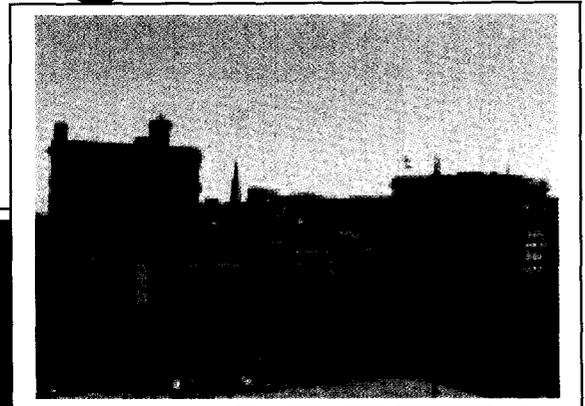


City of Binghamton



Annual Financial Report
Fiscal Year Ended December 31, 2008

**THE CITY OF BINGHAMTON, NEW YORK
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2008**

TABLE OF CONTENTS

<i>Independent Auditors' Report</i>	1
<i>Required Supplemental Information</i>	
Management's Discussion and Analysis	3
<i>Financial Statements</i>	
Statement of Net Assets	12
Statement of Activities.....	13
Balance Sheet – Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	17
Statement of Net Assets – Proprietary Fund.....	18
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund.....	19
Statement of Cash Flows – Proprietary Fund	20
Statement of Fiduciary Net Assets – Fiduciary Funds.....	21
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	22
Statement of Changes in Assets and Liabilities – Agency Funds	23
<i>Notes to the Financial Statements</i>	24
<i>Required Supplemental Information</i>	
Schedules of Funding Progress and Employer Contributions and Actuarial Information	52
Schedules of Funding Progress – OPEB Liability	53
Statement of Revenues, Expenditures and changes in Fund Balances – Budget and Actual	
General Fund	54
Sewer Fund.....	56
Golf Fund	57
Parking Ramps Fund	58
Water Fund	59
Refuse Fund.....	60
<i>Other Supplementary Information</i>	
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	62

Officers:
James J. Lewis, CPA*ABV, CVA*
Alan D. Piaker, CPA
Ronald L. Simons, CPA
Roy E. Fuller, CPA
John R. May, CPA*
Angelo J. Gallo, CPA
Richard A. Lynch, CPA
Amy E. Brown, CPA**
Janeen F. Sutryk, CPA*



Piaker & Lyons
CERTIFIED PUBLIC ACCOUNTANTS
Established in 1955

Philip M. Piaker, CPA
(1921-2003)
Abraham L. Piaker, CPA
(1925-2005)

Of Counsel:
Allan R. Lyons, CPA
Kenneth L. Coleman, CPA

Members of:
American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

(607) 729-9373
Fax: (607) 729-6893
Website: pnlepa.com

*Also Licensed in Pennsylvania
**Also Licensed in Maryland

Also Member of:
*National Association of Certified Valuation Analysts

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, 2008, 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, 2008, 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, 2008, 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.

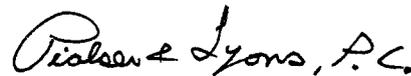
Piaker & Lyons

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 13, 2009, 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, the schedule of funding progress for the OPEB liability and the budgetary comparison schedules - 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 13, 2009

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, 2008. 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 \$26,138,228 (*net assets*). Of this amount, unrestricted net assets of \$11,997,138 may be used to meet the City's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$860,261.
- As of the close of the current fiscal year, the City of Binghamton's governmental funds reported combined ending fund balances of \$4,679,741 a decrease of \$4,894,592 in comparison with prior year. The City appropriated approximately \$590,000 from prior years unreserved fund balances in the 2009 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 \$2,258,158, or 4.4% of total general fund revenues.
- The City of Binghamton's governmental activities long-term liabilities decreased by \$4,752,016 during the current fiscal year.
- GASB 45 was implemented for the year ending December 31, 2008. This statement requires recognition of other post employment benefits (health insurance) expense and liability. As per actuarial study the City's OPEB is \$8,266,489. See Note 12 for a complete analysis.

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 was required in fiscal year 2007. 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 nine 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, and the capital fund, all of which are considered to be major funds. Data from the other six 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 52-60.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information on pages 61-62 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 \$26,138,228 at the close of the 2008 fiscal year.

