties and building a new one at a cost of approximately \$8.4 million. These projects are expected to transform a high-poverty, high-crime area of the City into a vibrant neighborhood with safe, affordable housing for families and individuals.

On the South Side, the City announced plans in 2023 for a \$13 million, 45-unit mixed-use housing project at the former Crowley dairy plant. The Crowley Factory Lofts project will restore the waterfront building's second and third floors with one- and two-bedroom market rate housing units. The ground floor will be flexible commercial space.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

The City has also advanced an aggressive demolition program in recent years, identifying and tearing down dozens of commercial and residential eyesores, expanding the redevelopment potential of certain parcels and simply seeking to eradicate blight and boost the property values of surrounding parcels. The City has demolished more than 130 blighted properties between 2014 and 2022. In 2018, the City began tearing down 13 blighted properties in a flood-prone area near downtown using funding from the Federal Emergency Management Agency (FEMA). Once the demolitions were complete, the City leased the land to VINES for expansion of its Urban Farm. In 2022, the City announced that it was awarded \$2.9 million from FEMA to demolish 11 more flood prone properties on Upper Court Street. Beyond flood prone properties, the City's blighted property demolitions program continues in neighborhoods around the City, with a wave of six blighted property demolitions in early 2023 and another seven planned for the end of the year.

In October 2021, the City announced plans to invest an additional \$2 million to renovate blighted properties and create homeownership opportunities for low-to-moderate income families. The funding comes from the American Rescue Plan Act. The City is partnering with the Broome County Land Bank to renovate foreclosed properties, putting them back on the market and the tax rolls. In 2023, The City received State-wide recognition for this program as recipient of the Local Government Achievement Award through the New York Conference of Mayors.

In early 2020, the New York State Attorney General's Office awarded a \$585,000 grant to the City through the Cities RISE initiative. The grant allowed the City to create a rehab fund for tax-foreclosed properties to help break the cycle of blight in neighborhoods, establish an emergency repair fund, and provide housing and casework support to vulnerable residents.

The City government continues to improve its infrastructure by investing in roads, bridges, gateways, and water and sewer projects. In 2019, the City completed projects to upgrade and rehabilitate its Front Street gateways and bridges in the amount of \$5 million. Major projects have continued in the years since. In 2022, the City began work on a \$1.2 million reconstruction of Glenwood Avenue. Since 2014, the City has paved or reconstructed more than 90 miles of streets – more than half of the City's 151 centerline miles. These projects are the direct result of the City's successful partnership with the State Department of Transportation, which contributed significant funds to these projects. Additionally, the New York State Department of Transportation broke ground in early 2021 on the latest phase of the Route 434 Greenway project, constructing a 2.5-mile bike and pedestrian path between Binghamton's South Side and Binghamton University in Vestal. The path opened in 2023, and residents and visitors alike have begun to use it for recreation and to travel between Vestal and Binghamton without the use of a car.

Several bridges have undergone major rehabilitation projects, including the historic East Clinton Bridge, where a \$1.9 million project was completed in 2017. In 2016, the City completed its \$4 million multi-year project of changing the street lighting to LED technology, which has resulted in a reduction of electric usage of more than 50 percent. In 2020, the City completed its green roof project at City Hall, installing 2,500 square feet of vegetated roof and eight stormwater planters. The new roof system will reduce runoff entering the City's storm sewer system and surrounding rivers by absorbing, storing and evaporating rainfall. The City was awarded \$1.6 million through the Environmental Facilities Corporation (EFC) Green Innovation Grant Program (GIGP) for the \$2.1 million project.

In early 2020, the City launched a comprehensive floodwall and levee certification initiative, an important step in protecting residents across the City against expensive flood insurance. The City will also advance a \$1.1 million project to upgrade stormwater pump stations at Glenwood Avenue, Bevier Street and Rush Avenue.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

In 2019, the City completed a \$1.2 million upgrade to the Binghamton Police Department Headquarters, improving police operations and use of technology. A half-million-dollar project was completed in 2021 to expand the Southern Tier Crime Analysis Center in City Hall. The project, which received funding from the New York State Division of Criminal Justice Services (DCJS), expands public safety operations and staffing by bringing outside agency personnel and investigative tools under one roof, allowing for more efficient investigations across municipal boundaries.

The City broke ground in Spring 2021 on a new state-of-the-art Fire Department headquarters downtown to replace the aging City Hall station. The \$8.5 million station, which opened early 2023, will improve public safety operations and revitalize a long-blighted commercial corridor.

The City's Economic Development Office works closely with Federal, State, Regional, and Local partners to advance development projects, support workforce development, build an entrepreneurial ecosystem, and overall grow the tax base of the City of Binghamton to ensure economic stability for generations to come.

With complementary investments in battery technology in Endicott, semiconductor technology in Syracuse and Albany, and agritech work from Cornell University, as well as a strategic location with access to three major railroads and three major interstate highways, Binghamton is becoming even more crucial as a hub for supply chain companies and workforce opportunities than ever before. The City will continue to work to attract jobs and residents to tap into the full economic potential of the area. The BLDC has made loans in the aggregate amount of \$600,000 since 2021 to three borrowers. These funds support \$282,173 of private funds invested and will result in the creation of 20 jobs. These loans enabled a long-time employee of a local pizza shop to purchase the business and maintain it as a staple of our downtown Binghamton community, a property owner to build out a new office space for an Arts non-profit, and an eco-friendly construction materials company to upgrade their manufacturing line. The BLDC has seen increased interest in loan products since interest rate hikes began in 2022 and expects to make more loans moving forward.

Education

Binghamton University: Binghamton University began as a Triple Cities College in 1946, joining the State University System in 1950 as Harpur College. In 1965, the campus was formally designated the State University of New York at Binghamton. Today, the University consists of the Harpur College of Arts & Sciences, the School of Management, the Decker School of Nursing, the College of Community and Public Affairs and the Thomas J. Watson School of Engineering & Applied Science and the School of Pharmacy and Pharmaceutical Sciences. Binghamton University had an enrollment of over 14,400 undergraduates and over 3,900 graduate students for the 2023 Fall semester.

Nationally recognized as a world-class institution, and one of the most elite research institutions in the nation, Binghamton University offers students a broad, interdisciplinary education with an international perspective. For nearly 20 straight years, U.S. News & World Report has ranked Binghamton as one of the nation's top 50 public universities. In 2023, Forbes ranked Binghamton University the number one best public college in NYS and the 52nd best college in the country. Kiplinger's Personal Finance Magazine rated Binghamton University seventh among the Nations Public Universities for out-of-state students and fourteenth overall in its 2018- 2019 ranking of the 100 Best Values in Public Colleges.

SUNY Broome, formerly named Broome County Community College, is a comprehensive academic institution supervised by the State University of New York, sponsored by Broome County, and accredited by both professional and educational organizations. The college was chartered as the New York State Institute of Applied Arts and Sciences at Binghamton in 1946. It became Broome Community College in 1971 and, in September 2013, it underwent its final name change to SUNY Broome Community College to highlight its long history as a State University of New York Institution.

CITY OF BINGHAMTON, NEW YORK

Management's Discussion and Analysis (Unaudited)

SUNY Broome had an enrollment of 2,457 full-time and 2,978 part-time students for the Fall 2022 semester. The college offers 50 degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four year colleges and universities.

The expansion of Binghamton University and SUNY Broome has led to increased demand for off-campus student housing, creating a boom in housing for students, young professionals and others in downtown Binghamton and surrounding neighborhoods. There have been several multi-million dollar student housing projects, including new construction projects, such as 20 Hawley St. and Twin River Commons, and the renovation of multiple historic buildings, such as Chenango Place, The Printing House and University Lofts.

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, NEW YORK

**Statement of Net Position
December 31, 2022**

	Governmental Activities	Business-type Activities	Total Primary Government
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 38,483,550	\$ 606,733	\$ 39,090,283
Restricted cash and cash equivalents	15,610,956	2,273,359	17,884,315
Cash held by fiscal agent	2,948,942	-	2,948,942
Accounts receivable	-	52,067	52,067
Due from state and federal governments	4,367,297	-	4,367,297
Due from other governments	8,644,990	-	8,644,990
Other receivables, net	6,157,039	-	6,157,039
Inventory	445,423	-	445,423
Prepaid expenditures	2,243,573	-	2,243,573
Loans receivable, current portion	-	460,687	460,687
Total current assets	<u>78,901,770</u>	<u>3,392,846</u>	<u>82,294,616</u>
NONCURRENT ASSETS:			
Inventory - property held for sale	-	1,200,413	1,200,413
Net pension asset	105,620	-	105,620
Loans receivable, net	5,917,729	497,582	6,415,311
Equity interest in joint ventures	148,379,748	-	148,379,748
Capital assets, nondepreciable	18,351,680	-	18,351,680
Capital assets, depreciable, net	309,004,403	-	309,004,403
Total noncurrent assets	<u>481,759,180</u>	<u>1,697,995</u>	<u>483,457,175</u>
Total assets	<u>560,660,950</u>	<u>5,090,841</u>	<u>565,751,791</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	32,523,747	-	32,523,747
OPEB related	12,048,572	-	12,048,572
Total deferred outflows of resources	<u>44,572,319</u>	<u>-</u>	<u>44,572,319</u>
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	5,422,237	15,817	5,438,054
Accrued liabilities	10,921,591	565,687	11,487,278
Bond anticipation notes payable	31,004,095	36,750	31,040,845
Interest payable	1,146,465	-	1,146,465
Unearned revenue	34,600,618	-	34,600,618
Other liabilities	12,097	-	12,097
Bonds payable, current portion	10,689,499	-	10,689,499
Compensated absences, current portion	312,722	-	312,722
Lease liabilities, current portion	152,131	-	152,131
Total current liabilities	<u>94,261,455</u>	<u>618,254</u>	<u>94,879,709</u>
LONG-TERM LIABILITIES:			
Bonds payable, net of current portion	170,330,415	-	170,330,415
Compensated absences, net of current portion	3,306,785	-	3,306,785
Lease liabilities, net of current portion	468,593	-	468,593
Total other postemployment benefits	43,469,904	-	43,469,904
Total long-term liabilities	<u>217,575,697</u>	<u>-</u>	<u>217,575,697</u>
Total liabilities	<u>311,837,152</u>	<u>618,254</u>	<u>312,455,406</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	39,893,351	-	39,893,351
OPEB related	50,186,066	-	50,186,066
Total deferred inflows of resources	<u>90,079,417</u>	<u>-</u>	<u>90,079,417</u>
NET POSITION			
Net investment in capital assets	225,183,097	-	225,183,097
Restricted	19,517,194	3,423,554	22,940,748
Unrestricted	(41,383,591)	1,049,033	(40,334,558)
Total net position	<u>\$ 203,316,700</u>	<u>\$ 4,472,587</u>	<u>\$ 207,789,287</u>

