

# City of Binghamton



Annual Financial Report  
Fiscal Year Ended December 31, 2007

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF BINGHAMTON, New York, as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Binghamton's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the City of Binghamton, New York, as of December 31, 2007, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Binghamton, New York, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

# Piaker & Lyons

Honorable Mayor and members of City Council  
of the City of Binghamton, New York

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2008, on our consideration of the City of Binghamton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the schedule of pension plan funding progress and the budgetary comparison schedule - General, Sewer, Golf, Parking Ramps, Water, and Refuse Funds are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Binghamton's basic financial statements. The combining balance sheet - nonmajor governmental funds and the combining statement of revenues, expenditures, and changes in fund balances - nonmajor governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



PIAKER & LYONS, P.C.

Binghamton, New York  
August 28, 2008

# City of Binghamton, New York

## Management's Discussion and Analysis

As management of the City of Binghamton, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with financial statements, which immediately follow this section.

### Financial Highlights

- The assets of the City of Binghamton exceeded its liabilities at the close of the most recent fiscal year by \$26,998,489 (*net assets*). Of this amount, unrestricted net assets of \$18,577,299 may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$7,050,819.
- As of the close of the current fiscal year, the City of Binghamton's governmental funds reported combined ending fund balances of \$9,574,333 an increase of \$17,129,190 in comparison with prior year. The City appropriated approximately \$1.3 million from prior years unreserved fund balances in the 2007 operating budget. The unused appropriated fund balance appropriation is available for use in future years.
- At the end of the current fiscal year, total fund balance for the general fund was \$2,769,921, or 5.8% of total general fund revenues.
- The City of Binghamton's governmental activities long-term liabilities and Bond anticipation notes increased by \$17,252,932 during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Current year financial information is presented in this discussion and analysis with comparison to prior year financial information.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets (with the exception of infrastructure assets completed prior to January 1, 2003) and liabilities, with the difference between the two reported as *net assets*. Under current accounting principles, retroactive reporting or infrastructure assets is not required until fiscal year 2007. However, acquisitions of infrastructure that have taken place during the current fiscal year have been capitalized or included in construction in progress. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, e.g., uncollected taxes and compensated absences.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government support, public safety, health, transportation, culture and recreation, and home and community services.

The government-wide financial statements include the City as the primary government, and Binghamton Local Development Corporation and Binghamton Urban Renewal Agency are component units for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements.** 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental Funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's short-term financing requirements.

The City of Binghamton maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, community development block grants, sewer fund and general government support, transportation, and home and community service in the capital fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its governmental funds, except for the Community Development Block Grant, Section 8 Housing Assistance, and Capital Projects Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

*Proprietary funds.* The City maintains two proprietary funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Internal Service Fund and the enterprise fund for the Regency Hotel.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statements can be found on pages 21-23 of this report.

*Component Units.* As discussed above, component units are legally separate entities for which the City is financially accountable. The component units addressed above are reported in aggregate in the government-wide financial statements.

The condensed statements for the component units can be found in the notes to the financial statements on pages 28-29.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 24 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the budget and actual schedules for the major governmental funds. These required schedules and notes to the schedules can be found on pages 52-58.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information on pages 56-60 of this report.

### **Government-wide Financial Analysts**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$26,998,489 at the close of the 2007 fiscal year.

## City of Binghamton's Net Assets

	2006 Governmental Activities	2007 Governmental Activities
Current and other assets	\$ 47,129,171	\$ 52,179,160
Capital assets	<u>102,424,977</u>	<u>126,088,837</u>
Total assets	<u>149,554,148</u>	<u>178,267,997</u>
Long-term liabilities	82,819,825	106,753,411
Other liabilities	<u>46,786,653</u>	<u>44,516,097</u>
Total liabilities	<u>129,606,478</u>	<u>151,269,508</u>
Net assets:		
Invested in capital assets, net of related debt	(13,811,946)	(7,336,843)
Restricted	23,950,202	15,758,033
Unrestricted	<u>9,809,414</u>	<u>18,577,299</u>
	<u>\$ 19,947,670</u>	<u>\$ 26,998,489</u>

The portion of the City's net assets represented by its investment in capital assets, e.g., land, buildings, and equipment, less any related debt used to acquire those assets that is still outstanding is (\$7,336,843). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

The portion of the City's net assets that represents resources that are subject to external restrictions on how they may be used is \$15,758,033. The remaining \$18,577,299 of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets increased by \$7,050,819 during the current fiscal year ended December 31, 2007. This is attributable to the recognition of approximately \$6.4 million in grants that were for the capital improvements. The related costs will be reflected as depreciation expensed in future years.

### City of Binghamton's Changes in Net Assets

	2006 Governmental Activities	2007 Governmental Activities
<b>Program Revenues:</b>		
Charges for Services	\$ 15,314,791	\$ 19,865,584
Operating Grants and Contributions	4,880,295	5,197,837
Capital Grants and Contributions	6,411,263	4,876,363
<b>General Revenues:</b>		
Property Taxes	22,051,620	24,139,400
Real Property Tax Items	10,068,384	10,769,123
Investment Earnings and Rental Fees	1,511,505	1,450,099
State Aid	8,891,856	9,556,636
Miscellaneous	1,111,692	1,313,379
Gain on Sale of Property and Compensation for Loss	31,959	73,108
<b>Total Revenues</b>	<b>70,273,365</b>	<b>77,241,529</b>
<b>Expenses:</b>		
General government support	6,885,776	6,664,636
Public Safety	29,148,598	32,206,809
Health	45,985	53,442
Transportation	1,934,846	2,318,829
Culture and recreation	3,621,338	3,869,372
Home and community services	18,376,712	24,765,581
Debt Service	4,468,491	5,113,523
<b>Total expenses</b>	<b>64,481,746</b>	<b>74,992,192</b>
Increase in net assets	5,791,619	2,249,337
Net assets - Beginning	14,156,051	19,947,670
Add-Infrastructure acquired prior to 2003		4,801,482
<b>Net assets - Ending</b>	<b>\$ 19,947,670</b>	<b>\$ 26,998,489</b>

**Governmental activities.** Governmental activities increased the City's net assets by \$7,050,819. The key element of this increase was the receipt and recognition as revenue of approximately \$4.9 million in capital grants from federal and state sources for capital fund project expenditures that are reflected as capital assets in the government-wide financial statements. Also the city recorded approximately \$4.8 million in infrastructure related to City Reservoirs acquired prior to 2003.

Net Cost of Governmental Activities:

	2006 Total Cost of Services	2007 Total Cost of Services	2006 Net (Cost) Revenue of Services	2007 Net (Cost) Revenue of Services
General Government Support	\$ 6,885,776	\$ 6,664,636	\$ (5,269,008)	\$ (5,041,834)
Public Safety	29,148,598	32,206,809	(28,139,238)	(30,197,797)
Health	45,985	53,442	(45,079)	(52,540)
Transportation	1,934,846	2,318,829	5,103,024	567,113
Culture and Recreation	3,621,338	3,869,372	(3,192,953)	(3,333,104)
Home and Community Services	18,376,712	24,765,581	(1,863,652)	(1,880,723)
Debt Service	4,468,491	5,113,523	(4,468,491)	(5,113,523)
	<u>\$ 64,481,746</u>	<u>\$ 74,992,192</u>	<u>\$ (37,875,397)</u>	<u>\$ (45,052,408)</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on short-term inflows, out-flows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$909,095 while total fund balance reached \$2,769,921. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 1.8% of total general fund expenditures, while total fund balance represents 5.6% of that same amount.

The fund balance of the City's general fund decreased by \$1,305,924 during the current fiscal year.

Revenues from interest and earnings on investments have remained about the same in 2007. By the end of 2007 interest rates started to decrease. Interest earnings that had been budgeted at \$1,152,000 finished the year at \$590,194 as interest on City investments decreased to 4% by the end of 2007. As City expenses increased due to the cost of gas & oil, there was less cash available to invest.

City revenues started to increase due to the increased enforcement of delinquent taxes and the increase of state aide in the amount of \$741,000.

The City's 2007 General fund budget authorized appropriations of \$1.289 million from available fund balance. City expenses increased \$2.3 million in 2007 due to rising employee benefit costs and gas prices.

## City Revenues

### Governmental Funds – General Fund (Budget Basis)

Revenue	Amount	Percent
Real Property Taxes	\$24,252,064	50.52%
Other taxes	10,769,123	22.43%
Charges for current services	1,194,069	2.49%
Use of Money and property	590,194	1.23%
Licenses and permits	191,538	0.40%
Fines and forfeitures	463,808	0.97%
Sales of property	117,601	0.24%
Miscellaneous	204,879	0.43%
Interfund revenues	486,814	1.01%
State Aid	9,556,636	19.91%
Federal Aid	178,685	0.37%
<b>Total Revenues</b>	<b>\$48,005,411</b>	<b>100.00%</b>

## City Expenditures

### Governmental Funds – General Fund (Budget Basis)

Expenses	Amount	Percent
General Government	\$4,548,603	9.23%
Public Safety	21,048,930	42.71%
Health	35,186	0.07%
Transportation	1,387,300	2.82%
Culture & Recreation	2,454,354	4.98%
Home & Community Service	2,778,285	5.64%
Employee Benefits	12,536,662	25.44%
Debt Service	4,492,917	9.12%
<b>Total</b>	<b>\$49,282,237</b>	<b>100.00%</b>

*Proprietary funds.* The proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Internal Service Fund decreased by \$1,677,352 increasing the net assets from \$(620,985) in 2006 to \$(2,298,337) in 2007. The decrease in net assets is attributable to accruing funds for large workers compensation cases per the City's third party administrator. As stated earlier, the activity of the Internal Service Fund predominantly benefits governmental rather than business-type functions and has been included within governmental activities in the government-wide financial statements.

### **General Fund Budgetary Highlights**

There was no difference between the original budget and final amended budget in 2007.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental activities as of December 31, 2007 amounts to \$126,088,837 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, improvements, equipment, park facilities, roads, highways, drainage and sewage treatment, bridges, and the Binghamton Regency Hotel.

Major capital asset events during the current fiscal year included the following:

Capital construction costs associated with the Consent Order which required the City to improve the waste water treatment plant which is jointly owned by the City of Binghamton and the Village of Johnson City is continuing. Approximately \$12 million was added to the construction in progress account due to repairing flood damaged streets and creeks. Also the City of Binghamton has a continuous street reconstruction project which added \$3.2 million to construction in progress.

Additional information on the City's capital assets can be found in Note 6 to the financial statements.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$97,378,157, Bond Anticipation Notes in the amount of \$29,322,346 and a lease obligation of \$1,530,063. Overall long-term liabilities increased by \$23,933,586 during 2007.

Of the increase, \$11 million supported the upgrades at the wastewater plant. The balance was for road, parking ramps, and parks improvements. Additional information on the City's debt can be found in Note 8 to the financial statements.

The City maintains an AAA rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7% of its five-year average full valuation of taxable real property. The City has utilized 62.5% of its statutory debt limit at December 31, 2007.

## **Economic Factors and Next Year's Budgets and Rates**

According to the New York State Department of Labor, the unemployment rate for the City of Binghamton was 5.6% in January 2008, up from 5.3% in January 2007.

The City has instituted an aggressive approach to develop and expand the commercial and industrial base within the City and is continuing to establish its central business district as a major retailing, cultural, convention and entertainment center.

The City government continues to improve its infrastructure by investing \$4 million in improvements annually. During the past year a \$4 million project to restore Court Street Bridge was completed. Additional projects to upgrade and rehabilitate the City's gateways and bridges are currently underway in the amount of \$5 million. These projects are the direct result of the City's successful partnership with the State Department of Transportation, which is contributing 95% of the costs of these projects. Over the last ten years this partnership has resulted in a combined \$85 million being spent on a diverse range of local roadway and bridge projects.