City of Binghamton's Net Assets

	2007 Governmental Activities	2008 Governmental Activities
Current and other assets	\$ 52,179,160	\$ 52,591,053
Capital assets	<u>126,088,837</u>	<u>135,070,015</u>
Total assets	<u>178,267,997</u>	<u>187,661,068</u>
Long-term liabilities	106,753,411	110,267,884
Other liabilities	<u>44,516,097</u>	<u>51,254,956</u>
Total liabilities	<u>151,269,508</u>	<u>161,522,840</u>
Net assets:		
Invested in capital assets, net of related debt	(7,336,843)	(2,924,487)
Restricted	15,758,033	17,065,577
Unrestricted	<u>18,577,299</u>	<u>11,997,138</u>
	<u>\$ 26,998,489</u>	<u>\$ 26,138,228</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 (\$2,924,487). 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 \$17,065,577. The remaining \$11,997,138 of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets decreased by \$860,261 during the current fiscal year ended December 31, 2008. This is attributable to expenses exceeding revenues in 2008.

City of Binghamton's Changes in Net Assets

	2007 Governmental Activities	2008 Governmental Activities
Program Revenues:		
Charges for Services	\$ 19,865,584	\$ 20,742,818
Operating Grants and Contributions	5,197,837	3,634,898
Capital Grants and Contributions	4,876,363	1,959,855
General Revenues:		
Property Taxes	24,139,400	26,334,210
Real Property Tax Items	10,769,123	10,942,193
Investment Earnings and Rental Fees	1,450,099	1,188,121
State Aid	9,556,636	12,398,963
Miscellaneous	1,313,379	1,207,396
Gain on Sale of Property and Compensation for Loss	73,108	252,574
Total Revenues	77,241,529	78,661,028
Expenses:		
General government support	6,664,636	9,105,756
Public Safety	32,206,809	37,575,473
Health	53,442	66,560
Transportation	2,318,829	2,390,346
Culture and recreation	3,869,372	4,496,688
Home and community services	24,765,581	20,962,995
Debt Service	5,113,523	4,923,471
Total expenses	74,992,192	79,521,289
Increase (decrease) in net assets	2,249,337	(860,261)
Net assets - Beginning	19,947,670	26,998,489
Add-Infrastructure acquired prior to 2003	4,801,482	-
Net assets - Ending	\$ 26,998,489	\$ 26,138,228

Governmental activities. Governmental activities decreased the City's net assets by \$860,261. The key element of this decrease was the increase in expenses in Public Safety.

Net Cost of Governmental Activities:

	2007	2008	2007	2008
	<u>Total Cost of</u>	<u>Total Cost of</u>	<u>Net (Cost) Revenue</u>	<u>Net (Cost) Revenue</u>
	<u>Services</u>	<u>Services</u>	<u>of Services</u>	<u>of Services</u>
General Government Support	\$ 6,664,636	\$ 9,105,756	\$ (5,041,834)	\$ (7,384,526)
Public Safety	32,206,809	37,575,473	(30,197,797)	(36,243,262)
Health	53,442	66,560	(52,540)	(53,465)
Transportation	2,318,829	2,390,346	567,113	(456,883)
Culture and Recreation	3,869,372	4,496,688	(3,333,104)	(3,792,340)
Home and Community Services	24,765,581	20,962,995	(1,880,723)	(2,792,614)
Debt Service	5,113,523	4,923,471	(5,113,523)	(2,560,628)
	<u>\$ 74,992,192</u>	<u>\$ 79,521,289</u>	<u>\$ (45,052,408)</u>	<u>\$ (53,283,718)</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 \$653,021 while total fund balance reached \$2,258,158. 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 1.27% of total general fund expenditures, while total fund balance represents 4.4% of that same amount.

The fund balance of the City's general fund decreased by \$511,763 during the current fiscal year.

Revenues from interest and earnings on investments have decreased in 2008. By mid 2008 interest rates started to decrease. Interest earnings that had been budgeted at \$1,152,000 finished the year at \$357,862 as interest on City investments decreased to .55% by the end of 2008.

City revenues increased due to the increase of state aid in the amount of \$741,000.

City expenses increased \$2.2 million in 2008 due to rising employee benefit costs, negotiated salary increases, and gas prices.