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

Statement of Activities
For the year ended December 31, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total Primary Government
Governmental activities:							
General government support	\$ 24,268,652	\$ 218,693	\$ 10,258,701	\$ -	\$ (13,791,258)	\$ -	\$ (13,791,258)
Public safety	32,578,690	1,088,953	596,843	160,236	(30,732,658)	-	(30,732,658)
Public health	82,254	787,083	-	-	704,829	-	704,829
Transportation	3,715,569	1,622,805	-	6,264,325	4,171,561	-	4,171,561
Economic assistance and opportunity	730,542	-	-	-	(730,542)	-	(730,542)
Culture and recreation	5,721,645	682,917	15,000	-	(5,023,728)	-	(5,023,728)
Home and community services	18,149,412	19,883,528	2,204,007	7,070,357	11,008,480	-	11,008,480
Interest on long-term debt	5,629,254	-	-	-	(5,629,254)	-	(5,629,254)
Total governmental activities	<u>90,876,018</u>	<u>24,283,979</u>	<u>13,074,551</u>	<u>13,494,918</u>	<u>(40,022,570)</u>	<u>-</u>	<u>(40,022,570)</u>
Business-type activities:							
BURA	41,240	-	2,482	-	-	(38,758)	(38,758)
BWSDC	378,858	-	-	-	-	(378,858)	(378,858)
BLDC	272,936	60,035	180,101	-	-	(32,800)	(32,800)
Total business-type activities	<u>693,034</u>	<u>60,035</u>	<u>182,583</u>	<u>-</u>	<u>-</u>	<u>(450,416)</u>	<u>(450,416)</u>
Total primary government	<u>\$ 91,569,052</u>	<u>\$ 24,344,014</u>	<u>\$ 13,257,134</u>	<u>\$ 13,494,918</u>	<u>(40,022,570)</u>	<u>(450,416)</u>	<u>(40,472,986)</u>
General revenues:							
Real property taxes					33,858,673	-	33,858,673
Other real property tax items					1,308,165	-	1,308,165
Non-property taxes					16,791,122	-	16,791,122
Use of money and property					1,990,431	1,623	1,992,054
Sale of property and compensation for loss					88,321	-	88,321
Miscellaneous					18,277,145	-	18,277,145
State sources					10,207,529	-	10,207,529
Change in equity interest in joint ventures					(8,357,604)	-	(8,357,604)
Transfers					(633,000)	633,000	-
Total general revenues					<u>73,530,782</u>	<u>634,623</u>	<u>74,165,405</u>
Change in net position					33,508,212	184,207	33,692,419
Net position - beginning of year					<u>169,808,488</u>	<u>4,288,380</u>	<u>174,096,868</u>
Net position - end of year					<u>\$ 203,316,700</u>	<u>\$ 4,472,587</u>	<u>\$ 207,789,287</u>

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

Balance Sheet
Governmental Funds
December 31, 2022

	General Fund	Capital Projects Fund	Sewer Fund	Special Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 34,526,802	\$ 722,666	\$ 82,284	\$ 434,771	\$ 797,879	\$ 36,564,402
Restricted cash and cash equivalents	8,611,221	6,432,135	12	-	567,588	15,610,956
Cash held by fiscal agent	-	2,840,898	-	-	105,846	2,946,744
Due from other funds	5,287,022	1,196,584	-	-	-	6,483,606
Due from state and federal governments	272,236	3,838,150	-	256,911	-	4,367,297
Due from other governments	4,188,533	3,079,308	1,097,031	-	521,497	8,886,369
Other receivables, net	564,670	19,500	3,287,797	2,746	2,282,326	6,157,039
Inventory	27,217	-	131,938	-	286,268	445,423
Prepaid expenditures	1,893,154	-	44,165	-	222,272	2,159,591
Loans receivable, net	-	-	-	5,917,729	-	5,917,729
Total assets	\$ 55,370,855	\$ 18,129,241	\$ 4,643,227	\$ 6,612,157	\$ 4,783,676	\$ 89,539,156
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ 578,630	\$ 4,198,578	\$ 9,281	\$ 272,237	\$ 296,111	\$ 5,354,837
Accrued liabilities	2,438,759	6,720,814	14,834	16,726	151,144	9,342,277
Due to other funds	1,196,584	-	2,958,747	-	2,314,149	6,469,480
Bond anticipation notes payable	-	31,004,095	-	-	-	31,004,095
Compensated absences	300,505	-	1,204	-	11,013	312,722
Unearned revenue	33,248,360	-	-	1,317,907	34,351	34,600,618
Other liabilities	-	-	-	-	12,097	12,097
Total liabilities	37,762,838	41,923,487	2,984,066	1,606,870	2,818,865	87,096,126
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenue	-	-	-	4,599,822	13,298	4,613,120
FUND BALANCES:						
Nonspendable	2,329,722	-	176,103	-	508,540	3,014,365
Restricted	8,611,221	6,432,135	1,483,058	405,465	1,559,175	18,491,054
Committed	-	-	-	-	997,199	997,199
Assigned	1,915,805	-	-	-	-	1,915,805
Unassigned	4,751,269	(30,226,381)	-	-	(1,113,401)	(26,588,513)
Total fund balances	17,608,017	(23,794,246)	1,659,161	405,465	1,951,513	(2,170,090)
Total liabilities, deferred inflows of resources and fund balances	\$ 55,370,855	\$ 18,129,241	\$ 4,643,227	\$ 6,612,157	\$ 4,783,676	\$ 89,539,156

The accompanying notes are an integral part of these statements

CITY OF BINGHAMTON, NEW YORK

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
December 31, 2022**

Total fund balance - governmental funds		\$ (2,170,090)
Total net position reported for governmental activities in the statement of net position is different because:		
Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current financial resources.		148,379,748
Amounts due from the joint venture included in due from other governments in the fund financial statements are eliminated in the Statement of Net Position, as they are captured under the equity interest in joint venture.		(241,379)
Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the funds.		
Cost of capital assets	\$ 612,120,464	
Accumulated depreciation and Amortization	<u>(284,764,381)</u>	
		327,356,083
Net pension assets reported in governmental activities are not current financial resources and therefore, are not reported in the funds.		105,620
Other deferred outflows of resources not reported in the governmental funds Balance Sheet but included in the Statement of Net Position are as follows:		
Pension related	\$ 32,523,747	
OPEB related	<u>12,048,572</u>	
		44,572,319
Interest payable accrued in the Statement of Net Position does not require the use of current financial resources and, therefore, is not reported as a liability in the funds.		(1,146,465)
Long-term debt and other noncurrent liabilities are not due and payable in the current period and; therefore, are not reported in the funds.		
Bonds payable (including unamortized premiums)	\$ (181,019,914)	
Lease liabilities	(620,724)	
Compensated absences	(3,306,785)	
Total other postemployment benefits	<u>(43,469,904)</u>	
		(228,417,327)
Portions of loans receivable are not available to pay for current period expenditures and are deferred in the funds.		4,613,120
Other deferred inflows of resources not reported in the governmental funds Balance Sheet but included in the Statement of Net Position are as follows:		
Pension related	\$ (39,893,351)	
OPEB related	<u>(50,186,066)</u>	
		(90,079,417)
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.		<u>344,488</u>
Net position of governmental activities		<u>\$ 203,316,700</u>

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

Statement of Revenues, Expenditures and Change in Fund Balances
 Governmental Funds
 For the year ended December 31, 2022

	General Fund	Capital Projects Fund	Sewer Fund	Special Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real property taxes	\$ 33,858,673	\$ -	\$ -	\$ -	\$ -	\$ 33,858,673
Other real property tax items	1,308,165	-	-	-	-	1,308,165
Non-property taxes	16,791,122	-	-	-	-	16,791,122
Departmental income	1,497,565	3,766	11,396,648	-	9,798,584	22,696,563
Intergovernmental charges	543,548	3,455,910	-	298,187	-	4,297,645
Interfund revenues	1,221,363	-	-	-	180,367	1,401,730
Use of money and property	416,755	91,607	1,472,940	-	9,136	1,990,438
Licenses and permits	240,325	-	-	-	-	240,325
Fines and forfeitures	694,167	-	-	-	-	694,167
Sale of property and compensation for loss	98,518	86,759	-	-	1,422	186,699
Miscellaneous	27,442	16,843,856	57	-	342	16,871,697
State aid	10,778,083	11,267,231	-	-	-	22,045,314
Federal aid	10,309,040	1,281,156	-	3,171,019	-	14,761,215
Total revenues	77,784,766	33,030,285	12,869,645	3,469,206	9,989,851	137,143,753
EXPENDITURES:						
General government support	7,393,727	3,162,900	21,745	-	18,820	10,597,192
Public safety	24,714,865	7,124,454	-	600,000	-	32,439,319
Public health	52,656	7,388	-	-	-	60,044
Transportation	2,207,811	9,501,655	-	-	525,122	12,234,588
Economic assistance and opportunity	530,000	50,000	-	150,542	-	730,542
Culture and recreation	3,242,068	1,969,939	-	233,911	797,800	6,243,718
Home and community services	2,549,238	15,314,727	3,596,052	2,547,237	7,012,338	31,019,592
Employee benefits	18,037,246	-	392,227	-	1,865,310	20,294,783
Debt Service - principal	4,530,833	-	5,283,393	-	2,854,015	12,668,241
Debt Service - interest	1,308,760	-	3,596,296	-	760,763	5,665,819
Total expenditures	64,567,204	37,131,063	12,889,713	3,531,690	13,834,168	131,953,838
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,217,562	(4,100,778)	(20,068)	(62,484)	(3,844,317)	5,189,915
OTHER FINANCING SOURCES (USES):						
Proceeds from capital leases	-	780,516	-	-	-	780,516
BANs redeemed from appropriations	-	1,298,149	-	-	-	1,298,149
Interfund transfers in	-	8,145,322	56,898	300,000	3,613,811	12,116,031
Interfund transfers out	(11,513,691)	(1,473,304)	(140,000)	-	(145,000)	(13,271,995)
Total other financing sources (uses)	(11,513,691)	8,750,683	(83,102)	300,000	3,468,811	922,701
CHANGE IN FUND BALANCE	1,703,871	4,649,905	(103,170)	237,516	(375,506)	6,112,616
FUND BALANCES - BEGINNING OF YEAR	15,904,146	(28,444,151)	1,762,331	167,949	2,327,019	(8,282,706)
FUND BALANCES - END OF YEAR	\$ 17,608,017	\$ (23,794,246)	\$ 1,659,161	\$ 405,465	\$ 1,951,513	\$ (2,170,090)