Construction was completed on Binghamton University's new \$29 million Education and Community Development Center which is located in downtown Binghamton. This state of the art facility will bring thousands of students and university faculty downtown each week and will impact the course of downtown development in significant and diverse ways for years to come.

The City's River Park Project has evolved significantly over the last few years. From Confluence Park, built on the area where the Chenango River flows in the Susquehanna River, City residents are now able to walk, bike or skate along the riverbank to the Cheri Lindsey Park. New lighting, walkways, bicycle paths, and landscaping was installed which is being paid from State and Federal Funds.

The City has appropriated \$1.8 million of fund balance for spending in the 2008 fiscal year for the purposes of moderating a property tax increase and program reductions. The 2008 City budget raised the property tax levy by 7.6% for homestead and 8.9% for non-homestead.

## **Other Potentially Significant Matters**

In 2003 pension costs were budgeted at a cost of \$1.4 million. These costs escalated to \$4 million in 2004. For the 2007 budget, the cost was increased to \$4.2 million.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Binghamton's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, City Hall, 38 Hawley Street, Binghamton, New York, 13901.

**THE CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**December 31, 2007**

<b>ASSETS</b>	<u>Primary Government</u>	<u>Component Units</u>
Cash	\$ 15,607,130	\$ 1,683,311
Receivables		
Taxes, net	-	-
Loans, net	12,005,662	1,411,714
Other Receivables, net	7,050,193	-
Due From Other Governments	4,889,570	-
State and Federal Aid Receivable	7,218,943	-
Deposits with Other Governments	4,029,366	-
Prepaid Expenses	1,299,672	-
Inventories	78,624	-
Capital Assets, net of accumulated depreciation	126,088,837	514,632
<b>Total Assets</b>	<u>178,267,997</u>	<u>3,609,657</u>
<b>LIABILITIES</b>		
Payables		
Accounts Payable	6,174,763	-
Accrued Liabilities	5,564,093	-
Other Liabilities	570,669	-
Contract retentions	252,223	-
Due to Other Governments	176,602	297,595
Bond Anticipation Notes	29,322,349	-
Accrued Interest	2,440,305	-
Deferred Revenues	15,093	-
Long-term Liabilities		
Due and Payable Within One Year		
Due to Other Governments	122,770	-
Compensated Absences Payable	189,849	-
Capital Lease Obligation	125,949	-
Installment Purchase	48,383	-
Bonds Payable	4,793,157	-
Due and Payable After One Year		
Due to Other Governments	271,832	-
Compensated Absences Payable	2,065,629	-
Capital Lease Obligation	1,404,114	-
Installment Purchase	101,728	-
Bonds Payable	97,630,000	-
<b>Total Liabilities</b>	<u>151,269,508</u>	<u>297,595</u>
<b>NET ASSETS</b>		
Investments in Capital Assets Net of Related Debt	(7,336,843)	-
Restricted For:		
Community Development Projects	15,400,598	-
Debt Service	357,435	-
Unrestricted	18,577,299	3,312,062
<b>Total Net Assets</b>	<u>\$ 26,998,489</u>	<u>\$ 3,312,062</u>

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Revenues			Net (Expense) / Revenue & Changes in Net Assets	
	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities and Totals	Component Units
<b>FUNCTIONS/PROGRAMS</b>					
<u>Primary Government</u>					
General Government Support	\$ (6,664,636)	\$ 1,471,335	\$ 151,467	\$ (5,041,834)	\$ -
Public Safety	(32,206,809)	1,062,183	946,829	(30,197,797)	-
Health	(53,442)	902	-	(52,540)	-
Transportation	(2,318,829)	682,488	2,203,454	567,113	-
Culture and Recreation	(3,869,372)	433,856	102,412	(3,333,104)	-
Home and Community Services	(24,765,581)	16,214,820	1,472,201	(1,880,723)	-
Debt Service	(5,113,523)	-	-	(5,113,523)	-
<b>Total governmental activities</b>	<b>\$ (74,992,192)</b>	<b>\$ 19,865,584</b>	<b>\$ 4,876,363</b>	<b>(45,052,408)</b>	<b>-</b>
<u>Component Units</u>					
BURA	\$ (66,212)	\$ 20,000	\$ -	\$ -	\$ (46,212)
BLDC	(423,999)	3,674	220,690	-	(199,635)
<b>Total component units</b>	<b>\$ (490,211)</b>	<b>\$ 23,674</b>	<b>\$ 220,690</b>	<b>\$ -</b>	<b>\$ (245,847)</b>
<b>General Revenues:</b>					
<u>Taxes</u>					
Property Taxes, Levied for General Purposes				24,139,400	-
Real Property Tax Items				10,769,123	-
Investment Earnings and Rental Fees				1,450,099	67,052
State Aid				9,556,636	-
Miscellaneous				1,313,379	8,328
Gain on Sale of Property and Compensation for Loss				73,108	-
<b>Total General Revenues</b>				<b>47,301,745</b>	<b>75,380</b>
<b>Change in Net Assets</b>				<b>2,249,337</b>	<b>(170,467)</b>
Net Assets, Beginning of Year				19,947,670	3,482,529
Add - Certain Infrastructure acquired prior to 2003				4,801,482	-
<b>Net Assets, End of Year</b>				<b>26,998,489</b>	<b>\$ 3,312,062</b>

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	Special Revenue Funds				Capital Projects Funds				Total Governmental Funds
	General	Community Development Block Grants	Sewer	General Government Support	Transportation	Home and Community Service	Other Governmental Funds		
<b>ASSETS AND OTHER DEBITS</b>									
Cash	22,691	2,950,610	2,744,370	2,748,258	4,373,090	267,451	2,364,679	15,471,149	
Taxes receivable (net)	-	-	-	-	-	-	-	12,005,662	
Loans receivable (net)	-	11,985,476	-	-	-	20,186	-	6,788,346	
Other receivables (net)	1,638,834	-	2,775,502	-	-	872,834	2,374,010	7,218,943	
State and Federal receivables	9,903	-	-	-	6,138,677	-	197,529	-	
Due from other funds	-	-	-	-	-	2,339	-	-	
Due from other governments	4,874,728	-	-	-	-	-	-	4,877,067	
Prepaid Expenses	1,197,781	-	-	-	-	-	-	1,197,781	
Inventories, at cost	45,392	-	-	-	-	-	-	45,392	
Deposits with Others	-	-	19,548	-	-	3,974,851	34,967	4,029,366	
<b>Total Assets</b>	<u>\$ 7,789,329</u>	<u>\$ 14,936,086</u>	<u>\$ 5,539,420</u>	<u>\$ 2,748,258</u>	<u>\$ 10,511,767</u>	<u>\$ 5,137,661</u>	<u>\$ 4,971,185</u>	<u>\$ 51,633,706</u>	
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities</b>									
Accounts Payable	3,521,549	1,094	15,902	-	144,331	79,418	1,933,475	5,695,769	
Accrued liabilities	865,860	8,698	1,633,383	-	-	-	14,327	2,522,268	
Due to NYS pension system	-	-	-	-	-	-	981	-	
Contract retentions	-	-	-	3,072	221,223	10,160	17,768	252,223	
Other Liabilities	507,164	161	5,450	-	-	3,560	38,649	551,424	
Due to other governments	124,835	46,114	-	815,000	9,827,843	14,642,006	1,112	175,621	
Bond Anticipation Notes Payable	-	-	1,836,096	-	-	-	4,037,500	29,322,349	
Deferred revenue	-	-	3,490,831	-	-	14,735,144	1,702,642	3,338,738	
<b>Total Liabilities</b>	<u>\$ 5,019,408</u>	<u>\$ 56,067</u>	<u>\$ 3,490,831</u>	<u>\$ 818,072</u>	<u>\$ 10,193,397</u>	<u>\$ 14,735,144</u>	<u>\$ 7,746,454</u>	<u>\$ 42,059,373</u>	
<b>Fund Balances</b>									
Reserved for:									
Encumbrances	297,458	1,932,230	4,651	159,098	5,626,053	3,593,144	1,109,360	12,721,994	
Debt	320,195	-	10,206	-	-	-	27,034	357,435	
Inventories	45,392	-	-	-	-	-	-	45,392	
Prepaid Expenses	1,197,781	-	-	-	-	-	-	1,197,781	
Unreserved									
Designated for subsequent year									
General Fund	646,178	-	-	-	-	-	-	646,178	
Special Revenue Funds	-	-	635,685	-	-	-	-	635,685	
Undesignated	262,917	-	-	-	-	-	-	262,917	
General Fund	-	12,947,789	1,398,047	-	-	-	3,626	14,349,462	
Special Revenue Funds	-	-	-	1,771,088	(5,307,683)	(13,190,627)	(3,915,289)	(20,642,511)	
Capital Projects Funds	2,769,921	14,880,019	2,048,589	1,930,186	318,370	(9,597,483)	(2,775,269)	9,574,333	
Total fund balance	<u>\$ 7,789,329</u>	<u>\$ 14,936,086</u>	<u>\$ 5,539,420</u>	<u>\$ 2,748,258</u>	<u>\$ 10,511,767</u>	<u>\$ 5,137,661</u>	<u>\$ 4,971,185</u>	<u>\$ 51,633,706</u>	

See the accompanying notes to the financial statements.

**CITY OF BINGHAMTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2007**

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<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>9,574,333</b>
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		120,562,166
Internal Service fund, a proprietary fund, is used by management to charge the costs of insurance activities to individual funds. The assets and liabilities of the internal service fund are included in the statement of net assets.		(2,298,337)
Enterprise fund, a proprietary fund, is used by management to record activities related to the Regency Hotel. The assets and liabilities of the proprietary fund are included in the statement of net assets		(258,621)
Deferred revenues are not available to pay current period expenditures and are therefore, deferred in the funds.		3,523,645
Accrued interest payable is not reported in the governmental funds		(2,396,286)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(101,708,411)
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>26,998,489</u></b>