City Revenues

Governmental Funds – General Fund (Budget Basis)

Revenue	Amount	Percent
Real Property Taxes	\$ 26,334,210	51.40%
Other taxes	10,942,193	21.36%
Charges for current services	1,382,368	2.70%
Use of Money and property	357,862	0.70%
Licenses and permits	205,020	0.40%
Fines and forfeitures	443,167	0.86%
Sales of property	207,864	0.41%
Miscellaneous	360,419	0.70%
Interfund revenues	491,355	0.96%
State Aid	10,502,946	20.50%
Federal Aid	10,177	0.02%
Total Revenues	\$ 51,237,581	100.00%

City Expenditures

Governmental Funds – General Fund (Budget Basis)

Expenses	Amount	Percent
General Government	\$ 5,270,168	10.24%
Public Safety	20,694,479	40.22%
Health	35,335	0.07%
Transportation	1,323,464	2.57%
Culture & Recreation	2,543,836	4.94%
Home & Community Service	2,926,151	5.69%
Employee Benefits	14,043,632	27.30%
Debt Service	4,610,096	8.96%
Total	\$ 51,447,161	100.00%

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 \$507,597 increasing the net assets from \$(2,298,337) in 2007 to \$(2,805,934) in 2008. 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 a difference between the original budget and final amended budget in 2008 in the amount of \$27,536 in General Government and \$7,500 in Public Safety. The increases were due to increased revenue from parking tickets by hiring a management firm to issue tickets.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of December 31, 2008 amounts to \$135,070,015 (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. The City of Binghamton has a continuous street reconstruction project which added approximately \$11 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 \$92,585,000, Bond Anticipation Notes in the amount of \$38,864,506 and a lease obligation of \$1,398,267. Overall long-term debt liabilities and Bond Anticipation Notes increased by \$4,617,206 during 2008.

The increase was for street reconstruction, 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 67.16% of its statutory debt limit at December 31, 2008.

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 8.3% in January 2009, up from 5.6% in January 2008.

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. 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 2009 City budget raised the property tax levy by 14.244% for homestead and 15.124% for non-homestead.

Other Potentially Significant Matters

In 2008 the pension cost was \$3.7 million. The estimated cost of 2009 is \$3.9 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, 2008

ASSETS	<u>Primary Government</u>	<u>Component Units</u>
Cash	\$ 22,052,762	\$ 1,221,849
Receivables		
Loans, net	12,988,461	1,505,573
Other Receivables, net	6,339,884	-
Due From Other Governments	4,671,841	-
State and Federal Aid Receivable	1,882,870	-
Due from Fiduciary Fund	5,294	-
Deposits with Other Governments	3,437,541	-
Prepaid Expenses	1,160,085	-
Inventories	52,315	-
Capital Assets, net of accumulated depreciation	135,070,015	514,632
Total Assets	<u>187,661,068</u>	<u>3,242,054</u>
LIABILITIES		
Payables		
Accounts Payable	1,086,962	61,509
Accrued Liabilities	8,032,216	-
Other Liabilities	342,166	-
Contract retentions	163,764	-
Due to Other Governments	577,947	-
Bond Anticipation Notes	38,864,506	-
Accrued Interest	2,167,715	-
Deferred Revenues	19,680	-
Long-term Liabilities		
Due and Payable Within One Year		
Due to Other Governments	131,335	-
Compensated Absences Payable	288,841	-
Capital Lease Obligation	137,915	-
Installment Purchase	50,019	-
Bonds Payable	5,450,000	-
Due and Payable After One Year		
Due to Other Governments	140,497	-
Compensated Absences Payable	2,310,726	-
Capital Lease Obligation	1,260,352	-
Installment Purchase	51,710	-
Bonds Payable	92,180,000	-
Other Post Employment Benefits	8,266,489	-
Total Liabilities	<u>161,522,840</u>	<u>61,509</u>
NET ASSETS		
Investments in Capital Assets Net of Related Debt	(2,924,487)	-
Restricted For:		
Community Development Projects	16,784,913	-
Debt Service	280,664	-
Unrestricted	11,997,138	3,180,545
Total Net Assets	<u>\$ 26,138,228</u>	<u>\$ 3,180,545</u>