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

**Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances -
Governmental Funds to the Statement of Activities
For the year ended December 31, 2022**

Net changes in fund balances - total governmental funds	\$	6,112,616	
The change in net position reported for governmental activities in the Statement of Activities is different because:			
Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current financial resources. This is the change in the investments in the City's joint ventures.		(8,357,604)	
Activity related to the equity interest in the joint venture reported in the fund financial statements is eliminated in the Statement of Activities.		5,778,812	
The cost of investment in capital assets (including right-to-use lease assets) and the depreciation and amortization expense associated with the investment in capital assets are reported as expenditures in the year they are incurred in the Statement of Revenues, Expenses and Change in Fund Balances. However, the Statement of Net Position includes those costs among the assets of the City, and their original costs are depreciated annually over the life of the asset.			
Capital outlay	\$	29,580,789	
Depreciation and amortization		(19,613,426)	
Net book value of disposed assets		<u>(117,355)</u>	
			9,850,008
In the governmental funds, issuances of debt and lease liabilities are recorded as other financing sources and principal payments for debt service are recorded as expenditures, but these are recorded as additions and reductions to liabilities, respectively, in the statement of net position.			
Proceeds from debt and capital leases	\$	(780,516)	
Amortization of bond premiums		36,565	
Principal payments on long-term debt		<u>11,370,092</u>	
			10,626,141
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds include the following:			
Compensated absences			2,782
Pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.			
Net pension liability/asset	\$	10,188,415	
Deferred outflows of resources		(8,885,442)	
Deferred inflows of resources		<u>3,153,292</u>	
			4,456,265
Other postemployment benefits (expense)/income resulting from the change in the related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.			
Total other postemployment benefits liability	\$	16,513,891	
Deferred outflows of resources		(3,647,630)	
Deferred inflows of resources		<u>(4,671,320)</u>	
			8,194,941
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.			
			(214,631)
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.			
			<u>(2,941,118)</u>
Change in net position of governmental activities	\$		<u>33,508,212</u>

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

Statement of Net Position
Proprietary Funds
December 31, 2022

	Business-Type Activities				Governmental
	BURA	BLDC	BWSDC	Total	Activities Internal Service Fund
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 64,617	\$ 70,667	\$ 471,449	\$ 606,733	\$ 1,919,148
Restricted cash and cash equivalents	-	2,273,359	-	2,273,359	-
Accounts receivable	-	52,067	-	52,067	2,198
Loans receivable, current portion	-	460,687	-	460,687	-
Prepaid expenses	-	-	-	-	83,982
Total current assets	64,617	2,856,780	471,449	3,392,846	2,005,328
NONCURRENT ASSETS:					
Inventory - property held for sale	439,432	760,981	-	1,200,413	-
Loans receivable, net of current portion and allowance for doubtful accounts of \$327,911	-	497,582	-	497,582	-
Total noncurrent assets	439,432	1,258,563	-	1,697,995	-
Total assets	504,049	4,115,343	471,449	5,090,841	2,005,328
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	-	15,817	-	15,817	67,400
Accrued liabilities	-	565,687	-	565,687	1,579,314
Unearned revenue	-	36,750	-	36,750	-
Due to other funds	-	-	-	-	14,126
Total liabilities	-	618,254	-	618,254	1,660,840
NET POSITION					
Restricted	20,000	3,403,554	-	3,423,554	1,026,140
Unrestricted	484,049	93,535	471,449	1,049,033	(681,652)
Total net position	\$ 504,049	\$ 3,497,089	\$ 471,449	\$ 4,472,587	\$ 344,488

The accompanying notes are an integral part of these statements

CITY OF BINGHAMTON, NEW YORK

Statement of Revenues, Expenses and Change in Net Position
 Proprietary Funds
 For the year ended December 31, 2022

	Business-Type Activities				Governmental
	BURA	BLDC	BWSDC	Total	Internal Service Fund
OPERATING REVENUES:					
Interdepartmental charges	\$ -	\$ -	\$ -	\$ -	\$ 1,727,873
Grant income	-	180,101	-	180,101	-
Interest and fees on loans	-	53,525	-	53,525	-
Other operating revenues	-	6,510	-	6,510	301,587
In-Kind revenue	2,482	-	-	2,482	-
Total operating revenues	2,482	240,136	-	242,618	2,029,460
OPERATING EXPENSES:					
Salaries and benefits	-	15,817	-	15,817	104,684
Contractual services	-	3,582	95,000	98,582	3,874,584
Workers compensation claims	-	-	-	-	1,533,139
Parking garage demolition	-	-	283,858	283,858	-
Grant expense	-	162,641	-	162,641	-
Marketing	-	15,056	-	15,056	-
Professional fees	3,000	5,500	-	8,500	-
Utilities	1,938	-	-	1,938	-
Stadium maintenance	33,743	-	-	33,743	-
Community events and initiatives	-	58,573	-	58,573	-
Other	77	11,767	-	11,844	-
In-Kind expense	2,482	-	-	2,482	-
Total operating expenses	41,240	272,936	378,858	693,034	5,512,407
INCOME (LOSS) FROM OPERATIONS	(38,758)	(32,800)	(378,858)	(450,416)	(3,482,947)
NONOPERATING (EXPENSES) REVENUES:					
Interfund transfers in	83,000	-	850,000	933,000	522,964
Interfund transfers out	-	(300,000)	-	(300,000)	-
Interest income	30	1,286	307	1,623	18,865
Total nonoperating (expenses) revenues	83,030	(298,714)	850,307	634,623	541,829
CHANGE IN NET POSITION	44,272	(331,514)	471,449	184,207	(2,941,118)
NET POSITION - beginning of year	459,777	3,828,603	-	4,288,380	3,285,606
NET POSITION - end of year	\$ 504,049	\$ 3,497,089	\$ 471,449	\$ 4,472,587	\$ 344,488

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

Statement of Cash Flows - Proprietary Funds
For the year ended December 31, 2022

	Business-Type Activities				Governmental
	BURA	BLDC	BWSDC	Total	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES:					
Cash received from providing services	\$ -	\$ -	\$ -	\$ -	\$ 1,740,209
Cash received for deposits	-	14,345	-	14,345	-
Cash received from loans and loan fees	-	457,722	-	457,722	-
Cash received from grants	-	207,544	-	207,544	-
Cash received from miscellaneous sources	-	-	-	-	301,347
Cash payments for contractual services	(38,758)	(234,796)	(378,858)	(652,412)	(3,831,163)
Cash payments to loan borrowers	-	(25,000)	-	(25,000)	-
Cash payments for salaries and benefits	-	-	-	-	(104,684)
Cash paid for community events and initiatives	-	(58,573)	-	(58,573)	-
Cash payments for workers compensation claims	-	-	-	-	(1,559,781)
Net cash flow from operating activities	<u>(38,758)</u>	<u>361,242</u>	<u>(378,858)</u>	<u>(56,374)</u>	<u>(3,454,072)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash (paid)/received from transfers with other funds	<u>83,000</u>	<u>(300,000)</u>	<u>850,000</u>	<u>633,000</u>	<u>-</u>
Net cash flow from noncapital financing activities	<u>83,000</u>	<u>(300,000)</u>	<u>850,000</u>	<u>633,000</u>	<u>-</u>
CASH FLOW FROM INVESTING ACTIVITIES:					
Transfers from other funds	-	-	-	-	522,964
Interest income received	<u>30</u>	<u>1,286</u>	<u>307</u>	<u>1,623</u>	<u>18,865</u>
Net cash flow from investing activities	<u>30</u>	<u>1,286</u>	<u>307</u>	<u>1,623</u>	<u>541,829</u>
CHANGE IN CASH AND CASH EQUIVALENTS	44,272	62,528	471,449	578,249	(2,912,243)
CASH AND CASH EQUIVALENTS - beginning of year	<u>20,345</u>	<u>2,281,498</u>	<u>-</u>	<u>2,301,843</u>	<u>4,831,391</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 64,617</u>	<u>\$ 2,344,026</u>	<u>\$ 471,449</u>	<u>\$ 2,880,092</u>	<u>\$ 1,919,148</u>
Cash and cash equivalents - unrestricted	\$ 64,617	\$ 70,667	\$ 471,449	\$ 606,733	\$ 1,919,148
Cash and cash equivalents - restricted	-	2,273,359	-	2,273,359	-
Total cash and cash equivalents	<u>\$ 64,617</u>	<u>\$ 2,344,026</u>	<u>\$ 471,449</u>	<u>\$ 2,880,092</u>	<u>\$ 1,919,148</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES:					
Income (loss) from operations	\$ (38,758)	\$ (32,800)	\$ (378,858)	\$ (450,416)	\$ (3,482,947)
Adjustments to reconcile income (loss) from operations to net cash flows from operating activities:					
Changes in:					
Accounts receivable	-	(15,817)	-	(15,817)	(240)
Loans receivable	-	379,197	-	379,197	-
Prepaid expenses	-	-	-	-	17,443
Accounts payable	-	(20,433)	-	(20,433)	25,978
Accrued liabilities	-	14,345	-	14,345	(26,642)
Due to other funds	-	36,750	-	36,750	12,336
Net cash flow from operating activities	<u>\$ (38,758)</u>	<u>\$ 361,242</u>	<u>\$ (378,858)</u>	<u>\$ (56,374)</u>	<u>\$ (3,454,072)</u>

The accompanying notes are an integral part of these statements

CITY OF BINGHAMTON, NEW YORK

Statement of Fiduciary Net Position

Fiduciary Fund

December 31, 2022

	Custodial Fund
ASSETS:	
Restricted cash and cash equivalents	\$ <u>36,020</u>
Total assets	<u>36,020</u>
NET POSITION:	
Restricted	\$ <u><u>36,020</u></u>

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the year ended December 31, 2022

	Custodial Fund
ADDITIONS:	
Funds held for others	\$ <u>2,806</u>
Total additions	<u>2,806</u>
DEDUCTIONS:	
Funds held for others	<u>280</u>
Total deductions	<u>280</u>
Change in net position	2,526
Total net position - beginning of year	<u>33,494</u>
Total net position - end of year	\$ <u><u>36,020</u></u>

The accompanying notes are an integral part of these statements.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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

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

- The primary government, which is the City,
- Organizations for which the primary government is financially accountable and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Blended Component Unit - Binghamton Urban Renewal Agency

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

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Blended Component Unit - Binghamton Local Development Corporation

The Binghamton Local Development Corporation (BLDC) was incorporated in 1982 under 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, 2022.