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS				Total Government Funds
	General	Community Development Block Grant	Sewer	General Government Support	Transportation	Home and Community Service	Other Governmental Funds		
<b>REVENUES</b>									
Real property tax	\$ 24,252,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	24,252,064
Other taxes	10,769,123	-	-	-	-	-	-	-	10,769,123
Charges for current services	1,194,069	478,675	5,881,414	-	-	7,198,290	-	-	14,752,448
Use of money and property	590,194	59,141	563,817	-	-	230,285	-	-	1,450,099
Licenses and permits	191,538	-	-	-	-	-	-	-	191,538
Fines and forfeitures	463,808	-	-	-	-	-	-	-	463,808
Sales of property	117,601	-	-	-	-	29,324	-	-	146,925
Miscellaneous	204,879	3,649	80	162,909	-	135,344	-	-	517,506
Interfund revenues	486,814	-	-	-	-	123,819	-	-	610,633
State aid	9,556,636	-	-	117,681	2,547,972	627,432	-	-	13,065,629
Federal aid	178,685	3,559,545	-	33,786	6,153,350	1,881,416	-	-	13,063,075
Total Revenues	48,005,411	4,101,010	6,445,311	314,376	8,701,322	10,225,910	-	-	79,282,848
<b>EXPENDITURES</b>									
Current									
General Government	4,539,490	-	-	-	-	159,526	-	-	4,699,016
Public Safety	21,007,409	-	-	-	-	-	-	-	21,007,409
Health	36,107	-	-	-	-	-	-	-	36,107
Transportation	1,324,518	-	-	-	-	577,792	-	-	1,902,310
Culture & Recreation	2,468,149	-	-	-	-	369,050	-	-	2,837,199
Home & Community Service	2,792,297	6,534,168	2,995,306	310,289	-	5,066,177	-	-	17,387,948
Capital Projects	-	-	-	-	5,386,150	7,742,631	-	-	15,024,699
Employee benefits	12,536,662	-	363,349	-	-	811,686	-	-	13,711,697
Debt Service	4,492,917	-	2,620,807	-	-	2,629,737	-	-	9,743,461
Total Expenses	49,197,549	6,534,168	5,979,462	310,289	5,386,150	11,199,597	-	-	86,349,846
Excess (deficiency) of revenues over expenditures	(1,192,138)	(2,433,158)	465,849	4,087	3,315,172	(6,253,123)	(973,687)	(7,066,998)	
<b>OTHER FINANCING SOURCES (USES)</b>									
Bonds Redeemed from Appropriation	-	-	-	857,719	156,971	118,310	5,000	-	1,138,000
Proceeds from Serial Bonds	-	-	-	7,271,921	7,939,794	6,625,070	1,695,372	-	23,532,157
Issuance of Refunded Bond	-	-	-	-	-	-	-	-	-
Payment to Bond Escrow Agent, net	-	-	-	-	-	-	-	-	-
Premium on Refunding Bond	-	-	-	-	-	-	-	-	-
Installment Purchase	-	-	-	90,000	-	287,250	24,327	-	401,577
Operating transfer in	-	-	(125,000)	-	-	(541)	(162,250)	-	(875,547)
Operating transfers out	(113,786)	(473,970)	-	-	-	-	-	-	
Total other financing sources	(113,786)	(473,970)	(125,000)	8,219,640	8,096,765	7,030,089	1,562,449	24,196,187	
Net Change in fund balances	(1,305,924)	(2,907,128)	340,849	8,223,727	11,411,937	776,966	588,762	17,129,189	
Fund Balances - beginning of year	4,075,845	17,787,147	1,707,740	(6,293,541)	(11,093,567)	(10,374,449)	(3,364,031)	(7,554,856)	
<b>Fund Balance - end of year</b>	<b>\$ 2,769,921</b>	<b>\$ 14,880,019</b>	<b>\$ 2,048,589</b>	<b>\$ 1,930,186</b>	<b>\$ 318,370</b>	<b>\$ (9,597,483)</b>	<b>\$ (2,775,269)</b>	<b>\$ 9,574,333</b>	

See the accompanying notes to the financial statements.

**CITY OF BINGHAMTON  
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND EQUITY OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

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<b>Net change in fund balances- Total Governmental Funds</b>	<b>\$ 17,129,189</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset:	13,336,106
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	(23,532,157)
Repayment of long-term debt and other obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	3,637,291
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(6,385,119)
Enterprise Fund - Revenue and expenditures of the Regency Hotel are not included in the governmental funds	(258,621)
Internal service fund is used by management to charge risk management activities to individual funds	<u>(1,677,352)</u>
<b>Change in net assets - Statement of Activities</b>	<b><u>\$ 2,249,337</u></b>

See the accompanying notes to financial statements.

**CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2007**

	<u>Enterprise Fund Binghamton Regency Hotel</u>	<u>Internal Service Fund</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 135,981	\$ -
Receivables, net	103,900	157,947
Inventories	33,232	-
Prepaid Expenses	101,891	-
State and Federal Receivables	-	12,503
	<u>375,004</u>	<u>170,450</u>
Total Current Assets		
Noncurrent Assets		
Capital Assets		
Land	388,000	-
Buildings and Improvements	4,761,270	-
Furniture, Fixtures, and Equipment	533,856	-
Less Accumulated Depreciation	(156,455)	-
	<u>5,526,671</u>	<u>-</u>
Total Noncurrent Assets		
	<u>5,901,675</u>	<u>170,450</u>
<b>Total Assets</b>		
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable	69,829	409,165
Real Estate Taxes Payable	965,429	-
Accrued Interest	44,019	-
Deposits	19,245	-
Accrued Liability	16,774	2,059,622
Notes Payable	-	-
	<u>1,115,296</u>	<u>2,468,787</u>
Total Current Liabilities		
Noncurrent Liabilities		
Notes Payable	5,045,000	-
	<u>5,045,000</u>	<u>-</u>
Total Noncurrent Liabilities		
<b>Total Liabilities</b>	<u>6,160,296</u>	<u>2,468,787</u>
<b>Net Assets</b>		
Invested in Capital Assets, net of Related Debt	481,671	-
Unrestricted	(740,292)	(2,298,337)
	<u>(258,621)</u>	<u>(2,298,337)</u>
<b>Total Net Assets</b>	<u>\$ (258,621)</u>	<u>\$ (2,298,337)</u>

See the accompanying notes to financial statements.

**CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Enterprise Fund Binghamton Regency Hotel</u>	<u>Internal Service Fund</u>
<b>Operating Revenues</b>		
Charges For Services	\$ 3,412,399	\$ 819,579
Other	-	185,240
	<hr/>	<hr/>
Total Operating Revenues	<u>3,412,399</u>	<u>1,004,819</u>
<b>Operating Expenses</b>		
Departmental Expenses		
Rooms Department	735,910	-
Food Department	973,516	-
Beverage Department	59,986	-
Other Department	58,725	-
General and Administrative	451,931	125,940
Marketing and Sales	170,132	-
Management Fees	81,221	-
Utilities	340,856	-
Repairs and Maintenance	339,873	-
Insurance	70,366	92,013
Real Estate Taxes	454,662	-
Depreciation	156,455	-
Provision for Incurred Losses	-	71,726
Other Benefits	-	2,392,492
	<hr/>	<hr/>
	<u>3,893,633</u>	<u>2,682,171</u>
<b>Operating Income (Loss)</b>	<u>(481,234)</u>	<u>(1,677,352)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest Income	-	-
Interest Expense	(251,357)	-
	<hr/>	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(251,357)</u>	<u>-</u>
<b>Income (Loss) Before Transfers</b>	(732,591)	(1,677,352)
<b>Transfers In</b>	473,970	-
	<hr/>	<hr/>
<b>Change In Net Assets</b>	(258,621)	(1,677,352)
<b>Net Assets - Beginning of Year</b>	-	(620,985)
	<hr/>	<hr/>
<b>Net Assets - End of Year</b>	<u>\$ (258,621)</u>	<u>\$ (2,298,337)</u>

See the accompanying notes to financial statements.

**CITY OF BINGHAMTON, NEW YORK  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Enterprise Fund Binghamton Regency Hotel</b>	<b>Internal Service Fund</b>
<b>Cash Flows From Operating Activities</b>		
Cash Received From Customers	\$ 3,308,499	\$ -
Cash Received From Interfund Charges	-	819,579
Cash Received From Others	-	185,240
Payments To Suppliers	(1,925,542)	-
Payments To Employees	(1,372,586)	-
Payments For Contractual Expenses	-	(1,384,429)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>10,371</b>	<b>(379,610)</b>
<b>Cash Flows From Noncapital Financing Activities</b>		
Transfers From Other Funds	473,970	-
<b>Cash Flows From Capital And Related Financing Activities</b>		
Purchase of Capital Assets	(97,003)	-
Interest Paid on Capital Debt	(251,357)	-
	<b>(348,360)</b>	<b>-</b>
<b>Cash Flows From Investing Activities</b>		
Interest Income	-	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>135,981</b>	<b>(379,610)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>-</b>	<b>379,610</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>135,981</b>	<b>-</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
<b>Operating Income (Loss)</b>	<b>(481,234)</b>	<b>(1,677,352)</b>
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided by (Used in) Operating Activities</b>		
Depreciation Expense	156,455	-
<b>Changes In Assets and Liabilities</b>		
Receivables, net	(10,510)	(103,456)
Inventories	(33,232)	-
Prepaid Expenses	(101,891)	-
Due from Other Governments	-	-
Accounts Payable	69,829	348,005
Real Estate Taxes Payable	552,823	-
Accrued Interest	(177,888)	-
Deposits	19,245	-
Accrued Liability	16,774	1,053,193
Deferred Revenue	-	-
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ 10,371</b>	<b>\$ (379,610)</b>

**Disclosure of Accounting Policy :**

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid instruments purchased with an original maturity of three months or less.

**Noncash Capital Financing Activities:**

Capital assets for the purchase of the Binghamton Regency Hotel were acquired through the assumption of debt and other liabilities totalling \$5,586,123

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2007

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	Police and Fire Pension <u>Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
<b>Assets</b>			
Cash	\$ 25,854	\$ 198,345	\$ 224,199
Cash-restricted	<u>-</u>	<u>15,614</u>	<u>15,614</u>
<b>Total Assets</b>	<b><u>\$ 25,854</u></b>	<b><u>213,959</u></b>	<b><u>\$ 239,813</u></b>
 <b>Liabilities and Net Assets</b>			
<u>Liabilities</u>			
Accrued liabilities	\$ -	\$ 213,959	\$ 213,959
Total liabilities	<u>-</u>	<u>213,959</u>	<u>213,959</u>
 <u>Net Assets</u>			
Fund Balance Reserved for Employees' Pension Benefits	<u>25,854</u>	<u>-</u>	<u>25,854</u>
Total net assets	<u>25,854</u>	<u>-</u>	<u>25,854</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 25,854</u></b>	<b><u>\$ 213,959</u></b>	<b><u>\$ 239,813</u></b>

See the accompanying notes to the financial statements.

**THE CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

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	<b><u>Police Pension Trust</u></b>	<b><u>Fire Pension Trust</u></b>	<b><u>Total</u></b>
<b>ADDITIONS</b>			
Interest	-	-	\$ -
Total Additons	-	-	-
<b>DEDUCTIONS</b>			
Benefits	25,381	15,228	40,609
Total Deductions	25,381	15,228	40,609
Net Loss	(25,381)	(15,228)	(40,609)
 Net assets held in trust for pension benefits			
Beginning of year	3,013	63,450	66,463
End of year	<u>\$ (22,368)</u>	<u>\$ 48,222</u>	<u>\$ 25,854</u>

See the accompanying notes to the financial statements.

**THE CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR FISCAL YEAR ENDED DECEMBER 31, 2007**

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	<u>Balance</u> <u>Dec. 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2007</u>
<b><u>Assets</u></b>				
Cash	\$ 214,535	\$ -	\$ 16,190	\$ 198,345
Cash-restricted	15,614	-	-	15,614
<b>Total Assets</b>	<b>\$ 230,149</b>	<b>\$ -</b>	<b>\$ 16,190</b>	<b>\$ 213,959</b>
<b><u>Liabilities</u></b>				
Accrued liabilities	\$ 230,149	\$ -	\$ 16,190	\$ 213,959
<b>Total liabilities</b>	<b>\$ 230,149</b>	<b>\$ -</b>	<b>\$ 16,190</b>	<b>\$ 213,959</b>

See the accompanying notes to the financial statements.

**City of Binghamton, New York**  
**Notes to the Financial Statements**  
**For Year Ended December 31, 2007**

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

**A. REPORTING ENTITY**

The City of Binghamton, which was incorporated in 1867, is governed by the charter and supplemental charter of the City of Binghamton, both as amended, the Second Class Cities Law and other general laws of the State of New York and various local laws and ordinances. The Common Council, which is the legislative body responsible for the overall operation of the City, consists of nine council people. The Mayor serves as Chief Executive and the Comptroller serves as the Chief Fiscal Officer of the City.

The City of Binghamton provides services which include public safety (police and fire), water, sewers, highway and street maintenance, cultural and recreational activities, refuse collection, parking facilities, economic development activities, community development, and general administration.

The accounting and reporting policies of the City relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City defines its reporting entity in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. Statement No. 39 defines the primary government and potential component units and establishes the criteria for which potential component units are included in the reporting entity. Based on the criteria under this Statement, the City has two component units required to be included in the reporting entity. This represents the more significant accounting and reporting policies and practices used in preparation of these financial statements.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Government activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

Also, the primary government needs to capitalize infrastructure and depreciate all capital assets. This capitalization is required prospectively and retrospectively for fiscal years that ended after June 30, 1981.