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) / Revenue & Changes in Net Assets	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities and Totals	Component Units
Primary Government						
General Government Support	\$ (9,105,756)	\$ 1,721,230	\$ -	\$ -	\$ (7,384,526)	\$ -
Public Safety	(37,575,473)	1,317,118	-	15,093	(36,243,262)	-
Health	(66,560)	1,565	-	11,530	(53,465)	-
Transportation	(2,390,346)	880,663	-	1,052,800	(456,883)	-
Culture and Recreation	(4,496,688)	454,348	-	250,000	(3,792,340)	-
Home and Community Services	(20,962,995)	16,367,894	3,634,898	630,432	(329,771)	-
Debt Service	(4,923,471)	-	-	-	(4,923,471)	-
Total governmental activities	\$ (79,521,289)	\$ 20,742,818	\$ 3,634,898	\$ 1,959,855	(53,183,718)	-
Component Units						
BURA	\$ (45,612)	\$ 20,000	\$ -	\$ -	\$ -	\$ (25,612)
BLDC	(396,407)	2,988	193,876	-	-	(199,543)
Total component units	\$ (442,019)	\$ 22,988	\$ 193,876	\$ -	\$ -	\$ (225,155)
General Revenues:						
Taxes						
Property Taxes, Levied for General Purposes					26,334,210	-
Real Property Tax Items					10,942,193	-
Investment Earnings and Rental Fees					1,188,121	77,607
State Aid					12,398,963	-
Miscellaneous					1,207,396	16,031
Gain on Sale of Property and Compensation for Loss					252,574	-
Total General Revenues					52,323,457	93,638
Change in Net Assets					(860,261)	(131,517)
Net Assets, Beginning of Year					26,998,489	3,312,062
Net Assets, End of Year					\$ 26,138,228	\$ 3,180,545

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	<u>Special Revenue Fund</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Community Development Block Grants</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	
ASSETS AND OTHER DEBITS					
Cash	\$ 3,215	\$ 3,279,655	\$ 15,132,444	\$ 3,614,129	\$ 22,029,443
Loans receivable (net)	-	12,892,484	95,977	-	12,988,461
Other receivables (net)	1,649,278	-	-	4,610,981	6,260,259
State and Federal receivables	153,708	-	1,729,162	-	1,882,870
Due from other funds	-	-	3,340,290	-	3,340,290
Due from Fiduciary Fund	-	-	5,294	-	5,294
Due from Proprietary Fund	-	-	626,473	-	626,473
Due from other governments	4,669,502	-	2,339	-	4,671,841
Prepaid Expenses	1,088,814	-	-	-	1,088,814
Inventories, at cost	25,858	-	-	-	25,858
Deposits with Others	-	-	3,380,769	56,772	3,437,541
Total Assets	\$ 7,590,375	\$ 16,172,139	\$ 24,312,748	\$ 8,281,882	\$ 56,357,144
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 355,684	\$ -	\$ 224,079	\$ 295,689	\$ 875,452
Accrued liabilities	2,449,212	-	-	2,100,887	4,550,099
Contract retentions	-	-	163,764	-	163,764
Due to other funds	1,693,802	-	-	1,646,488	3,340,290
Other Liabilities	260,841	-	-	50,988	311,829
Due to other governments	572,678	-	3,559	1,710	577,947
Bond Anticipation Notes Payable	-	-	38,864,506	-	38,864,506
Deferred revenue	-	-	19,680	2,973,836	2,993,516
Total Liabilities	5,332,217	-	39,275,588	7,069,598	51,677,403
Fund Balances					
Reserved for:					
Encumbrances	266,058	1,821,368	5,021,515	87,144	7,196,085
Debt	224,407	-	-	56,257	280,664
Inventories	25,858	-	-	-	25,858
Prepaid Expenses	1,088,814	-	-	-	1,088,814
Unreserved					
Designated for subsequent year					
General Fund	-	-	-	-	-
Special Revenue Funds	-	-	-	590,685	590,685
Undesignated					
General Fund	653,021	-	-	-	653,021
Special Revenue Funds	-	14,350,771	-	478,198	14,828,969
Capital Projects Funds	-	-	(19,984,355)	-	(19,984,355)
Total fund balance	2,258,158	16,172,139	(14,962,840)	1,212,284	4,679,741
Total liabilities and fund balances	\$ 7,590,375	\$ 16,172,139	\$ 24,312,748	\$ 8,281,882	\$ 56,357,144

See the accompanying notes to the financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008**

Total Fund Balances - Governmental Funds	\$	4,679,741
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.		129,710,872
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.		(2,805,934)
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		(1,054,388)
Deferred revenues are not available to pay current period expenditures and are therefore, deferred in the funds.		2,973,836
Accrued interest payable is not reported in the governmental funds		(2,143,015)
Other Post-Employment Benefits (OPEB) Payable		(8,266,489)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		(96,956,395)
Net Assets of Governmental Activities	\$	<u>26,138,228</u>