Blended Component Unit - City of Binghamton Water Street Development Corporation

The City of Binghamton Water Street Development Corporation (BWSDC) was incorporated in 2021 under not-for-profit corporation law for the purpose of providing assistance in the design, development, construction, reconstruction and financing of a City-owned parking facility located on Water Street, in the City. The City appoints the voting majority of the BWSDC governing body and BWSDC is financially dependent on the City.

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

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

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

Related Organization - Binghamton Housing Authority

The Binghamton Housing Authority (the 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.

A. Basis of Presentation

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 BURA, BLDC and BWSDC (blended component units described above) are classified as Business-Type Activities.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Government-wide Financial Statements

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

In the Government-wide Statement of Net Position, the Governmental Activities column is 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. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the City's programs including personnel, overall administration and finance. 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.

Fund Financial Statements

The financial transactions of the City are reported in individual funds in the 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 and revenues and expenditures. 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:

Governmental Fund Types

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.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

a) Major Governmental Funds

General Fund

Principal operating fund; includes all operations not required to be recorded in other funds.

Capital Projects Fund

Accounts for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Special Revenue Funds

Sewer Fund - Accounts for revenues derived from charges for sewer usage and benefited assessments and the application of such revenues toward related operating expenses and debt retirement.

Special Grant Fund - Accounts for Community Development Block Grant activities and other federal revenue sources.

b) Non-major Governmental Funds

Special Revenue Funds

Parking Ramps Fund - Accounts for funds collected from parking garage receipts and related expenditures.

Water Fund - Accounts for revenues derived from charges for water consumption and the application of such revenues toward related operating expenditures 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 expenditures.

Golf Fund - Accounts for activities related to the City's municipal golf course.

Proprietary Fund Types

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:

a) Major Enterprise Funds

BLDC - Accounts for activities of the blended component unit.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

b) Non-major Enterprise Funds

BURA - Accounts for activities of the blended component unit.

BWSDC - Accounts for activities of the blended component unit.

c) Internal Service Fund - Governmental activities 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 City has decided to have a self-insurance program on an actuarial basis. The reimbursements and premiums are treated as operating revenues of the Internal Service Fund and as expenditures/expenses of the reimbursing or insured fund. Included is the following:

Self-Insurance Funds for Workers' Compensation - Accounts for the accumulation of resources for payment of compensation, assessments and other obligations under Workers' Compensation Law, Article 5.

Fiduciary Fund Types

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

Custodial Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian or agent.

B. Basis of Accounting and Measurement Focus

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

Accrual Basis

The Government-wide financial statements, Proprietary Funds 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, deferred inflows of resources, liabilities and deferred outflows of resources, 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.

Modified Accrual Basis

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

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

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.

C. Deferred Outflows and Deferred Inflows of Resources

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

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

D. Inventory

Inventory is primarily comprised of parts and supplies held for the Water and Sewer funds. It is valued at cost utilizing the first-in, first-out method. The City uses the purchase method of accounting for inventories. At the end of the period, inventories are taken and significant inventories are recorded as an asset.

E. 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.

F. Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. It also includes all revenues and expenses not related to capital and related financing or investment activities.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

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.

H. Loans Receivable

The City provides loans through the Community Development Block Grant (CDBG) and HOME programs under the U.S. Department of Housing and Urban Development (HUD). Portions of these loans are to be forgiven provided the recipient continues to own the property for a specified number of years. In general, the loans that are not forgiven will be payable upon transfer of title. The amount of these loans reported in the Special Grant Fund is offset by unearned revenue to the extent that the loans may be forgiven and the remainder is offset by deferred inflows of resources, as the revenue is not available. The unearned revenue is reported in governmental activities and the deferred inflows of resources amount is eliminated.

I. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments with initial maturities of three months or less are considered cash equivalents. The City considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits.

J. Inventory - Property Held for Sale

Amounts listed as property held for sale for BURA consist of parking lots and vacant properties owned by the Agency. The land is stated at the lower of net realizable value or cost. The Agency reports land at net realizable value. The original cost of the property was \$742,922. Land is not depreciated.

Amounts listed as property held for sale for BLDC consist of real estate purchased with the intent to resell. These properties are valued at the lower of cost or market. Market value is defined as assessed value.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

K. 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

No interest on construction in progress has been capitalized.

Capital assets also include lease assets with a term greater than one year. The City does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

L. 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.

M. 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 is 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.

N. Other Postemployment Benefits

In addition to providing pension benefits, the City provides health insurance coverage and survivor benefits for retired employees and their survivors. 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 are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the City and the retired employee. The City recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund, in the year paid.

The City follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The City's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, and such differences may be significant.

P. 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.

Q. Equity Classifications

Government-wide Financial Statements

Equity is classified as net position and is 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, notes or other borrowings or accounts payable and other liabilities that are attributable to the acquisition, construction or improvement of those assets.
- Restricted - Consists of resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

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 with 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 amounts inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories and interfund loans not expected to be repaid within one year.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In the General Fund, this includes encumbrances and amounts of fund balance appropriated in the following year's budget.
- 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.

R. Order of Use of Fund Balance

The City's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted and committed fund balances for specific purposes are determined. Any remaining fund balance amounts are classified as assigned or unassigned. Funds other than the General Fund will report any remaining amounts as assigned. However, assignments of fund balance cannot cause a negative unassigned fund balance.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

S. 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.

2. CASH AND INVESTMENTS

New York State governs the City’s investment policies. The City is permitted to invest in special time deposits and certificate of deposits. In addition, the City may invest funds in direct obligations of the United States of America or obligations guaranteed by agencies of the United States of America where the payment of principal and interest are further guaranteed by the United States of America. Other eligible investments for the City include obligations of the State and repurchase agreements, subject to various conditions.

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.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the City’s investment and deposit policy, all deposits of the City including certificates of deposit and time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by a pledge of securities with an aggregate value of 100% or more of the aggregate amount of deposits.

Total financial institution (bank) balances subject to custodial credit risk at December 31, 2022, were insured or collateralized as follows:

FDIC Insured	\$ 10,989,751
Uninsured and collateral held by pledging bank	<u>11,737,179</u>
Total	<u>\$ 22,726,930</u>

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Investments in External Investment Pools

At December 31, 2022, the City's cash and cash equivalents included amounts with a fair value of \$32,293,633 invested in NYCLASS, an external investment pool for local governments in New York State.

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in NYCLASS is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

NYCLASS and NYCLASS Prime are rated by S&P Global Ratings. The current rating is 'AAAm.'

NYCLASS and NYCLASS Prime are external investment pools and therefore are not subject to custodial credit risk.

The dollar weighted average days to maturity (WAM) of NYCLASS at September 30, 2022 is 36 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of NYCLASS at September 30, 2022, is 42 days.

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 2022, payments from the County to the City aggregated \$15,788,571.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

4. CAPITAL ASSETS

<u>Governmental Activities:</u>	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 4,363,829	\$ -	\$ -	\$ 4,363,829
Construction in Progress	<u>14,567,739</u>	<u>22,933,285</u>	<u>(23,513,173)</u>	<u>13,987,851</u>
Subtotal	<u>18,931,568</u>	<u>22,933,285</u>	<u>(23,513,173)</u>	<u>18,351,680</u>
Depreciable:				
Buildings and Improvements	54,976,689	1,673,502	-	56,650,191
Machinery and Equipment	24,702,160	8,795,554	(1,304,330)	32,193,384
Infrastructure	<u>485,233,588</u>	<u>18,911,105</u>	<u>-</u>	<u>504,144,693</u>
Subtotal	<u>564,912,437</u>	<u>29,380,161</u>	<u>(1,304,330)</u>	<u>592,988,268</u>
Accumulated depreciation:				
Buildings and Improvements	(21,586,501)	(1,145,256)	-	(22,731,757)
Machinery and Equipment	(17,739,902)	(2,034,841)	1,186,975	(18,587,768)
Infrastructure	<u>(227,011,527)</u>	<u>(16,293,473)</u>	<u>-</u>	<u>(243,305,000)</u>
Subtotal	<u>(266,337,930)</u>	<u>(19,473,570)</u>	<u>1,186,975</u>	<u>(284,624,525)</u>
Net Capital assets, being depreciated	<u>298,574,507</u>	<u>9,906,591</u>	<u>(117,355)</u>	<u>308,363,743</u>
Right-to-use Leased Assets, being amortized:				
Machinery and Equipment	-	780,516	-	780,516
Subtotal	<u>-</u>	<u>780,516</u>	<u>-</u>	<u>780,516</u>
Accumulated amortization:				
Machinery and Equipment	-	(139,856)	-	(139,856)
Subtotal	<u>-</u>	<u>(139,856)</u>	<u>-</u>	<u>(139,856)</u>
Net Right-to-use Leased Assets, being amortized	<u>-</u>	<u>640,660</u>	<u>-</u>	<u>640,660</u>
Net capital assets	<u>\$ 317,506,075</u>	<u>\$ 33,480,536</u>	<u>\$ (23,630,528)</u>	<u>\$ 327,356,083</u>

Depreciation and amortization expense was charged to governmental activities as follows:

	<u>Depreciation</u>	<u>Amortization</u>
General government support	\$ 15,488,901	\$ -
Public safety	738,998	-
Transportation	452,955	-
Culture and Recreation	734,194	139,856
Home and Community Services	<u>2,058,522</u>	<u>-</u>
Total	<u>\$ 19,473,570</u>	<u>\$ 139,856</u>

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

5. SHORT-TERM DEBT

Liabilities for bond anticipation notes (BANs) are generally accounted for in the Capital Projects Fund and used to finance capital projects. Principal payments on BANs must be made annually.