However, infrastructure acquired prior to 2003, except for the City's Reservoirs, has not been capitalized as required by GASB statement #34. Accordingly, the Independent Auditors' Report on the financial statements is qualified, due to this exception. All current year infrastructure additions have been identified, valued and recorded.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Capital project revenues related to federal and state funded expenditures, are recorded when the expenditure was incurred, even though they may not be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City reports the following major governmental funds:

General Fund

The General Fund is the City's general operating fund. It accounts for all financial resources except those required to be accounted for in other funds. Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt. The general fund is used to account for all activities of the general government not accounted for in some other fund.

Capital Projects Funds – composed of six project funds, of which the following three are considered to be major funds:

The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Transportation Capital Projects Fund.

The Transportation Capital Projects Fund is used to account for infrastructure improvements, some of which are reimbursed by New York State.

The Home & Community Service Capital Projects Fund is used to account for activities associated with the provision of water and wastewater services to individuals, organizations and other governmental units within and around the City of Binghamton.

The Community Development Funds is a Special Revenue Fund used to account for the Community Development Block Grant and other federal sources.

The Sewer Fund is a Special Revenue Fund used to account for the delivery of services to the residents of the City of Binghamton and the charges for these services.

Additionally, the City reports the following fund types:

Special Revenue Funds – nonmajor funds

Special Revenue Funds include Water, Parking Ramp, Golf, and Refuse. These funds are used to account for delivery of services to residents of the City of Binghamton and charges for these services. Also included as a nonmajor special fund is the Section 8 Housing Assistance Fund, which administers the Federal Section 8 Housing Program.

Capital Project Funds – The remaining three project funds (Public Safety, Economic Assistance, and Culture & Recreation) are nonmajor funds used to account for financial resources attributed to each of these areas.

Agency Funds

The Agency Funds is used to account for custodial transactions in which assets equal liabilities. It is a fiduciary fund, which is used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund, or expendable trust fund

is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

### Proprietary Fund

The Internal Service Fund accounts for financing of services provided by one department to other departments of the City, on a cost-reimbursement basis. The following activities are reported in the internal service fund: self-insured workers compensation and GML.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary fund relates to charging departments for services provided. Operating expenses include administrative costs and payment of claims. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Enterprise Fund accounts for the financial activity of the Binghamton Regency Hotel. The City of Binghamton took possession of the Binghamton Regency Hotel on February 1, 2007 by directly assuming the hotel's debt to the United States Department of Housing and Urban Development. The City of Binghamton is operating the Binghamton Regency Hotel under a management agreement with Newport Hospitality Group, Inc.

### Components Units.

The component unit column in the combined financial statements includes the Binghamton Urban Renewal Agency (BURA) and the Binghamton Local Development Corporation (BLDC). These units are reported in a separate column to emphasize that they are legally separate from the City.

The Binghamton Urban Renewal Agency was created in 1963 pursuant to an act of the State Legislature (General Municipal Law, §572). The members of the Agency consists of the Mayor, Comptroller, Corporation Counsel, City Engineer, Commissioner of Public Works and two members of the Common Council. Because of local grants-in-aid, municipal expenditures on behalf of the agency and municipal debt for agency purposes, the agency provides benefits and creates burdens for the City. There are no separate financial statements for this component unit. This unit is comprised of one governmental general fund.

The Binghamton Local Development Corporation was incorporated in 1982 under the not-for-profit corporation law. The corporation is governed by a board of directors consisting of the Mayor, Corporation Counsel, Treasurer, Director of the Department of Development and Community Services, City Director of Finance, and five members at large. The Corporation 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 Grants. The accounts for this component unit represent activity and balances for fiscal year ended August 31, 2007. Audited financial statements for the corporation are available upon request from the City.

The following schedules present condensed financial statements of each of the two discretely presented component units.

CITY OF BINGHAMTON  
CONDENSED BALANCE SHEET  
DECEMBER 31, 2007

	Binghamton Urban Renewal Agency	Binghamton Local Development Corporation (8/31/07)	Totals
<b>ASSETS</b>			
Cash	\$ 30,984	\$ 1,652,327	\$ 1,683,311
Loans Receivable (net)	-	1,411,714	1,411,714
Fixed Assets	446,632	68,000	514,632
<b>Total Assets</b>	<b>\$ 477,616</b>	<b>\$ 3,132,041</b>	<b>\$ 3,609,657</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 297,595	\$ 297,595
Due to other governments	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>297,595</b>	<b>297,595</b>
<b>FUND EQUITY</b>			
Retained earnings	-	2,834,446	2,834,446
Fund Balance	477,616	-	477,616
<b>Total Equity</b>	<b>477,616</b>	<b>2,834,446</b>	<b>3,312,062</b>
<b>Total Liabilities and Equity</b>	<b>\$ 477,616</b>	<b>\$ 3,132,041</b>	<b>\$ 3,609,657</b>

CITY OF BINGHAMTON  
CONDENSED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Binghamton Urban Renewal Agency</u>
Revenues	\$ 20,686
Expenditures	
Home and Community Services	66,212
Excess (deficiency) of revenues (over) expenditures	(45,526)
Fund balance - beginning	523,142
Fund Balance - Ending	<u>\$ 477,616</u>

CITY OF BINGHAMTON  
 CONDENSED STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN FUND EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2007

	Binghamton Local Development Corportation (8/31/07)
Operating Revenues	\$ 299,058
Operating Expenses	
Home and Community Services	423,999
Net Income	(124,941)
Retained Earnings - beginning	2,959,387
Retained Earnings - ending	\$ 2,834,446

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Joint Venture - Binghamton-Johnson City Joint Sewage & Waste Water Treatment Plant**

The City jointly operates a sewage treatment operation with the Village of Johnson City. The operation is jointly controlled and the City has an ongoing financial responsibility for and an equity interest in the joint venture. The equity interest in the joint venture generally represents equity primarily in capital assets and therefore has been reflected in the statement of net assets and in Note 6.

**Related Organization**

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

**D. Budgetary Data**

The "Budget Basis" utilizes the modified accrual basis of accounting. Current year encumbrances are included with expenditures. Unencumbered appropriations for all budgets lapse at fiscal year end. Formal annual operating budgets are adopted by the Common Council for the General Fund, Golf, Parking Ramps, Water, Refuse and Sewer Funds. Other Special Revenue Funds and the Capital Fund do not have annual budgets since grant awards and revenues received under other contractual requirements recorded in these funds span more than a single fiscal year.

Encumbrances represent commitments related to unperformed contracts for goods, or services. Encumbrance accounting--under which purchase orders, contracts and other commitments for the

expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservation of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from previous years.

Procedures followed in establishing data reflected in the financial statements are as follows:

- 1) On or before July 25 of each year, all agencies of the City submit requests for appropriations to the Mayor so that a budget may be prepared. Except for employee benefits, the budget is prepared by fund, function, activity and object of expenditure, and includes information on the past year, current year estimated, and requested appropriations for the next fiscal year.
- 2) On or before the third Monday in August, the proposed budget is presented to the City's Common Council for review. The Common Council holds public hearings and adopts the budget no later than 45 days after receipt. Common Council has the authority to diminish, reject or increase any item when contained within said estimate with the exception of the indebtedness, the sums directed by the Broome County Legislature to be levied within the City for State and County purposes, or the sums lawfully payable within said fiscal year upon judgments. Should the net effect of any such budget revisions cause an increase in the revenue estimates for the annual budget, no such increase shall be effective unless the Chief Fiscal Officer of the City of Binghamton shall certify to the Board of Estimate and Apportionment and the City council that the budget estimate, as amended and adopted by the City Council is balanced in accordance with accepted standards for local government finance. The budgets are not subject to referendum.
- 3) Expenditures may not legally exceed appropriations at the department level.
- 4) The legal level of budgetary control whereby expenditures may not exceed appropriations is maintained at the department level. Intra departmental transfers are authorized by the Comptroller and inter departmental transfers are authorized by Common Council. Special revenue fund budgets are adopted on a total fund level.
- 5) Common Council may increase the appropriations budget during the fiscal year for grants and bonding authorizations where additional revenues not involved in the original adopted budget are identified. During fiscal year 2007, no supplemental appropriations were approved by Council in the General Fund.

#### **E. Cash, Cash Equivalents, and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City.

State and local statutes authorize the City to invest in obligations of or guaranteed by the U.S. Treasury, and New York State and local bonds and notes guaranteed by the state or local government. Investments are stated at fair value. The City did not hold any investments as of December 31, 2007.

## **F. Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

## **G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (E.G. roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized. The City recorded certain infrastructure completed prior to 2003 related to City Reservoirs totaling \$5,696,991 during 2007. Accumulated depreciation of \$895,509 as of January 1, 2007 related to the City reservoirs was also recorded during 2007. All other infrastructure completed prior to 2003 are not reflected in the financial statements.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings	30-60
Improvements other than buildings	10-20
Infrastructure	5-60
Water System	65
Equipment	6-15

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

## **H. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported in the fund financial statements, but are reported in the government-wide financial statements. In accordance with the provisions of GASB-16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. This amount was

calculated using the Termination Payment method. In addition, an accrual was added for payment of F.I.C.A./Medicare.

### **I. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is not reported in the governmental fund statements but is reported in the government-wide financial statements.

### **J. Fund Equity**

Contributed capital is recorded in proprietary funds that have received contributions from other funds. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. There was no change in contributed capital during 2007.

### **K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

### **L. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates made by the City in the determination of recorded assets and liabilities include, but are not limited to, allowances for uncollectible property taxes and other receivables, depreciation, and reserves for self-insurance claim liabilities.

### **M. Prepaid Expenses**

Prepaid expenses represent payments made by the City for which benefits extend beyond year-end.

The General Fund prepaid expenses for the year ended December 31, 2007 represent a payment to the New York State Retirement system to reflect costs applicable to future accounting periods and is recorded as prepaid expenses in both the government-wide and fund financial statements. The prepaid expense is reported as assets on the statement of net assets or balance sheet using the consumption method.

**Note 2: Changes in Accounting Principle:**

Accounting Principle

In June of 2004, the GASB issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". This Statement establishes standards for reporting on non-pension postemployment benefits, such as health care premiums for retirees. The City is required to adopt this statement in fiscal year 2008. As of December 31, 2007 the City has not completed the process of evaluating the impact that will result from adopting this statement.

**Note 3. Stewardship Compliance and Accountability**

A deficit in the undesignated portion of the fund balance of the Public Safety, Transportation, Culture and Recreation, and Home and Community Service portions of the Capital Projects Funds arises because funds were borrowed on a Bond Anticipation Note (BAN), which is not recognized as revenue. This BAN matures on 2/06/09.

A deficit in the undesignated portion of the fund balance of the Golf Fund portion of the Special Revenue Funds resulted from poor attendance at the golf course during the 2007 season due to bad weather conditions. City Council authorized an increase in fees and staff is taking steps to increase attendance and address variable expenditures.

A deficit in the undesignated portion of the fund balance of the Parking Ramp portion of the Special Revenue Funds resulted from reduced special events during the year. In 2007 there were many added events at the Arena which will enhance revenues. Also the Parking Authority is reviewed the rate structure and City Council approved a \$2 charge per car for Thursday to Saturday nights after 5PM.

A deficit in the undesignated portion of the fund balance of the Refuse portion of the Special Revenue Funds resulted from increased costs of bag production retroactive to 2005. The City is currently reviewing all costs and may recommend increasing the cost of bags to the consumer.

A deficit in the undesignated portion of the Water fund resulted from increase costs of chemicals and utilities. The City has approved a 32% increase in water rates effective 9/1/08.

A deficit in the Net Assets of \$2,298,337 in the Internal Service Fund at year end is the result of increases in the estimated liability in workers compensation.

The City has a \$258,621 deficit as of December 31, 2007 in The Binghamton Regency Hotel

Enterprise Fund. The City is currently working on a sale of the hotel.

The Golf Fund, Water Fund, Parking Ramp, Refuse Fund and the General Fund over expended the current year budgeted appropriations, the City is taking steps to address these issues. The Mayor has established four commissions to review all finances of the City of Binghamton. The Commissions will begin making recommendations to City Council for approval.

#### **Note 4: Deposits and Investments**

The following risk assessments apply to cash, cash equivalents, and investments of the primary government and the component units.

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the City's policy to generally limit investments to 90 days or less. Consequently, money market accounts and certificates of deposits are classified as cash equivalents.

**Credit Risk.** In compliance with NYS law, the City's investments are limited to obligations of the United States of America, obligations guaranteed by the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State of NY, special time deposits, and certificates of deposit. Obligations of other NY jurisdictions may be included with the approval of the State Comptroller.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In compliance with NYS law, City deposits (above FDIC limits) and investments are protected with custodial agreements which require that government securities, equal to or greater than 102% of the daily investment, are held by a third party in the City's name.

**Concentration of Credit Risk.** To promote competition in rates and service cost, and to limit the risk of institutional failure, City deposits are placed in multiple institutions. City Council designates certain banks and trust companies as depositories.

**Deposits.** On December 31, 2007, the carrying amount of the City's deposits was \$15,710,962 and the bank balances were \$9,196,185. The City's deposits in banks at December 31, 2007, were entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

At year-end, the deposits were reported in the basic financial statement in the following categories:

	<b>Government Activities</b>	<b>Fiduciary Funds</b>	<b>Enterprise Fund</b>	<b>Component Units</b>
Cash	\$ 15,471,149	\$ 224,199	\$ 135,981	\$ 1,683,311
Cash-Restricted	-	15,614	-	-
<b>Total</b>	<b>\$ 15,471,149</b>	<b>\$ 239,813</b>	<b>\$ 135,981</b>	<b>\$ 1,683,311</b>

**Component Units:**

BLDC – The carrying amount of deposits was \$1,652,327 all of which was covered by federal depository insurance or collateralized with securities held by the pledging financial institution’s trust department or agent in BLDC’s name.

BURA – The carrying amount of deposits was \$30,984 all of which was covered by federal depository insurance or collateralized with securities held by the pledging financial institution’s trust department or agent in BURA’s name.

Pursuant to G.M.L. §10, the City has collateral agreements with J. P. Morgan Chase Bank, and Manufacturers and Traders Trust Co.

**Investments.** The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterpart’s trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterpart, or by its trust department or agent but not in the City's name. At year-end, the City did not have any investments.

**Note 5. Receivables**

Receivables at December 31, 2007 consist of the following: (expressed in thousands)

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables				
Taxes	\$ -	\$ -	\$ -	\$ -
Loans	-	11,986	20	12,006
Accounts	2,137	5,149	-	7,286
Other Governments	4,885	-	2	4,887
Gross Receivables	7,022	17,135	22	24,179
Less: Allowance for Uncollectible	(499)	-	-	(499)
Net Total Receivables	<u>\$ 6,523</u>	<u>\$ 17,135</u>	<u>\$ 22</u>	<u>\$ 23,680</u>

Property taxes are levied as of January 1, on which date they become a lien on real property. Taxes are based on property values assessed as of March 1 on the previous year. The tax levy is divided into two installments due January 1 and July 1; however, the actual due date is the thirty-first day of January and July, after which the bill becomes delinquent and penalties are assessed at one percent per month. Revenue from real property is recognized in the year the levy is intended to finance, consistent with our basis of accounting pursuant to note 1(c).

The City of Binghamton and Broome County entered into an Intermunicipal Agreement effective September 1, 2006 for purposes of tax billing, collection and enforcement of real property taxes for the City of Binghamton and the Binghamton City School District including a transfer of delinquent City and School District taxes, In Rem Agreements, Payment in Lieu of Tax Agreements, and administration of foreclosures. The County will also pay the City in full for each installment of real estate taxes on or before February 15<sup>th</sup> and August 15<sup>th</sup> for the January and July installments respectively.

In consideration of the City's assignment and transfer to the County of unpaid City taxes and relieved school taxes, interest, fees, the County paid the City Three Millions Dollars (\$3,000,000) upon transfer of unpaid taxes. Payment will be made to the City for any unpaid taxes in excess of \$3,000,000 when actually collected by the County on or before the fifth day of each month for the amount collected during the previous month. The amount to be received is within Other Governments in the above chart (\$2,563,859).

The Loans Receivable in the Special Revenue Funds are primarily Community Development Block Grant (CDBG) loans which are not expected to be collected within one year due to the nature of the CDBG loan.

#### **Note 6. Capital Assets**

The following is a summary of changes in the Capital Assets account group during the year ended December 31, 2007:

Class	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
<b>Capital Assets not being depreciated</b>				
Land	\$ 4,279,869	\$ -	\$ -	\$ 4,279,869
Construction in progress	50,271,715	15,024,699	2,969,751	62,326,663
Total Capital Assets not being depreciated	54,551,584	15,024,699	2,969,751	66,606,532
<b>Capital assets being depreciated</b>				
Buildings	32,523,585	379,538	-	32,903,123
Machinery and Equipment	18,488,012	2,262,319	1,148,890	19,601,441
Infrastructure	19,937,072	7,649,116	-	27,586,188
Investment in joint venture	18,091,991	2,858	-	18,094,849
Total Capital assets being depreciated	\$ 89,040,660	\$ 10,293,831	\$ 1,148,890	\$ 98,185,601
<b>Less accumulated depreciation for:</b>				
Buildings	16,996,851	791,220	-	17,788,071
Machinery and equipment	10,231,286	1,076,913	1,075,073	10,233,126
Infrastructure	1,716,849	1,859,772	-	3,576,621
Investment in Joint Venture	12,222,680	409,469	-	12,632,149
Total accumulated depreciation	41,167,666	4,137,374	1,075,073	44,229,967
Total Capital assets, being depreciated, net	47,872,994	6,156,457	73,817	53,955,634
Governmental activities capital assets, net	\$ 102,424,578	\$ 21,181,156	\$ 3,043,568	\$ 120,562,166
<b>Binghamton Regency Hotel</b>				
Land	\$ -	\$ 388,000	\$ -	\$ 388,000
Buildings and Improvements	-	4,761,270	-	4,761,270
Furniture, Fixtures, and Equipment	-	533,856	-	533,856
Accumulated Depreciation	-	(156,455)	-	(156,455)
	-	5,526,671	-	5,526,671
				-
Total	\$ 102,424,578	\$ 26,707,827	\$ 3,043,568	\$ 126,088,837

Depreciation Expense was charged to Governmental Activities as follows:

General Government	\$	1,379,004
Public Safety		398,641
Health		-
Transportation		282,642
Culture and Recreation		190,350
Home and Community Services		991,228
Total Governmental Fund Depreciation Expense		3,241,865
Binghamton Regency Hotel Depreciation		156,455
Total Depreciation Expense	\$	<u>3,398,320</u>

The City's equity share of its investment in the Binghamton-Johnson City Joint sewage project has been recorded in the capital assets account group for the year ended December 31, 2007.

#### **Note 7. Risk Management**

The City's Corporate Counsel reviews all claims made against the City and estimates liabilities, if any, based on his 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.

On June 1, 1985, The City became self-insured for general liability exposure. In 1985, 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. From June 1, 1985 to December 31, 2007, 2,520 liability claims were served on the City, of which 2,434 are closed and 86 remain open and active claims. The 2,434 cases closed were settled for \$2,573,317 in satisfaction of \$99,761,989 in claimed damages. Active cases have claimed \$22,718,674 in damages, which the City estimates will result in payments of \$58,547 to satisfy these claims.

On July 1, 1995, the City became self-insured for workers' compensation. From July 1, 1995 to December 31, 2007, a total of 1094 workers' compensation claims were made against the City resulting in total payments of \$6,453,324. The City annually appropriates funds for bi-weekly compensation pay awarded to disabled employees or surviving family. The City has reserves of \$1,960,210 to satisfy total incurred losses of \$1,960,210. The City is negotiating workers' compensation premium costs related to reserves for claims filed prior to July 1, 1995 with its then insurance carrier. Effective 12/1/99, the City of Binghamton purchased stop loss insurance for workers' compensation claims with \$1,000,000 annual aggregate or \$350,000 per incident. In the opinion of City officials, annual appropriations, reserves, and the stop loss insurance are sufficient to liquidate the City's obligations.

The City is subject to these claims and lawsuits in the ordinary conduct of its affairs. The City does not believe, however, that the matters referred to above or any other litigated matters to which the City is party, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the City.

Changes in the funds claim liability amounts in 2006 and 2007 follow:

	Balance January 1	Changes in Estimates	Claims Payment	Balance December 31
2006 General Liability / Workers' Compensation	\$ 1,910,400	\$ 863,100	\$ 1,767,071	\$ 1,006,429
2007 General Liability/ Workers' Compensation	\$ 1,006,429	\$ 1,053,725	\$ 532	\$ 2,059,622

## **Note 8. Indebtedness**

### **A. Short Term Debt**

The City issued bond anticipation notes to finance capital project expenditures prior to the issuance of permanent long-term debt.

Interest on short-term debt for the year was comprised of:

Interest and Other Charges Paid	\$565,453
Less: Interest accrued in the prior year	(407,718)
Plus: Interest accrued in the current year	<u>685,876</u>
Total Expense	<u>\$ 843,621</u>

Transactions in short-term debt for the year ended December 31, 2007 are summarized below:

Loan Type	Purpose	Maturity Date	Interest Rate	Balance 12/31/2006	Issued	Redeemed	Balance 12/31/2007
BAN	Various Capital Projects	2/2/2007	4.00%	\$ 31,003,000	-	\$31,003,000	-
BAN	Wastewater Plant	3/30/2007	3.75%	\$ 5,000,000	-	\$5,000,000	-
BAN	Various Capital Projects	2/1/2008	4.25%	-	6,332,840	-	\$ 6,332,840
BAN	various Capital Projects	2/8/2008	4.25%	-	11,272,500	-	\$ 11,272,500
BAN	Wastewater Plant		0	-	11,717,006	-	\$ 11,717,006
				<u>\$ 36,003,000</u>	<u>\$ 29,322,346</u>	<u>\$ 36,003,000</u>	<u>\$ 29,322,346</u>

**B. Long Term Debt**

Interest on Long-term Debt for the Year was composed of:

Interest Paid	\$ 3,497,770
Less: Interest accrued in the prior year	(982,298)
Plus: Interest accrued in the current year	<u>1,754,430</u>
Total expense	<u>\$ 4,269,902</u>

Transactions in long-term debt for the year ended December 31, 2007 are summarized below:

	<u>Balance</u> 12/31/2006	<u>Issued or</u> <u>Acquired</u>	<u>Redeemed</u>	<u>Balance</u> 12/31/2007	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Bonds Payable</b>					
General Obligation Debt	\$ 78,381,000	\$ 23,532,157	\$ (4,535,000)	\$ 97,378,157	\$ 4,793,157
Regency Hotel	-	5,045,000	-	\$ 5,045,000	-
<b>Other Liabilities</b>					
Due to Other Governments	509,366	-	(114,764)	394,602	122,770
Compensated Absences	2,076,536	178,942	-	2,255,478	189,849
Capital Lease Obligation	1,656,012	-	(125,949)	1,530,063	125,949
Installment Purchase	196,911	-	(46,800)	150,111	48,383
	<u>\$ 82,819,825</u>	<u>\$ 28,756,099</u>	<u>\$ (4,822,513)</u>	<u>\$ 106,753,411</u>	<u>\$ 5,280,108</u>

Due to Other Governments, the Capital Lease Obligation and the Installment Purchase are more fully explained below and each will be liquidated by the General Fund. Compensated absences have been liquidated in the general and other governmental funds as applicable.