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

BANs payable at December 31, 2022 in the Capital Projects Fund and activity for the year then ended, was as follows:

Issued	Maturity	Interest Rate	Beginning Balance	Issued	Deletions	Ending Balance
2014	2023	0.00%	\$ 2,554,822	\$ -	\$ (2,554,822)	\$ -
2018	2023	0.00%	8,954,027	-	(8,954,027)	-
4/2021	4/2022	1.00%	27,234,707	-	(27,234,707)	-
4/2022	4/2023	1.90%	-	31,004,095	-	31,004,095
Total			<u>\$ 38,743,556</u>	<u>\$ 31,004,095</u>	<u>\$ (38,743,556)</u>	<u>\$ 31,004,095</u>

6. LONG-TERM OBLIGATIONS

Summary of Long-Term Obligations

The following is a summary of all long-term obligations outstanding as of December 31, 2022:

Description	Balance at 12/31/2021	New Issues/ Additions	Maturities/ Reductions	Balance at 12/31/2022	Due within One year
General obligation debt	\$ 79,886,703	\$ -	\$ 6,406,703	\$ 73,480,000	\$ 6,620,000
Bond premiums	694,739	-	36,565	658,174	36,565
EFC - Direct borrowings	111,685,337	-	4,803,597	106,881,740	4,032,934
Lease Liabilities	-	780,516	159,792	620,724	152,131
Net pension liability	10,082,975	-	10,082,975	-	-
Total OPEB	59,983,795	-	16,513,891	43,469,904	-
Compensated absences	<u>3,710,060</u>	-	<u>90,553</u>	<u>3,619,507</u>	<u>312,722</u>
Total	<u>\$ 266,043,609</u>	<u>\$ 780,516</u>	<u>\$ 38,094,076</u>	<u>\$ 228,730,049</u>	<u>\$ 11,154,352</u>

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

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

General Obligation Debt

The City borrows funds on a long-term basis for the purpose of financing acquisition of equipment and construction of buildings and improvements. This policy enables the cost of capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term obligations represent a reconciling item between the fund and government-wide statements. Detail relating to general obligation bonds of the City, outstanding at December 31, 2022, is summarized as follows:

Description	Date of Issue	Interest	Maturity Date	Outstanding
Refunding bonds	2012	3.0%	2026	\$ 6,225,000
Refunding bonds	2014	2.6%	2029	4,020,000
Refunding bonds	2014	3.9%	2029	9,575,000
Various projects	2015	3.0%	2040	560,000
Public improvement	2018	3.0%	2043	10,420,000
Refunding bonds	2019	4.0%	2029	5,670,000
Refunding bonds	2020	3.00-4.25%	2034	7,285,000
Refunding bonds	2021	2.125-4.00%	2040	9,170,000
Public improvement	2021	3.00-4.25%	2041	<u>20,555,000</u>
Total				<u>\$ 73,480,000</u>

Principal and interest payments due on the bonds outstanding at December 31, 2022, for the primary government, are as follows:

Year Ending December 31,	Principal	Interest
2023	\$ 6,620,000	\$ 1,865,987
2024	6,855,000	1,674,582
2025	7,050,000	1,481,136
2026	6,345,000	1,305,163
2027	5,655,000	1,154,501
2027-2031	20,575,000	3,624,894
2032-2036	12,075,000	1,598,076
2037-2041	8,055,000	402,457
2042-2046	<u>250,000</u>	<u>4,063</u>
Total	<u>\$ 73,480,000</u>	<u>\$ 13,110,859</u>

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

EFC Bonds - Direct Borrowings

The City's direct borrowings with NYSEFC contain a provision that in the event of default, NYSEFC may take whatever action at law or in equity may appear necessary or desirable to remedy such default. These remedies include, but are not limited to, mandatory redemption, acceleration, requiring the City to immediately redeem the bonds in whole together with all other sums due to NYSEFC. The City may also owe to NYSEFC interest accrued on the overdue balance. Detail relating to EFC bonds of the City, outstanding at December 31, 2022, is summarized as follows:

Description	Date of Issue	Interest	Maturity Date	Outstanding
Combined sewer overflow	2003	4.5%	2031	\$ 2,230,000
Wastewater projects	2005	3.0%	2034	9,090,000
Wastewater projects	2010	4.1%	2039	3,270,000
EFC financing	2016	0.6-3.5%	2046	24,150,000
Wastewater projects	2019	0.0%	2048	7,320,520
Wastewater projects	2019	6.0%	2049	53,260,000
Wastewater projects	2021	0.161-3.007%	2051	4,894,287
Wastewater projects	2021	0.0%	2051	<u>2,666,933</u>
Total				<u>\$ 106,881,740</u>

Principal and interest payments due on the EFC bonds outstanding at December 31, 2022, for the primary government, are as follows:

Year Ending December 31,	Principal	Interest
2023	\$ 4,032,934	\$ 2,968,145
2024	4,093,687	2,897,819
2025	4,148,726	2,814,362
2026	4,218,752	2,727,459
2027	4,278,796	2,635,466
2027-2031	22,104,577	11,575,739
2032-2036	20,210,571	8,555,651
2037-2041	19,536,545	5,660,696
2042-2046	19,602,509	2,483,727
2047-2051	<u>4,654,643</u>	<u>166,804</u>
Total	<u>\$ 106,881,740</u>	<u>\$ 42,485,868</u>

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Debt Refunding

In prior years, the City has undergone debt refundings for which funds are in an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds and call for redemption on the redemption date. The bonds are considered defeased for accounting purposes.

As of December 31, 2022, the outstanding principal on defeased bonds of the City is \$9,645,000.

7. RETIREMENT PLANS

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS) and Police and Fire Retirement System (PFRS)

The City participates in the New York State and Local Employees' Retirement System (the System) which includes the New York State and Local Employees' Retirement System plan (ERS) and the New York State Local Police and Fire Retirement System plan (PFRS). These plans are cost-sharing multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired.

Benefits can be changed for future members only by enactment of a state statute. The City also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ERS	\$ 1,234,637	\$ 1,733,318	\$ 1,655,503
PFRS	5,785,492	5,517,460	4,786,813

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

At December 31, 2022, the City reported the following liability (asset) for its proportionate share of the net pension liability (asset) for each of the System plans. The net pension liability (asset) was measured as of March 31, 2022. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation. The City's proportionate share of the net pension liability (asset) was based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all participating members, as actuarially determined. This information was derived from the report provided to the City by each System.

	<u>ERS</u>	<u>PFRS</u>
	April 1, 2021	April 1, 2021
Actuarial valuation date		
City's proportionate share of the Plan's total net pension liability	\$ (3,196,816)	\$ 3,091,196
City's share of the net pension liability (asset)	0.0391068%	0.5441820%
Pension expense recognized	\$ 53,677	\$ 2,570,855

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

At December 31, 2022 the City reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

Deferred Outflows of Resources	ERS	PFRS
Differences between expected and actual experience	\$ 242,099	\$ 1,666,486
Changes of assumptions	5,335,127	18,501,477
Changes in proportion and differences between the City's contributions and proportionate share of contributions	796,956	803,492
City's contributions subsequent to the measurement date	838,991	4,339,119
 Total	 \$ 7,213,173	 \$ 25,310,574
 Deferred Inflows of Resources	 ERS	 PFRS
Differences between expected and actual experience	\$ 314,017	\$ -
Changes of assumptions	90,024	-
Net differences between projected and actual earnings on pension plan investments	10,468,232	25,974,121
Changes in proportion and differences between the City's contributions and proportionate share of contributions	1,004,281	2,042,676
 Total	 \$ 11,876,554	 \$ 28,016,797

City contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a change to the net pension liability or asset in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS	PFRS
2023	\$ (897,167)	\$ (1,577,759)
2024	(1,232,243)	(2,363,806)
2025	(2,767,838)	(6,326,885)
2026	(605,124)	3,341,080
2027	-	(117,972)
 Total	 \$ (5,502,372)	 \$ (7,045,342)

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Actuarial Assumptions

The total pension liability was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.40% ERS, 6.20% PFRS, indexed by service
Investment rate of return, including inflation	5.90% compounded annually, net of investment expenses
Projected COLAs	1.40% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries' Scale MP-2020

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below:

Long-Term Expected Rate of Return

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	32.00	3.30
International equity	15.00	5.85
Private equity	10.00	6.50
Real estate	9.00	5.00
Opportunistic/Absolute Return Strategy	3.00	4.10
Credit	4.00	3.78
Real assets	3.00	5.80
Fixed Income	23.00	0.00
Cash	1.00	(1.00)
Total	100.00	

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
City's proportionate share of the net pension liability (asset)	\$ 8,228,569	\$ (3,196,816)	\$ (12,753,598)

PFRS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
City's proportionate share of the net pension liability (asset)	\$ 34,384,785	\$ 3,091,196	\$ (22,811,587)

Pension Plan Fiduciary Net Position (in Thousands)

The components of the current-year net pension liability of the employers as of March 31, 2022 were as follows:

	ERS	PFRS
Total pension liability	\$ 223,874,888	\$ 42,237,292
Net position	(232,049,473)	(41,669,250)
Net pension liability (asset)	<u>\$ (8,174,585)</u>	<u>\$ 568,042</u>
Net position as a percentage of total pension liability	103.65%	98.66%

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

8. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

The City's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The specifics of each contract are on file at the City offices and are available upon request. The plan is a single-employer defined benefit healthcare plan administered by the City. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City Council. As of the date of the financial statement, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding other post employment benefits. As such, there are no assets accumulated in a trust that meets all of the criteria in *GASB Statement No. 75, Paragraph 4*. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Funding Policy

The obligations of the Plan members, employees, and other entities are established by action of the City pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the member vary depending on the applicable agreement. The retirees currently contribute enough money to the Plan to satisfy current obligations on a pay-as-you go basis. The costs of administering the Plan are paid by the City.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	377
Active Employees	<u>478</u>
Total Participants	<u><u>855</u></u>

Total OPEB Liability

The City's total OPEB liability of \$43,469,904 was measured as of December 31, 2022, and was determined by an actuarial valuation as of January 1, 2022 with results actuarially projected on a "no gain / no loss" basis to get to the December 31, 2022 measurement date.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Changes in the Total OPEB Liability

Balance at December 31, 2021	<u>\$ 59,983,795</u>
Changes for the year:	
Service cost	3,041,670
Interest cost	1,392,646
Differences between expected and actual experience	(5,566,803)
Changes in assumptions	(13,108,623)
Benefit payments	<u>(2,272,781)</u>
Net change	<u>(16,513,891)</u>
Balance at December 31, 2022	<u>\$ 43,469,904</u>

Changes in assumptions reflect a change in the discount rate from 2.25% percent in 2021 to 4.31% in 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.31% as of December 31, 2022; 2.25% as of January 1, 2022, based on an analysis of 20-Year Municipal Bond Index.
Payroll Growth	2.00%
Inflation Rate	3.00%
Health Care Cost Trends	7.0% for 2023, decreasing to an ultimate trend rate of 4.5% in 2030 and beyond.
Mortality	SOA Pub-2010 Headcount-weighted Total Dataset Mortality Table fully generational using Scale MP-2021 for general retirees and SOA Pub-2010 Headcount-weighted Contingent Survivor Mortality Table fully generational using Scale MP-2021 for surviving spouses.
Retirement Rates	The retirement rates are based on the most recent NYS ERS and NYS PFRS actuarial assumptions report as of August 2020.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents what the total OPEB liability for the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.31%) or 1 percentage point higher (5.31%) than the current discount rate:

	1 % Decrease (3.31%)	Current Discount Rate (4.31%)	1 % Increase (5.31%)
Total OPEB Liability	<u>\$ 49,207,479</u>	<u>\$ 43,469,904</u>	<u>\$ 38,668,282</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following present the total OPEB Liability of the City, as well as what the City's total OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1 percentage point lower and 1 percentage point higher than the current healthcare cost trend rate:

	1 % Decrease	Current Healthcare Trend Rate	1 % Increase
Total OPEB Liability	<u>\$ 37,507,884</u>	<u>\$ 43,469,904</u>	<u>\$ 50,978,593</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, the City recognized OPEB expense of negative \$5,922,160.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,684,905	\$ 29,999,123
Changes in assumptions or other inputs	<u>9,363,667</u>	<u>20,186,943</u>
Total	<u>\$ 12,048,572</u>	<u>\$ 50,186,066</u>

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	Amount
2023	\$ (10,356,480)
2024	(9,355,808)
2025	(3,394,978)
2026	(4,111,105)
2027	(4,111,106)
Thereafter	<u>(6,808,017)</u>
Total	<u>\$ (38,137,494)</u>

9. INTERFUND BALANCES AND ACTIVITY

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.

Amounts advanced to the Golf Fund from the General Fund in the amount of \$409,351 are not expected to be repaid within one year and accordingly, are equally offset by a nonspendable fund balance in the General Fund that indicates they do not constitute available spendable resources.

Interfund balances at December 31, 2022, and activity for the year then ended, were as follows:

	Interfund Receivable	Interfund Payables	Interfund Transfers In	Interfund Transfers Out
General Fund	\$ 5,287,022	\$ 1,196,584	\$ -	\$ 11,513,691
Capital Projects Fund	1,196,584	-	8,145,322	1,473,304
Sewer Fund	-	2,958,747	56,898	140,000
Special Grants Fund	-	-	300,000	-
BLDC	-	-	-	300,000
Non-Major Enterprise Funds	-	-	933,000	-
Non-Major Governmental Funds	-	<u>2,314,149</u>	<u>3,613,811</u>	<u>145,000</u>
Total Governmental Funds	6,483,606	6,469,480	13,049,031	13,571,995
Internal Service Fund	<u>-</u>	<u>14,126</u>	<u>522,964</u>	<u>-</u>
Total	<u>\$ 6,483,606</u>	<u>\$ 6,483,606</u>	<u>\$ 13,571,995</u>	<u>\$ 13,571,995</u>

10. 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, NEW YORK

Notes to Basic Financial Statements

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 February 3, 2016. The agreement is for an indefinite period. A six member board constitutes the governing body; three members of the board are appointed by the City, and three by the Village. Ownership of the project, operational and capital costs are shared by the participants as follows: City - 54.8%; Village - 45.2%. The board of the project has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. In addition to providing services for the City and Village, the project also provides services for several other municipalities.

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

	Year Ending <u>12/31/2022</u>
Total Assets and Deferred Outflows of Resources	\$ 310,502,277
Total Liabilities and Deferred Inflows of Resources	237,797,414
Joint Venture Equity	72,704,863
Total Revenues	72,207,642
Total Expenses	43,875,075

11. PUBLIC ENTITY RISK POOL

Risk Financing

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

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

Effective July 1, 1995, the City became self-insured for workers' compensation insurance. The City annually appropriates funds for compensation pay awarded to disabled employees or surviving family. The City is negotiating premium costs related to claims incurred prior to July 1, 1995 with the insurance carrier in force at that time. Effective December 1, 1999 the City purchased stop loss insurance for workers compensation claims. City officials believe annual appropriations, reserves and stop loss insurance are sufficient to liquidate the City's obligations. In 2010, the City purchased workers compensation insurance. At December 31, 2022, the City accrued \$1,579,314 in the internal service fund for outstanding workers compensation claims related to the original self-insured worker's compensation insurance policy.

The City is also self-insured for its health insurance plan. An accrual is recorded as of December 31, 2022 to record an estimate for material expenditures incurred but not recorded (IBNR) in the General Fund in the amount of \$400,000.

12. SUMMARY OF SIGNIFICANT COMMITMENTS AND CONTINGENCIES

General Information

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

Judgments and Claims

The City and/or its agencies are named in several lawsuits, some of which are for substantial amounts. Except as described in Note 13, these claims are either adequately covered by insurance or, in the opinion of City officials, will not result in material judgments against the City or will not be pursued and, therefore, are not expected to have a material effect on the basic financial statements.

State and Federally Assisted Programs

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

Tax Certiorari Proceedings

Various tax certiorari proceedings pending against the City as of December 31, 2022 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.

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 baseball club for an annual repair and replacement payment. During 2022, a payment of \$33,743 was made.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

13. LITIGATION ISSUES

On November 1, 2021, an employee of a vendor was installing a radio antenna for a controller for the sprinkler heads at Ely Park Golf Course, owned by the City, but operated by Anteres Golf, LLC/Troon Golf LLC. While on the roof of the maintenance barn he fell through a “skylight” sustaining significant life threatening and debilitating injuries. A Complaint has been served on the City and on Anteres/Troon. Issue has been joined. The City sought and received a limited defense and indemnification under the insurance policies required by the contract between the City and Anteres/Troon for management of the golf course. The firm of Hurwitz & Fine has been appointed to represent the City of Binghamton. The matter must proceed through discovery and will likely be the subject of a motion for summary judgment at the conclusion of discovery. There is a possibility of strict liability under Labor Law §§240 and 241.

A contractor has asserted claims for additional compensation due to delays experienced on the joint sewer plant project, and the providing of alleged additional work. The City disputes the contractor’s entitlement to the additional compensation. The contractor has submitted its claims to the Disputes Review Board (DRB). The DRB is a three-member intra-contractual dispute resolution panel that hears and provides nonbinding recommendations on questions of entitlement. DRB recommendations are subject to de novo review by court or arbitration. As of December 31, 2021, the DRB has issued Recommendations that the contractor be entitled to \$10,947,176 in additional compensation because of alleged delays to its work, and \$2,368,012 in additional compensation to the completion of alleged additional work, for a total claim value of \$13,315,188.00. Both sides have rejected the DRB Recommendations and have preserved their rights to de novo review. On or about June 30, 2022, the contractor served the City with a demand to arbitrate the disputed claims, wherein the contractor claimed damages in the amount of \$42,000,000.00. In early September of 2022, the parties agreed to a framework for arbitration and review of the arbitration panels decision, if necessary.

14. TAX ABATEMENTS

For the year ended December 31, 2022, property in the City was subject to property tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA), the Binghamton Housing Authority (BHA), and BURA.

BCIDA enters into PILOT agreements with businesses within Broome County under New York State General Municipal Law 858. Economic development agreements entered into by BCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which BCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

BURA entered into a property tax abatement agreement with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business’ property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City.

CITY OF BINGHAMTON, NEW YORK

Notes to Basic Financial Statements

Information relevant to disclosure of the program for the year ended December 31, 2022 is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>	<u>PILOT Payments Received</u>
BURA		
Economic Development:		
Real property tax	\$ 89,560	\$ 53,876
BCIDA		
Economic Development:		
Real property tax	2,184,008	1,036,599
BHA		
Economic Development:		
Real property tax	<u>1,312,768</u>	<u>191,718</u>
Total	<u>\$ 3,586,336</u>	<u>\$ 1,282,193</u>

15. SUBSEQUENT EVENTS

On April 13, 2023, the City issued bond anticipation notes in the amount of \$31,840,240 due April 12, 2024 in two lots: one for \$5,000,000 at an interest rate of 5.75% and one for \$26,840,240 at an interest rate of 4.00%. On this date, the City also issued serial bonds in the amount of \$15,007,158 due April 15, 2024-2048 at an interest rate of 4.00%.

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 Budget and Actual - General Fund
 For the year ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Encumbrances	Variance Positive (Negative)
	Original	Modified			
Revenues:					
Real property taxes	\$ 34,073,797	\$ 34,073,797	\$ 33,858,673	\$ -	\$ (215,124)
Other real property tax items	1,399,334	1,399,334	1,308,165	-	(91,169)
Non-property taxes	13,965,000	13,965,000	16,791,122	-	2,826,122
Departmental revenues	1,509,190	1,527,915	1,497,565	-	(30,350)
Intergovernmental charges	499,271	546,508	543,548	-	(2,960)
Interfund revenues	1,339,451	1,339,451	1,221,363	-	(118,088)
Use of money and property	68,420	68,420	416,755	-	348,335
Licenses and permits	321,000	321,000	240,325	-	(80,675)
Fines and forfeitures	626,000	626,000	694,167	-	68,167
State aid	10,244,138	10,422,072	10,778,083	-	356,011
Federal aid	97,903	23,300,274	10,309,040	-	(12,991,234)
Sale of property and compensation for loss	140,000	140,000	98,518	-	(41,482)
Miscellaneous	7,500	7,500	27,442	-	19,942
Total revenues	<u>64,291,004</u>	<u>87,737,271</u>	<u>77,784,766</u>	<u>-</u>	<u>(9,952,505)</u>
Expenditures:					
General government support	7,104,571	8,377,593	7,393,727	576,943	406,923
Public safety	24,314,309	25,366,826	24,714,865	239,341	412,620
Health	51,852	253,339	52,656	-	200,683
Transportation	2,236,603	2,406,512	2,207,811	430	198,271
Economic assistance and opportunity	-	830,000	530,000	1,852	298,148
Culture and recreation	3,245,395	4,443,667	3,242,068	97,240	1,104,359
Home and community services	1,318,427	4,572,265	2,549,238	-	2,023,027
Employee benefits	19,290,168	18,379,056	18,037,246	-	341,810
Debt service - principal	4,353,744	4,530,833	4,530,833	-	-
Debt service - interest	1,324,949	1,308,761	1,308,760	-	1
Total expenditures	<u>63,240,018</u>	<u>70,468,852</u>	<u>64,567,204</u>	<u>915,806</u>	<u>4,985,842</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,050,986</u>	<u>17,268,419</u>	<u>13,217,562</u>	<u>(915,806)</u>	<u>(4,966,663)</u>
OTHER FINANCING SOURCES (USES):					
Interfund transfers out	<u>(3,100,068)</u>	<u>(22,485,223)</u>	<u>(11,513,691)</u>	<u>-</u>	<u>10,971,532</u>
Total other financing sources (uses)	<u>(3,100,068)</u>	<u>(22,485,223)</u>	<u>(11,513,691)</u>	<u>-</u>	<u>10,971,532</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,049,082)</u>	<u>\$ (5,216,804)</u>	<u>\$ 1,703,871</u>	<u>\$ (915,806)</u>	<u>\$ 6,004,869</u>