General obligation bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for general government activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 10 to 20 year serial bonds, with equal amounts of principal maturing each year. General obligation bonds currently outstanding and the funds used to repay the long-term debt amounts are as follows:

<u>Fund</u>	<u>Interest Rates</u>	<u>Amount</u>
General	2.5%-5%	\$ 38,778,031
Parking Ramps	2.5%-5%	3,860,856
Water	2.5%-5%	20,412,327
Golf	2.5%-5%	437,665
Sewer	2.5%-5%	<u>33,889,278</u>
Total		<u>\$ 97,378,157</u>

Annual debt service requirements to maturity of general obligation bonds, including interest of \$44,256,465 are as follows:

December 31	Principal	Interest	Debt Service
2008	\$ 4,793,157	\$ 4,642,676	\$ 9,435,833
2009	5,450,000	3,956,930	9,406,930
2010	5,615,000	3,751,628	9,366,628
2011	5,785,000	3,536,808	9,321,808
2012	5,995,000	3,294,155	9,289,155
2013-2017	24,585,000	12,931,828	37,516,828
2018-2022	19,485,000	8,081,619	27,566,619
2022-2027	15,920,000	3,926,658	19,846,658
2028-2032	8,140,000	1,060,374	9,200,374
2033-2034	1,610,000	73,789	1,683,789
Total	<u>\$ 97,378,157</u>	<u>\$ 45,256,465</u>	<u>\$ 142,634,622</u>

Within the debt above, there are four bonds from the New York State Environmental Facilities Corporation which have interest that will be reduced by a state subsidy. The subsidy is based on the return on an investment maintained by the State of New York and will vary over the life of the issue.

Regency Hotel Section 108 Loans The City foreclosed on the developer of the Regency Hotel during February 2007 and became directly liable for \$5,045,000 of Section 108 loans with the U.S. Department of Housing and Urban Development. The loans require quarterly interest only payments at a variable rate which was 5.32% at December 31, 2007. No principal payments are required until February 2009.

Due to Other Governments. Effective January 17, 2001, the New York State Police and Fire Retirement System (NYSPFRS) accepted the City's resolution to provide benefits of Section 443(f) for Tier 2 firefighters. The service cost amounted to \$1,089,202 at an interest rate of 6.76%, payable over 10 years (see Note 14).

Fiscal Year Ending	NYSPFRS		Annual Debt
December 31	Principal	Interest	Service
2008	\$ 122,770	\$ 27,529	\$ 150,299
2009	131,335	18,964	150,299
2010	<u>140,497</u>	<u>9,801</u>	<u>150,298</u>
Total	<u>\$ 394,602</u>	<u>\$ 56,294</u>	<u>\$ 450,896</u>

**Capital Lease Obligation.** On November 15, 2001, the City entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Manufacturers and Traders Trust Company in the amount of \$2,140,690 for 15 years at an interest rate of 4.59%.

The above obligation is by contract, a capital lease. While the City has the right to cancel the lease through exercise of a fiscal funding clause, it does not anticipate doing so. At December 31, 2007 and as of the date of this report, the total costs related to the project are not yet available. As a result, sufficient information to report the gross amount of assets recorded by major class cannot be completely determined. There will be no sublease or contingent rentals.

Minimum future lease payments under the capital lease, as of December 31, 2007, to the expiration of the lease are as follows:

Minimum lease payments	\$ 1,905,044
Less: Imputed Interest	<u>(374,981)</u>
Present Value of Minimum Lease Payments	\$ 1,530,063

The following is a schedule of the repayment of the lease obligation:

2008	\$ 200,531
2009	200,531
2010	200,531
2011	200,531
2012	200,531
2013-2017	<u>902,389</u>
Total	<u>\$ 1,905,044</u>

**Installment Purchase.** An installment purchase agreement was entered into on March 14, 2005 for the purchase of equipment having an original cost of \$242,180 and reflects the present value of future rental payments discounted at the interest rate stated in the agreement of 3.38%. The equipment is recorded at its original cost and is being depreciated. Future minimum annual rental payments are as follows:

Minimum rental payments	\$160,377
Less: Interest	<u>(10,266)</u>
Present Value of Minimum Lease Payments	<u>\$150,111</u>

The following is a schedule of the repayment of the obligation

<u>Year</u>	<u>Amount</u>
2008	53,459
2009	53,459
2010	53,459
	<u>\$160,377</u>

Obligations Authorized But Not Issued (General Obligation Serial Bonds)

		<u>Perm.</u>		
	Date of Authorization	Ord. No.	Purpose	Amount
1	January 19, 1999	99-2	Various Improvements	390,000
2	August 21, 2000	00-109	Improvements Treatment Plant	<u>2,000,000</u>
				<u>\$ 2,390,000</u>

**Note 9. Interfund Assets/Liabilities and Operating Transfers**

As of December 31, 2007, there were no interfund assets or liabilities.

Operating transfers for the year ended December 31, 2007 are detailed as follows:

	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
Community Development		
Block Grant	\$ -	\$ 473,970
Regency Hotel	473,970	
General Fund	-	113,786
Golf Fund	6,000	-
Water Fund	-	162,250
Sewer Fund	-	125,000
Capital Fund	395,577	541
	<u>\$ 875,547</u>	<u>\$ 875,547</u>

Transfers out to the Capital Fund are for Capital project expenditures (\$395,577). Transfers to the Binghamton Regency Hotel were primarily made to pay interest expense on the Section 108 loan.

**Note 10. Commitments and Contingencies**

Tax Certiorari Proceedings - Various tax certiorari proceedings pending against the City as of December 31, 2007 seek reductions in real property tax assessments. The City's Assessment Rolls were changed to full market value for 1994. From 1994 to 1999 approximately 200 cases were filed annually. Since 2000 about 30 cases are filed annually. Negotiations are continuing to settle these cases.

Construction - The City has approximately twenty contracts for uncompleted construction projects totaling \$2,788,183 as of December 31, 2007. Proceeds from debt obligation together with current revenue is sufficient to pay for the completion of the contracts. When payments are made on construction projects, a 5% retainage is held until the project is completed and a one year maintenance bond issued on behalf of the contractor.

Deposits with others represents bond proceeds and related net accumulated investment income, to be expended for specific construction projects. The amount is currently held on deposit with the New York State Environmental Facilities Corporation.

In 1993 the City utilized a Section 108 loan in the amount of \$1,400,000 to provide permanent financing to a local hotel. The hotel was sold in December 1998. The collateral for the loan is secured by the personal guarantees of the former owners. The term of this loan is 20 years with variable interest rates from 5.93% to 7.18%. Principal payments began in 1999.

The amortization schedule including interest, as of December 31, 2007 follows:

2008	\$	131,615
2009		125,378
2010		119,141
2011		112,841
2012-2014		<u>256,521</u>
Total	\$	<u>745,496</u>

The City was not required to pledge its full faith and credit. The required security is limited to future federal grants under the Housing & Community Development Act of 1974, proceeds from foreclosure sale of the property, and if necessary, certain other funds generated by Federal Grant Programs. During 2007, \$481,317 of grant funds was used to pay delinquent loans.

Stadium - During 1992 the Binghamton Urban Renewal Agency (BURA) agreed to make certain payments as an incentive for private investment in a municipal stadium development plan located on blighted railroad land. The obligations to Sterling Doubleday L. P. as developer were satisfied in 1996.

The other obligation is to the Binghamton Mets Baseball Club, Inc. for a repair, replacement annual payment. The remaining obligation as of December 31, 2007 is as follows:

<u>Fiscal Year Ending December 31</u>	<u>Repair / Replacement Payments</u>
2008	50,000
2009	50,000
2010	50,000
2011	50,000
2012	50,000
Total	<u>250,000</u>

**Note 11. Joint Venture**

A Sewage project is operated jointly with the Village of Johnson City, under an agreement dated July 14, 1965. The agreement is for an indefinite period. A six member board, three appointed by the City, and three by the Village constitutes the governing body. Ownership of the project, operational and capital costs are shared by the participants in the following ratios:

Binghamton	54.8%
Johnson City	45.2%

The City's share of joint venture debt is included in Note 8. The government body has established charges at rates intended to be self-sustaining to cover all operating costs and debt service. Any shortfall in revenues produced by such charges is to be provided by prorated contributions from participants.

The City's share of fixed assets is included in Note 6.

The City prepares annual financial statements for the joint venture in order to satisfy state reporting requirements. These financial statements are available upon request from the City.

**Note 12. Post Employment Health Care Benefits**

Employees, vestees and their eligible dependents, upon retirement from the NYS and Local Retirement Systems, are covered for health care benefits pursuant to City Charter. These benefits include hospitalization, major medical and prescription drug services. Benefits are funded by the City on a pay-as-you-go basis. There is a cost sharing of premiums with retirees paying 25%. Upon the death of the covered spouse, the surviving spouse must pay 100% of the monthly premium to continue coverage.

The City also partially reimburses eligible retirees and their spouses the amount of Medicare (part B) that the Social Security Administration deducts from each individual's Social Security check. To be eligible,

the individual must be sixty-five years of age or disabled. These benefits are funded by the City on a pay-as-you-go basis. No new participants have been added to the medicare refund since January 1, 1996.

Upon the death of a retiree, the surviving spouse has the option of continuing these benefits. However, to remain a participant, the individual must pay the monthly health insurance premium. If this option is chosen, the City will continue the Medicare reimbursement. If a survivor opts out of the health insurance program, the City then discontinues Medicare reimbursements.

For the fiscal year ending December 31, 2007 there were 409 retirees receiving benefits. The cost of these benefits was \$2,965,840.

**Note 13. Pension Trust Funds**

The City maintains residual discontinued single employer, defined benefits pension plans (Police Pension and Fire Pension Fund) which covers retired Police and Fire and surviving widows. These systems were closed to new entrants in 1935. Since 1935, all employees became participants in statewide government required systems, multiple employer and cost sharing public employee pension plans which cover substantially all general employees (New York State and Local Employees Retirement System and New York State and Local Police and Fire Retirement System). There are no separate financial statements for the residual plans.

**A. Summary of Significant Accounting Policies**

Basis of Accounting. The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Actuarial value of the assets is determined by the fair market value.

**B. Plan Descriptions and Contribution Information**

**Police and Fire Pension Fund (PFPF)**

All of the City's full time Police and Fire employees hired between 1912 and 1935 became participants in the PFPF, a single-employer, defined benefit pension plan. There is no employee payroll for these plans. Current membership in the PFPF's is as follows:

Group - as of December 31, 2007	Police	Fire
Retirees and Beneficiaries	4	3
Vested Terminated Employees	0	0
Active Employees	0	0

Employees who had completed at least 20 years of continuous service were entitled to 50 percent of their final average salary. Surviving widows of retirees are entitled to a uniform monthly benefit, which

amounted to \$423 as of December 31, 2007. The City funded the plans with general fund contributions. There were no employee contributions. The funding was estimated using the projected unit credit method.

Annual Required Contributions and Net Pension Obligation

The City has fully funded the plans by past general fund contributions. During the year ended December 31, 2007, no contributions were required or made. Significant actuarial assumptions used to compute past year's contributions were the same as those used to compute the net pension obligation. The actuarial value of the assets in the fire pension fund exceeded the actuarial accrued liabilities at December 31, 2007. There was no net pension obligation. The actuarial value of the assets in the police fund did not exceed the actuarial accrued liabilities of December 31, 2007 and the General Fund will transfer funds as needed.