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 Budget and Actual - Sewer Fund
 For the year ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Encumbrances	Variance Positive (Negative)
	Original	Modified			
Revenues:					
Departmental revenues	\$ 11,649,328	\$ 11,649,328	\$ 11,396,648	\$ -	\$ (252,680)
Use of money and property	1,657,973	1,657,973	1,472,940	-	(185,033)
Federal aid	<u>200</u>	<u>200</u>	<u>57</u>	<u>-</u>	<u>(143)</u>
Total revenues	<u>13,307,501</u>	<u>13,307,501</u>	<u>12,869,645</u>	<u>-</u>	<u>(437,856)</u>
Expenditures:					
General government support	21,745	21,745	21,745	-	-
Home and community services	3,981,767	4,071,351	3,596,052	21,000	454,299
Employee benefits	441,654	444,382	392,227	10,000	42,155
Debt service - principal	5,667,327	5,717,327	5,283,393	-	433,934
Debt service - interest	<u>3,993,311</u>	<u>3,993,311</u>	<u>3,596,296</u>	<u>-</u>	<u>397,015</u>
Total expenditures	<u>14,105,804</u>	<u>14,248,116</u>	<u>12,889,713</u>	<u>31,000</u>	<u>1,327,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(798,303)</u>	<u>(940,615)</u>	<u>(20,068)</u>	<u>(31,000)</u>	<u>889,547</u>
OTHER FINANCING SOURCES (USES):					
Interfund transfers in	-	-	56,898	-	56,898
Interfund transfers out	<u>(140,000)</u>	<u>(140,000)</u>	<u>(140,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(140,000)</u>	<u>(140,000)</u>	<u>(83,102)</u>	<u>-</u>	<u>56,898</u>
NET CHANGE IN FUND BALANCE	<u>\$ (938,303)</u>	<u>\$ (1,080,615)</u>	<u>\$ (103,170)</u>	<u>\$ (31,000)</u>	<u>\$ 946,445</u>

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)
 Budgetary Comparison Schedule
 Budget and Actual - Special Grants Fund
 For the year ended December 31, 2022

	Budgeted Amounts		Actual Amounts	Encumbrances	Variance Positive (Negative)
	Original	Modified			
Revenues:					
Intergovernmental charges	\$ 1,690,060	\$ 44,266	\$ 298,187	\$ -	\$ 253,921
State aid	673,241	673,241	-	-	(673,241)
Federal aid	<u>8,794,112</u>	<u>10,739,908</u>	<u>3,171,019</u>	<u>-</u>	<u>(7,568,889)</u>
Total revenues	<u>11,157,413</u>	<u>11,457,415</u>	<u>3,469,206</u>	<u>-</u>	<u>(7,988,209)</u>
Expenditures:					
Public safety	600,000	600,000	600,000	-	-
Economic assistance and opportunity	435,000	935,000	150,542	419,545	364,913
Culture and recreation	670,724	670,724	233,911	208,870	227,943
Home and community services	<u>8,348,127</u>	<u>8,383,128</u>	<u>2,547,237</u>	<u>1,543,348</u>	<u>4,292,543</u>
Total expenditures:	<u>10,053,851</u>	<u>10,588,852</u>	<u>3,531,690</u>	<u>2,171,763</u>	<u>4,885,399</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,103,562</u>	<u>868,563</u>	<u>(62,484)</u>	<u>(2,171,763)</u>	<u>(3,102,810)</u>
OTHER FINANCING SOURCES (USES):					
Interfund transfers in	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>300,000</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,103,562</u>	<u>\$ 868,563</u>	<u>\$ 237,516</u>	<u>\$ (2,171,763)</u>	<u>\$ (2,802,810)</u>

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)
 Schedule of Changes in Total OPEB Liability and Related Ratios
 For the year ended December 31, 2022

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 3,041,670	\$ 3,425,457	\$ 3,407,897	\$ 2,895,761	\$ 4,416,599	\$ 4,538,756				
Interest	1,392,646	1,362,969	2,357,897	2,776,949	3,745,694	4,207,633				
Changes of benefit terms	-	-	-	(4,100,470)	-	(3,818,625)				
Differences between expected and actual experience	(5,566,803)	3,579,873	(19,807,953)	(2,240,048)	(33,491,478)	(14,993,078)				
Changes in assumptions	(13,108,623)	(8,242,898)	8,182,520	7,252,913	(8,234,310)	7,988,405				
Benefit payments	(2,272,781)	(2,003,756)	(2,377,795)	(2,287,801)	(2,867,517)	(3,145,818)				
Total change in total OPEB liability	(16,513,891)	(1,878,355)	(8,237,434)	4,297,304	(36,431,012)	(5,222,727)				
Total OPEB liability - beginning	59,983,795	61,862,150	70,099,584	65,802,280	102,233,292	107,456,019				
Total OPEB liability - ending	\$ 43,469,904	\$ 59,983,795	\$ 61,862,150	\$ 70,099,584	\$ 65,802,280	\$ 102,233,292				
Covered-employee payroll	\$ 32,701,000	\$ 29,786,472	\$ 31,480,738	\$ 27,492,208	\$ 29,387,491	\$ 28,811,266				
Total OPEB liability as a percentage of covered-employee payroll	132.9%	201.4%	196.5%	255.0%	223.9%	354.8%				

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions: Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	4.31%	2.25%	2.12%	3.26%	4.11%	3.56%
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan assets: No assets are accumulated in a trust that meets all of the criteria of GASB Statement No. 75, paragraph 4 to pay benefits.

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)
 Schedule of Proportionate Share of Net Pension Liability (Asset)
 For the year ended December 31, 2022

	Last 10 Fiscal Years									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN:										
Proportion of the net pension liability (asset)	0.0391068%	0.0411239%	0.0410275%	0.0429637%	0.0462297%	0.0450603%	0.0548793%	0.0559201%		
Proportionate share of the net pension liability (asset)	\$ (3,196,816)	\$ 40,949	\$ 10,864,328	\$ 3,044,106	\$ 1,492,037	\$ 4,233,966	\$ 7,645,586	\$ 1,889,118		
Covered-employee payroll	\$ 11,484,263	\$ 11,408,746	\$ 14,204,785	\$ 13,754,191	\$ 13,728,217	\$ 11,560,295	\$ 11,685,808	\$ 13,572,847		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-27.84%	0.36%	76.48%	22.13%	10.87%	36.63%	65.43%	13.92%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%		
NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN:										
Proportion of the net pension liability (asset)	0.5441820%	0.5783554%	0.5314178%	0.5813136%	0.5455604%	0.5660805%	0.6077317%	0.5556400%		
Proportionate share of the net pension liability (asset)	\$ 3,091,196	\$ 10,041,846	\$ 28,403,947	\$ 9,748,996	\$ 5,514,289	\$ 11,732,879	\$ 17,993,642	\$ 1,529,449		
Covered-employee payroll	\$ 21,816,431	\$ 20,050,084	\$ 20,410,781	\$ 20,010,848	\$ 19,857,567	\$ 19,420,231	\$ 17,854,786	\$ 18,452,614		
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.17%	50.08%	139.16%	48.72%	27.77%	60.42%	100.78%	8.29%		
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.66%	95.79%	84.86%	95.09%	96.93%	93.46%	90.20%	99.00%		

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.

CITY OF BINGHAMTON, NEW YORK

Required Supplementary Information (Unaudited)
 Schedule of Contributions - Pension Plans
 For the year ended December 31, 2022

	Last 10 Fiscal Years											
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013		
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN:												
Contractually required contribution	\$ 1,234,637	\$ 1,733,318	\$ 1,655,503	\$ 1,641,856	\$ 1,666,901	\$ 1,737,859	\$ 2,101,209	\$ 2,470,316	Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.			
Contributions in relation to the contractually required contribution	(1,234,637)	(1,733,318)	(1,655,503)	(1,641,856)	(1,666,901)	(1,737,859)	(2,101,209)	(2,470,316)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 11,484,263	\$ 11,408,746	\$ 14,204,785	\$ 13,754,191	\$ 13,728,217	\$ 11,560,295	\$ 11,685,808	\$ 13,572,847				
Contributions as a percentage of covered-employee payroll	10.75%	15.19%	11.65%	11.94%	12.14%	15.03%	17.98%	18.20%				
NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN:												
Contractually required contribution	\$ 5,785,492	\$ 5,517,460	\$ 4,786,813	\$ 4,466,619	\$ 4,483,847	\$ 4,558,458	\$ 4,209,210	\$ 4,944,560			Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as it becomes available.	
Contributions in relation to the contractually required contribution	(5,785,492)	(5,517,460)	(4,786,813)	(4,466,619)	(4,483,847)	(4,558,458)	(4,209,210)	(4,944,560)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered-employee payroll	\$ 21,816,431	\$ 20,050,084	\$ 20,410,781	\$ 20,010,848	\$ 19,857,567	\$ 19,420,231	\$ 17,854,786	\$ 18,452,614				
Contributions as a percentage of covered-employee payroll	26.52%	27.52%	23.45%	22.32%	22.58%	23.47%	23.57%	26.80%				

CITY OF BINGHAMTON, NEW YORK

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds				Nonmajor Governmental Funds
	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Golf Fund	
ASSETS					
Cash and cash equivalents	\$ 10,341	\$ 40,426	\$ 731,732	\$ 15,380	\$ 797,879
Restricted cash and cash equivalents	567,574	14	-	-	567,588
Cash held by fiscal agent	-	-	-	105,846	105,846
Due from other governments	-	467,716	53,781	-	521,497
Other receivables, net	1,886	1,918,859	361,563	18	2,282,326
Inventory	-	273,879	-	12,389	286,268
Prepaid expenditures	13,500	101,175	103,365	4,232	222,272
Total assets	<u>\$ 593,301</u>	<u>\$ 2,802,069</u>	<u>\$ 1,250,441</u>	<u>\$ 137,865</u>	<u>\$ 4,783,676</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 7,230	\$ 156,984	\$ 124,980	\$ 6,917	\$ 296,111
Accrued liabilities	50,927	70,318	21,962	7,937	151,144
Due to other funds	715,554	1,189,171	73	409,351	2,314,149
Compensated absences	-	8,151	2,862	-	11,013
Unearned revenue	-	-	-	34,351	34,351
Other liabilities	10,790	-	-	1,307	12,097
Total liabilities	<u>784,501</u>	<u>1,424,624</u>	<u>149,877</u>	<u>459,863</u>	<u>2,818,865</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	<u>13,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,298</u>
FUND BALANCES:					
Nonspendable	13,500	375,054	103,365	16,621	508,540
Restricted	556,784	1,002,391	-	-	1,559,175
Committed	-	-	997,199	-	997,199
Unassigned	(774,782)	-	-	(338,619)	(1,113,401)
Total fund balances	<u>(204,498)</u>	<u>1,377,445</u>	<u>1,100,564</u>	<u>(321,998)</u>	<u>1,951,513</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 593,301</u>	<u>\$ 2,802,069</u>	<u>\$ 1,250,441</u>	<u>\$ 137,865</u>	<u>\$ 4,783,676</u>