The required contributions for the current year and the two preceding years were:

	<u>Dollars</u>	As a % of <u>Covered Salaries</u>	<u>Dollars</u>	As a % of <u>Covered Salaries</u>
2007	\$ -	0.00%	\$ -	0.00%
2006	-	0.00%	-	0.00%
2005	-	0.00%	-	0.00%

**C. Financial Statements and Analysis of Funding Progress**

THE CITY OF BINGHAMTON, NEW YORK  
STATEMENT OF PLAN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Police Pension Trust</u>	<u>Fire Pension Trust</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ (22,368)	\$ 48,222	\$ 25,854
Total Assets	<u>\$ (22,368)</u>	<u>\$ 48,222</u>	<u>\$ 25,854</u>
 <b>Net Assets - Fund Balance Reserved for Employees' Pension Benefits</b>	 <u>\$ (22,368)</u>	 <u>\$ 48,222</u>	 <u>\$ 25,854</u>

THE CITY OF BINGHAMTON, NEW YORK  
 COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2007

<b>DEDUCTIONS</b>	
Benefits	\$ 40,609
Total Deductions	40,609
Net Loss	(40,609)
Net assets held in trust for pension benefits	
Beginning of year	66,463
End of Year	\$ 25,854

**Note 14. New York State and Local Employees' Retirement Systems, New York State and Local Police and Fire Retirement Plans, and Deferred Compensation Plan**

**A. Plan Description**

The City of Binghamton participates in the New York State and Local Employees' Retirement System (NYSERS) and the New York State and Local Police and Fire Retirement Systems (NYSPFRS). These systems are cost sharing multiple public employer retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability and optional methods of benefit payments. All benefits generally vest after ten years of credited service.

The New York State Retirement and Social Security Law (NYSRSSL) governs obligations of employers and employees to contribute and benefits to employees. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany NY 12244.

**B. Employee Groups Covered**

Nearly all City of Binghamton employees are eligible for membership in the Systems. All employees employed in full-time positions who commenced employment after June 30, 1976 are mandatory members. The total payroll for all employees of the City for the fiscal year 2007 was \$31,321,877 of which \$12,195,534 was attributable to employees covered by the Employees' Retirement System and \$17,376,175 to employees covered by the Police and Fire Retirement System. The remainder represents

non-participating employee payroll.

**C. Funding Policy**

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary for the first ten years of retirement system membership. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions, required to be made by employers to the pension accumulation fund.

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

**ERS**

		<u>Employers Contribution</u>		<u>Employees Contribution</u>	
		As a % of		As a % of	
		<u>Dollars</u>	<u>Covered Salaries</u>	<u>Dollars</u>	<u>Covered Salaries</u>
2007	\$	1,057,717	8.67%	\$ 159,212	1.30%
2006	\$	1,172,232	10.01%	\$ 138,565	1.18%
2005	\$	1,226,650	10.60%	\$ 132,810	1.59%

**PFRS**

		<u>Employers Contribution</u>		<u>Employees Contribution</u>	
		As a % of		As a % of	
		<u>Dollars</u>	<u>Covered Salaries</u>	<u>Dollars</u>	<u>Covered Salaries</u>
2007	\$	3,171,007	18.24%	-	0.00%
2006	\$	2,872,474	15.98%	-	0.00%
2005	\$	2,545,539	15.56%	-	0.00%

The City's contributions made to the Systems were equal to 100% of the contributions required for each year.

Effective January 17, 2001, the New York State Police and Fire Retirement System accepted the City of Binghamton's resolution to provide the benefits of Section 443(f) for Tier 2 firefighters. The resulting service cost in the amount of \$1,089,202 will be paid in 10 equal installments of \$150,299 including interest at 6.76%.

The Binghamton Firefighters Local 729, AFLCIO IAFF Union negotiated this benefit. In exchange, the union membership agreed to take a 2% salary decrease to pay the full costs of implementation and adoption of this additional negotiated benefit.

**D. Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 as amended in 2004. The plan, available to all government employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The City has

entered into an agreement with an independent trustee to manage the plan.

**Note 15. Federal and State Funded Programs**

The City participates in a number of federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

**Note 16. Subsequent Events**

Subsequent to year end, City Council authorized \$10,188,000 in Serial Bonds to finance various Capital Projects.

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

**THE CITY OF BINGHAMTON, NEW YORK  
SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
AND ACTUARIAL INFORMATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

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**I. SCHEDULES OF FUNDING PROGRESS**

<u>Fiscal Year</u> <u>Ending 12/31</u>	<u>Actuarial value</u> <u>of Assets</u>	<u>Actuarial</u> <u>Accrued Liability</u> <u>(AAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u>	<u>Covered</u> <u>Payroll</u>
<b><u>Police Fund</u></b>					
2002	107,685	130,311	82.64%	22,626 \$	-
2003	72,341	91,227	79.30%	18,886	-
2004	53,755	51,885	103.60%	(1,870)	-
2005	28,374	26,504	107.06%	(1,870)	-
2006	3,013	67,350	4.47%	64,337	-
2007	(22,368)	41,969	-53.30%	64,337	-
<b><u>Fire Fund</u></b>					
2002	167,885	109,602	153.18%	(58,283) \$	-
2003	149,681	75,875	197.27%	(73,806)	-
2004	93,906	92,796	101.20%	(1,110)	-
2005	78,678	77,568	101.43%	(1,110)	-
2006	63,450	57,972	109.45%	(5,478)	-
2007	48,222	42,744	112.82%	(5,478)	-

**II. SCHEDULES OF EMPLOYER CONTRIBUTIONS**

<u>Fiscal Year</u> <u>Ending 12/31</u>	<u>Police Fund</u>	<u>Fire Fund</u>
2002	-	-
2003	-	-
2004	-	-
2005	-	-
2006	-	-
2007	-	-

**III. ACTUARIAL INFORMATION**

	<u>Police</u> 12/31/06	<u>Fire</u> 12/31/06
Valuation date	12/31/06	12/31/06
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	*	*
Remaining amortization period	*	*
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Inflation Rate	0	0
Investment rate of return	4.5%	4.5%
Projected salary increases	N/A	N/A
Cost-of-living adjustments	N/A	N/A

\*No additional contributions to the plan based on payroll will occur since there are no present or future employees who can be eligible. As a result, the overfunding will not be amortized to reduce the future contributions. Instead, the excess may be returned to the employer. The City anticipates utilizing the excess funding in the Fire Fund to fund the Police Fund.

See the accompanying notes to the financial statements.

**THE CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**BUDGET BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Modified Budget	Actual	
<b>Revenues</b>				
Property Taxes	\$ 24,248,248	\$ 24,248,248	\$ 24,252,064	\$ 3,816
Other taxes	10,181,554	10,181,554	10,769,123	587,569
Charges for current services	1,348,370	1,348,370	1,172,676	(175,694)
Intergovernmental charges	21,393	21,393	21,393	-
Use of money and property	1,152,000	1,152,000	590,194	(561,806)
Licenses and permits	183,000	183,000	191,538	8,538
Fines and forfeitures	480,500	480,500	463,808	(16,692)
Sales of property	62,500	62,500	117,601	55,101
Miscellaneous	109,500	109,500	204,879	95,379
Interfund revenues	712,802	712,802	486,814	(225,988)
State aid	8,811,931	8,815,208	9,556,636	741,428
Federal Aid	-	21,009	178,685	157,676
<b>Total Revenue</b>	<b>47,311,798</b>	<b>47,336,084</b>	<b>48,005,411</b>	<b>669,327</b>
<b>Other Financing Sources</b>				
Install Purchase	-	-	-	-
<b>Total Revenue and Other Sources</b>	<b>47,311,798</b>	<b>47,336,084</b>	<b>48,005,411</b>	<b>669,327</b>
Appropriated Fund Balance	1,289,351	1,289,351	-	(1,289,351)
<b>Total All Sources</b>	<b>\$ 48,601,149</b>	<b>\$ 48,625,435</b>	<b>\$ 48,005,411</b>	<b>\$ (620,024)</b>

**THE CITY OF BINGHAMTON, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL**  
**BUDGET BASIS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

	General Fund				Variance Favorable (Unfavorable)
	Original Budget	Modified Budget	Actual	Actual	
<b>Expenditures</b>					
Current:					
General Government	\$ 4,489,882	\$ 4,437,680	\$ 4,548,603	\$ (110,923)	
Public Safety	20,128,043	20,392,602	21,048,930	(656,328)	
Health	37,450	37,450	35,186	2,264	
Transportation	1,180,000	1,180,000	1,387,300	(207,300)	
Culture & recreation	2,476,145	2,495,145	2,454,354	40,791	
Home & community service	2,865,907	2,876,684	2,778,285	98,399	
Employee benefits	12,810,089	12,568,455	12,536,662	31,793	
Debt service	4,523,633	4,523,633	4,492,917	30,716	
Total Expenditures	48,511,149	48,511,649	49,282,237	(770,588)	
<b>Other Financing Uses</b>					
Operating transfers out	90,000	113,786	113,786	-	
Total Expenditures and Other Uses	48,601,149	48,625,435	49,396,023	(770,588)	
Excess of revenues and other sources over expenditures and other uses -					
Budget Basis	\$ -	\$ -	(1,390,612)	\$ (1,390,612)	
Add encumbrances at end of year			297,458		
Less encumbrances at beginning of year			(212,770)		
Fund Balance-beginning of year			4,075,845		
<b>Fund Balance - end of year</b>			<u>\$ 2,769,921</u>		

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
SEWER FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Charges for current services	\$ 5,601,193	\$ 5,601,193	\$ 5,881,414	\$ 280,221
Use of money and property	546,000	546,000	563,817	17,817
Miscellaneous	-	-	80	80
Interfund Revenue	-	-	-	-
Total Revenues	<u>6,147,193</u>	<u>6,147,193</u>	<u>6,445,311</u>	<u>298,118</u>
<b>Other Financing Sources</b>				
Interfund Transfer	-	-	-	-
Appropriated fund balance	442,990	442,990	-	(442,990)
Total	<u>6,590,183</u>	<u>6,590,183</u>	<u>6,445,311</u>	<u>(144,872)</u>
<b>Expenditures</b>				
Current:				
General government support	84,746	84,746	84,746	-
Home and community service	3,512,145	3,512,145	2,913,253	598,892
Employee benefits	362,323	362,323	363,349	(1,026)
Debt service	2,505,969	2,505,969	2,620,807	(114,838)
Total expenditures	<u>6,465,183</u>	<u>6,465,183</u>	<u>5,982,155</u>	<u>483,028</u>
<b>Other Financing Uses</b>				
Operating transfers out	125,000	125,000	125,000	-
Total expenditures and other uses	<u>6,590,183</u>	<u>6,590,183</u>	<u>6,107,155</u>	<u>483,028</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	338,156	<u>\$ 338,156</u>
Add encumbrances at end of year			4,651	
Less encumbrances at beginning of year			(1,958)	
Fund balance - beginning of year			<u>1,707,740</u>	
Fund balance - end of year			<u>\$ 2,048,589</u>	

See the accompanying notes to the financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
GOLF FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<b><u>Revenues</u></b>				
Charges for current services	\$ 480,952	\$ 480,952	\$ 387,468	\$ (93,484)
Miscellaneous	<u>-</u>	<u>-</u>	<u>7</u>	<u>7</u>
Total Revenues	480,952	480,952	387,475	(93,477)
<b><u>Other Financing Sources</u></b>				
Interfund Transfer	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Total	<u>480,952</u>	<u>480,952</u>	<u>393,475</u>	<u>(87,477)</u>
<b><u>Expenditures</u></b>				
Current:				
Culture and recreation	352,134	352,134	369,466	(17,332)
Employee benefits	73,520	73,520	76,570	(3,050)
Debt service	<u>55,298</u>	<u>55,298</u>	<u>55,109</u>	<u>189</u>
Total expenditures	480,952	480,952	501,145	(20,193)
<b><u>Other Financing Uses</u></b>				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures and other uses	<u>480,952</u>	<u>480,952</u>	<u>501,145</u>	<u>(20,193)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	\$ <u>-</u>	\$ <u>-</u>	(107,670)	\$ <u>(107,670)</u>
Add encumbrances at end of year			897	
Less encumbrances at beginning of year			(481)	
Fund balance - beginning of year			(244,889)	
Fund balance - end of year			<u>(352,143)</u>	

See the accompanying notes to the financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
PARKING RAMPS FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<b><u>Revenues</u></b>				
Charges for current services	\$ 779,505	\$ 779,505	\$ 675,358	\$ (104,147)
Use of money and property	<u>30,000</u>	<u>30,000</u>	<u>11,824</u>	<u>(18,176)</u>
Total Revenues	809,505	809,505	687,182	(122,323)
<b><u>Other Financing Sources</u></b>				
Appropriated fund balance	-	-	-	-
Total	<u>809,505</u>	<u>809,505</u>	<u>687,182</u>	<u>(122,323)</u>
<b><u>Expenditures</u></b>				
Current:				
Transportation	542,200	542,200	572,509	(30,309)
Debt service	<u>267,305</u>	<u>267,305</u>	<u>262,208</u>	<u>5,097</u>
Total expenditures	809,505	809,505	834,717	(25,212)
<b><u>Other Financing Uses</u></b>				
Total expenditures and other uses	<u>809,505</u>	<u>809,505</u>	<u>834,717</u>	<u>(25,212)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	(147,535)	<u>\$ (147,535)</u>
Add encumbrances at end of year			3,554	
Less encumbrances at beginning of year			(8,837)	
Fund balance - beginning of year			<u>(221,544)</u>	
Fund balance - end of year			<u>\$ (374,362)</u>	

See the accompanying notes to the financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - BUDGET BASIS  
 WATER FUND  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues</u></b>				
Charges for current services	\$ 5,321,605	\$ 5,321,605	\$ 5,233,742	\$ (87,863)
Use of money and property	240,000	240,000	216,477	(23,523)
Miscellaneous	1,000	1,000	7,747	6,747
Interfund Revenue	94,282	94,282	123,819	29,537
Total Revenues	<u>5,656,887</u>	<u>5,656,887</u>	<u>5,581,785</u>	<u>(75,102)</u>
<b><u>Other Financing Sources</u></b>				
Appropriated fund balance	249,590	249,590	-	(249,590)
Total	<u>5,906,477</u>	<u>5,906,477</u>	<u>5,581,785</u>	<u>(324,692)</u>
<b><u>Expenditures</u></b>				
Current:				
General government	97,500	97,500	97,500	-
Home and community service	2,604,734	2,604,734	2,672,232	(67,498)
Employee benefits	725,511	725,511	699,925	25,586
Debt service	2,316,482	2,316,482	2,312,420	4,062
Total expenditures	<u>5,744,227</u>	<u>5,744,227</u>	<u>5,782,077</u>	<u>(37,850)</u>
<b><u>Other Financing Uses</u></b>				
Operating transfers out	162,250	162,250	162,250	-
Total expenditures and other uses	<u>5,906,477</u>	<u>5,906,477</u>	<u>5,944,327</u>	<u>(37,850)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	(362,542)	<u>\$ (362,542)</u>
Add encumbrances at end of year			19,504	
Less encumbrances at beginning of year			(56,652)	
Fund balance - beginning of year			95,110	
Fund balance - end of year			<u>\$ (304,580)</u>	

See the accompanying notes to the financial statements.

THE CITY OF BINGHAMTON, NEW YORK  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS  
REFUSE FUND  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<b><u>Revenues</u></b>				
Charges for current services	\$ 937,339	\$ 937,339	\$ 901,722	\$ (35,617)
Use of money and property	1,000	1,000	-	(1,000)
Miscellaneous	<u>52,000</u>	<u>52,000</u>	<u>31,419</u>	<u>(20,581)</u>
Total Revenues	990,339	990,339	933,141	(57,198)
<b><u>Other Financing Sources</u></b>				
Operating transfers in	-	-	-	-
Appropriated fund balance	<u>33,908</u>	<u>33,908</u>	<u>-</u>	<u>(33,908)</u>
Total	<u>1,024,247</u>	<u>1,024,247</u>	<u>933,141</u>	<u>(91,106)</u>
<b><u>Expenditures</u></b>				
Current:				
Home and community service	993,098	993,098	1,040,060	(46,962)
Employee benefits	<u>31,149</u>	<u>31,149</u>	<u>35,191</u>	<u>(4,042)</u>
Total expenditures	<u>1,024,247</u>	<u>1,024,247</u>	<u>1,075,251</u>	<u>(51,004)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	(142,110)	<u>\$ (142,110)</u>
Add encumbrances at end of year			-	
Less encumbrances at beginning of year			(1,782)	
Fund balance - beginning of year			<u>(20,479)</u>	
Fund balance - end of year			<u>\$ (164,371)</u>	

See the accompanying notes to the financial statements.

# **OTHER SUPPLEMENTARY INFORMATION**

THE CITY OF BINGHAMTON, NEW YORK  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 DECEMBER 31, 2007

	SPECIAL REVENUE FUNDS						CAPITAL PROJECTS FUNDS						Total Nonmajor Funds
	Section Eight Housing Assistance	Golf Fund	Parking Ramps Fund	Water Fund	Refuse Fund	Public Safety	Economic Assistance	Culture and Recreation	Total Nonmajor Funds				
<b>Assets</b>													
Cash	\$ 525,906	\$ -	\$ -	\$ 200	\$ -	\$ 492,337	\$ 3,196	\$ 1,343,040	\$ -	\$ -	\$ -	\$ -	\$ 2,364,679
Cash-restricted	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans receivable (net)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables (net)	-	-	9,000	2,282,236	82,774	-	-	-	-	-	-	-	2,374,010
State and Federal Receivables	-	-	-	-	-	197,529	-	-	-	-	-	-	197,529
Deposits with Others	-	1,990	-	29,586	3,391	-	-	-	-	-	-	-	34,967
	\$ 525,906	\$ 1,990	\$ 9,000	\$ 2,312,022	\$ 86,165	\$ 689,866	\$ 3,196	\$ 1,343,040	\$ -	\$ -	\$ -	\$ -	\$ 4,971,185
<b>Liabilities and Fund Balance</b>													
<b>Liabilities</b>													
Accounts payable	\$ 5,327	\$ 336,698	\$ 383,362	\$ 1,071,194	\$ 136,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,933,475
Accrued liabilities	-	14,327	-	-	-	-	-	-	-	-	-	-	14,327
Due to NYS pension system	-	885	-	-	96	-	-	-	-	-	-	-	981
Contract retentions	-	-	-	-	-	-	-	-	-	-	-	-	17,768
Other liabilities	-	1,111	-	37,016	522	-	-	-	-	-	-	-	38,649
Due to other governments	-	1,112	-	-	-	-	-	-	-	-	-	-	1,112
Bond Anticipation Notes	-	-	-	1,508,392	113,024	680,000	-	3,357,500	-	-	-	-	4,037,500
Deferred revenue	66,133	-	-	-	-	15,093	-	-	-	-	-	-	1,702,642
Total Liabilities	71,460	354,133	383,362	2,616,602	250,536	695,093	-	3,375,268	-	-	-	-	7,746,454
<b>Fund Balance</b>													
<b>Reserved</b>													
Reserved for encumbrances	-	897	3,554	19,504	-	969,103	-	116,302	-	-	-	-	1,109,360
Reserved for debt	-	-	11,824	15,210	-	-	-	-	-	-	-	-	27,034
Reserved for noncurrent receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserved for Repairs	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Unreserved</b>													
Designated-ensuing years' budget	-	-	-	-	3,626	-	-	-	-	-	-	-	3,626
Undesignated	454,446	(353,040)	(389,740)	(339,294)	(167,997)	(974,330)	3,196	(2,148,530)	-	-	-	-	(3,915,289)
Total Fund Balance	454,446	(352,143)	(374,362)	(304,580)	(164,371)	(5,227)	3,196	(2,032,228)	-	-	-	-	(2,775,269)
<b>Total Liabilities and Fund Balance</b>	\$ 525,906	\$ 1,990	\$ 9,000	\$ 2,312,022	\$ 86,165	\$ 689,866	\$ 3,196	\$ 1,343,040	\$ -	\$ -	\$ -	\$ -	\$ 4,971,185

See the accompanying notes to the financial statements.

**THE CITY OF BINGHAMTON, NEW YORK  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

	Section Eight	SPECIAL REVENUE FUNDS					CAPITAL PROJECTS FUNDS				Total Nonmajor Funds	
		Golf Fund	Parking Ramps Fund	Water Fund	Refuse Fund	Public Safety	Economic Assistance	Culture and Recreation				
<b>REVENUES</b>												
Real property tax	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-
Charges for current services	-	387,468	5,233,742	901,722	-	-	-	-	-	-	-	7,198,290
Use of Money and Property	1,984	-	216,477	-	-	-	-	-	-	-	-	230,285
Licenses and permits	-	11,824	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Sales of property	-	-	5,397	-	23,927	-	-	-	-	-	-	29,324
Miscellaneous	17	7	2,350	31,419	88,123	-	-	13,428	-	-	-	135,344
Interfund revenues	-	-	123,819	-	-	-	-	-	-	-	-	123,819
State Aid	-	-	-	-	525,020	-	-	102,412	-	-	-	627,432
Federal aid	1,459,607	-	-	-	421,809	-	-	-	-	-	-	1,881,416
<b>Total Revenues</b>	<b>\$ 1,461,608</b>	<b>\$ 387,475</b>	<b>\$ 5,581,785</b>	<b>\$ 933,141</b>	<b>\$ 1,058,879</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 115,840</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,225,910</b>
<b>EXPENDITURES</b>												
Current												
General Government	-	-	97,500	62,026	-	-	-	-	-	-	-	159,526
Public Safety	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Culture & Recreation	-	577,792	-	-	-	-	-	-	-	-	-	577,792
Home & Community Service	1,376,981	369,050	2,709,380	979,816	-	-	-	-	-	-	-	369,050
Capital Projects	-	-	-	-	849,140	-	-	736,489	-	-	-	5,066,177
Employee benefits	-	76,570	699,925	35,191	-	-	-	-	-	-	-	1,585,629
Debt Service	-	55,109	2,312,420	-	-	-	-	-	-	-	-	811,686
Total Expenses	1,376,981	500,729	5,819,225	1,077,033	849,140	-	-	736,489	-	-	-	2,629,737
Excess (deficiency) of revenues over expenditures	84,627	(113,254)	(152,818)	(143,892)	209,739	-	-	(620,649)	-	-	-	(973,687)
<b>OTHER FINANCING SOURCES</b>												
Bonds Redeemed from Appropriations	-	-	-	-	-	-	-	5,000	-	-	-	5,000
Proceeds from Serial Bonds	-	-	-	-	492,696	-	-	1,202,676	-	-	-	1,695,372
Operating transfer in	-	6,000	-	-	18,327	-	-	-	-	-	-	24,327
Operating transfers out	-	-	(162,250)	-	-	-	-	-	-	-	-	(162,250)
Total other financing sources	-	6,000	(162,250)	-	511,023	-	-	1,207,676	-	-	-	1,562,449
Net Change in fund balances	84,627	(107,254)	(152,818)	(143,892)	720,762	-	-	587,027	-	-	-	588,762
Fund Balances - beginning of year	369,819	(244,889)	(221,544)	(20,479)	(725,989)	-	-	(2,619,255)	-	-	-	(3,364,031)
<b>Fund Balance - end of year</b>	<b>\$ 454,446</b>	<b>\$ (352,143)</b>	<b>\$ (374,362)</b>	<b>\$ (164,371)</b>	<b>\$ (5,227)</b>	<b>\$ 3,196</b>	<b>\$ (2,032,228)</b>	<b>\$ 1,562,449</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,775,269)</b>

See the accompanying notes to the financial statements.