CITY OF BINGHAMTON, NEW YORK

Combining Statement of Revenues, Expenditures and Change in Fund Balances
 Nonmajor Governmental Funds
 For the year ended December 31, 2022

	Special Revenue Funds				Nonmajor Governmental Funds
	Parking Ramps Fund	Water Fund	Refuse and Garbage Fund	Golf Fund	
REVENUES:					
Departmental income	\$ 1,130,857	\$ 6,595,177	\$ 1,407,537	\$ 665,013	\$ 9,798,584
Interfund revenues	-	180,367	-	-	180,367
Use of money and property	8,367	332	311	126	9,136
Sale of property and compensation for loss	-	1,422	-	-	1,422
Miscellaneous	-	342	-	-	342
Total revenues	<u>1,139,224</u>	<u>6,777,640</u>	<u>1,407,848</u>	<u>665,139</u>	<u>9,989,851</u>
EXPENDITURES:					
General government support	-	16,730	2,090	-	18,820
Transportation	525,122	-	-	-	525,122
Culture and recreation	-	-	-	797,800	797,800
Home and community services	-	4,000,542	3,011,796	-	7,012,338
Employee benefits	-	903,977	961,333	-	1,865,310
Debt Service - principal	744,975	1,870,448	78,800	159,792	2,854,015
Debt Service - interest	309,916	449,497	1,350	-	760,763
Total expenditures	<u>1,580,013</u>	<u>7,241,194</u>	<u>4,055,369</u>	<u>957,592</u>	<u>13,834,168</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(440,789)</u>	<u>(463,554)</u>	<u>(2,647,521)</u>	<u>(292,453)</u>	<u>(3,844,317)</u>
OTHER FINANCING SOURCES (USES):					
Interfund transfers in	681,532	164,967	2,574,945	192,367	3,613,811
Interfund transfers out	<u>(10,000)</u>	<u>(135,000)</u>	-	-	<u>(145,000)</u>
Total other financing sources (uses)	<u>671,532</u>	<u>29,967</u>	<u>2,574,945</u>	<u>192,367</u>	<u>3,468,811</u>
CHANGE IN FUND BALANCE	230,743	(433,587)	(72,576)	(100,086)	(375,506)
FUND BALANCES - BEGINNING OF YEAR	<u>(435,241)</u>	<u>1,811,032</u>	<u>1,173,140</u>	<u>(221,912)</u>	<u>2,327,019</u>
FUND BALANCES - END OF YEAR	<u>\$ (204,498)</u>	<u>\$ 1,377,445</u>	<u>\$ 1,100,564</u>	<u>\$ (321,998)</u>	<u>\$ 1,951,513</u>

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

September 28, 2023

To the City Council of
City of Binghamton, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 28, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

City of Binghamton, New York's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

September 28, 2023

To the City Council of
City of Binghamton, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Binghamton, New York's (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide legal determination of the City's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CITY OF BINGHAMTON, NEW YORK

**Schedule of Expenditures of Federal Awards
For the year ended December 31, 2022**

Federal Grantor/Pass-through Grantor/Program Title	AL #	Agency or Pass-Through Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401	N/A	\$ 2,346	
Total U.S. Department of Defense			<u>2,346</u>	
U.S. Department of Housing and Urban Development				
Community Development Block Grant Entitlement Grants Cluster				
Community Development Block Grant	14.218	N/A	2,174,282	\$ 1,961,724
COVID-19: Community Development Block Grant	14.218	N/A	154,255	122,722
Total Community Development Block Entitlement Grants Cluster			<u>2,328,537</u>	<u>2,084,446</u>
Emergency Shelter Grants Program	14.231	N/A	154,062	154,062
COVID-19: Emergency Shelter Grants Program	14.231	N/A	602,588	602,588
Total Emergency Shelter Grants Program			<u>756,650</u>	<u>756,650</u>
HOME Investment Partnership Program	14.239	N/A	446,503	405,125
Total U.S. Department of Housing and Urban Development			<u>3,531,690</u>	<u>3,246,221</u>
U.S. Department of Justice				
Joint Law Enforcement Operations (JLEO)	16.111	N/A	40,585	
COVID-19: Coronavirus Emergency Supplemental Funding	16.034	N/A	41,371	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	24,241	
Total U.S. Department of Justice			<u>106,197</u>	
U.S. Department of the Treasury				
COVID-19: State and Local Fiscal Recovery Fund	21.027	N/A	10,263,272	
Total U.S. Department of Treasury			<u>10,263,272</u>	
U.S. Department of Transportation				
Passed-through NYS Department of Transportation:				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	D036381	471,622	
Highway Planning and Construction	20.205	D036291	465,782	
Highway Planning and Construction	20.205	D035913	32,476	
Highway Planning and Construction	20.205	D035470	80,314	
Total Passed-through NYS Department of Transportation			<u>1,050,194</u>	
Total U.S. Department of Transportation			<u>1,050,194</u>	
U.S. Department of Health and Human Services				
Low-Income Home Energy Assistance	93.568	N/A	146,842	
Total U.S. Department of Health and Human Services			<u>146,842</u>	
U.S. Department of Homeland Security				
Passed-through NYS Division of Homeland Security:				
Homeland Security Grant Program	97.067	CP19-106-E00	113,105	
Total Passed-through NYS Division of Homeland Security			<u>113,105</u>	
Hazard Mitigation Grant	97.039	N/A	34,800	
Total U.S. Department Homeland Security			<u>147,905</u>	
Total Expenditures of Federal Awards			<u>\$ 15,248,446</u>	<u>\$ 3,246,221</u>

The accompanying notes are an integral part of this schedule.

CITY OF BINGHAMTON, NEW YORK

Notes to Schedule of Expenditures of Federal Awards For the year ended December 31, 2022

1. BASIS OF PRESENTATION

Pass-Through Programs

Where the City of Binghamton, New York (the City) receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing (AL) number when advised by the pass-through grantor. Identifying numbers, other than AL numbers, which may be assigned by pass-through grantors, are not maintained in the City's financial management system. City management has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards (SEFA).

2. BASIS OF ACCOUNTING

The SEFA is presented in accordance with accounting principles generally accepted in the United States of America and is derived from the City's general ledger. Federal expenditures are recorded when an allowable cost is incurred under the applicable program and is due and payable. For programs with funding ceilings and caps, federal expenditures are only recorded and presented in the SEFA up to such amounts.

3. LOANS RECEIVABLE

Community Development Block Grant (AL #14.218)

The City provides low-interest microenterprise, facade and revolving fund loans to support your business growth through property acquisition, start-up and expansion. The program is funded through the City's Federal Community Development Block Grant. The various loans awarded range from \$5,000 to \$100,000. The loans are to be repaid in monthly installments over 5 to 10 years at an interest rate of 4.75%. The interest received is considered to be program income and is used to pay administrative costs associated with the program as well as for subsequent loans. At December 31, 2022, the outstanding principal balance of those loans were \$2,463,347.

HOME Investment Partnership Program (AL #14.239)

The City provides deferred renovation loans to eligible owner-occupants of single unit structures. The program is funded through the City's Federal HOME Investment Partnerships Program. The various loans awarded in amounts up to \$25,000 plus additional funds needed for the mitigation of lead hazards. The loans are to be repaid based upon the post renovation period of owner-occupancy. At December 31, 2022, the outstanding principal balance of those loans were \$3,423,372.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent such costs are included in the federal financial reports used as the source for the data presented. The City has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

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

CITY OF BINGHAMTON, NEW YORK

**Schedule of Findings and Questioned Costs
For the year ended December 31, 2022**

Part 1 Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the City's financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes 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 Uniform Guidance, 2 CFR Section 200.516(a)?

Yes No

The dollar threshold to distinguish between Type A and B programs was \$750,000.

The major federal programS of the City for the year ended December 31, 2022 were as follows:

U.S. Department of Treasury

Coronavirus State and Local Fiscal Recovery Funds (AL #21.027)

Emergency Solutions Grant (AL #14.231)

Highway Planning and Construction (AL #20.205)

The City was considered a low-risk auditee for the year ended December 31, 2022.

CITY OF BINGHAMTON, NEW YORK

**Schedule of Findings and Questioned Costs
For the year ended December 31, 2022**

Part II Financial Statement Findings

Reference: 2022-001

Grants

Criteria:

Internal controls over financial reporting should be properly designed, documented and implemented to ensure all material transactions are recorded properly in accordance with Generally Accepted Accounting Principles (GAAP).

Cause/Condition:

The City failed to accrue revenue that was earned as a result of fulfilling grant requirements through expenditures in the current year.

Effect:

Material audit adjustments were necessary to present the financial statement in accordance with GAAP.

Capital Projects Fund & Governmental Activities Opinion Units

Due from State and Federal Governments	\$	366,388		
Federal Aid			\$	330,203
State Aid				36,185

Recommendation:

We recommend management develop and document policies and procedures in order to reconcile all grant revenues and expenditures at the end of the year and record necessary accruals under grants.

Management's Response:

During the 2022 audit process, The Bonadio Group discovered a finding that we acknowledge — no recording of revenue for a grant in the capital fund. In practice, the City does routinely match up expenses and revenues but this one was missed. There are a variety of reasons why this occurred, but the corrective action below should eliminate the potential of this happening

All state and federal grants must include the CFDA # (federal), and Pins, and NYS OSC contract # if it is a state grant. The grant worksheet must also include and special requirements such as MWBE, or Disadvantage percentage and the department in charge of grant. Without this data, the project will not be set up in MUNIS.

In February, the Assistant Comptroller will run a report of all open grants and meet with each department head to review their respective grant projects. This will ensure all invoices for the prior year are in the system, proper invoicing is done, and if one or both are not done, ensure that proper accruals are made. If there are any missing invoices from a customer, a letter will be sent out requesting that the invoice is submitted within a 30-day window.

Part III Federal Award Findings and Questioned Costs

None reported.