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, 2008

	<u>SPECIAL REVENUE FUND</u>				
	<u>General</u>	<u>Community Development Block Grant</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Government Funds</u>
REVENUES					
Real property tax	\$ 26,334,210	\$ -	\$ -	\$ -	\$ 26,334,210
Other taxes	10,942,193	-	-	-	10,942,193
Charges for current services	1,382,368	563,268	-	14,391,986	16,337,622
Use of money and property	357,862	48,714	192	781,353	1,188,121
Licenses and permits	205,020	-	-	-	205,020
Fines and forfeitures	443,167	-	-	-	443,167
Sales of property	207,864	-	81,509	-	289,373
Miscellaneous	360,419	8,963	177,108	50,822	597,312
Interfund revenues	491,355	-	-	101,826	593,181
State aid	10,502,946	294,750	1,874,443	-	12,672,139
Federal aid	10,177	3,624,721	85,412	1,601,267	5,321,577
Total Revenues	<u>51,237,581</u>	<u>4,540,416</u>	<u>\$ 2,218,664</u>	<u>16,927,254</u>	<u>74,923,915</u>
EXPENDITURES					
Current					
General Government	5,050,746	-	-	229,051	5,279,797
Public Safety	20,709,321	-	-	-	20,709,321
Health	35,151	-	-	-	35,151
Transportation	1,383,263	-	-	586,902	1,970,165
Culture & Recreation	2,540,681	-	-	352,911	2,893,592
Home & Community Service	2,931,818	3,059,991	-	8,505,145	14,496,954
Capital Projects	-	-	11,008,517	-	11,008,517
Employee benefits	14,043,632	-	-	1,278,201	15,321,833
Debt Service	4,610,096	-	-	5,593,766	10,203,862
Total Expenses	<u>51,304,708</u>	<u>3,059,991</u>	<u>11,008,517</u>	<u>16,545,976</u>	<u>81,919,192</u>
Excess (deficiency) of revenues over expenditures	(67,127)	1,480,425	(8,789,853)	381,278	(6,995,277)
OTHER FINANCING SOURCES (USES)					
Bonds Redeemed from Appropriation	-	-	2,462,843	-	2,462,843
Operating transfer in	-	-	747,356	57,427	804,783
Operating transfers out	(444,636)	(188,305)	-	(534,000)	(1,166,941)
Total other financing sources	<u>(444,636)</u>	<u>(188,305)</u>	<u>3,210,199</u>	<u>(476,573)</u>	<u>2,100,685</u>
Net Change in fund balances	(511,763)	1,292,120	(5,579,654)	(95,295)	(4,894,592)
Fund Balances - beginning of year	2,769,921	14,880,019	(9,383,186)	1,307,579	9,574,333
Fund Balance - end of year	<u>\$ 2,258,158</u>	<u>\$ 16,172,139</u>	<u>\$ (14,962,840)</u>	<u>\$ 1,212,284</u>	<u>\$ 4,679,741</u>

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, 2008**

Net change in fund balances- Total Governmental Funds	\$ (4,894,592)
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:	9,148,706
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	-
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.	5,005,287
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(549,809)
Increase in OPEB Liability	(8,266,489)
Enterprise Fund - Revenue and expenditures of the Regency Hotel are not included in the governmental funds	(795,767)
Internal service fund is used by management to charge risk management activities to individual funds	<u>(507,597)</u>
Change in net assets - Statement of Activities	\$ <u>(860,261)</u>

See the accompanying notes to financial statements.

CITY OF BINGHAMTON, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

	<u>Enterprise Fund Binghamton Regency Hotel</u>	<u>Internal Service Fund</u>
Assets		
Current Assets		
Cash	\$ 23,319	\$ -
Receivables, net	79,625	-
Inventories	26,457	-
Prepaid Expenses	<u>71,271</u>	<u>-</u>
Total Current Assets	<u>200,672</u>	<u>-</u>
Noncurrent Assets		
Capital Assets		
Land	388,000	-
Buildings and Improvements	4,766,170	-
Furniture, Fixtures, and Equipment	533,856	-
Less Accumulated Depreciation	<u>(328,883)</u>	<u>-</u>
Total Noncurrent Assets	<u>5,359,143</u>	<u>-</u>
Total Assets	<u><u>5,559,815</u></u>	<u><u>-</u></u>
Liabilities		
Current Liabilities		
Accounts Payable	207,160	4,350
Real Estate Taxes Payable	1,273,784	-
Accrued Interest	24,700	-
Deposits	30,337	-
Due to Government Fund	-	626,473
Accrued Liability	<u>33,222</u>	<u>2,175,111</u>
Total Current Liabilities	1,569,203	2,805,934
Noncurrent Liabilities		
Notes Payable	<u>5,045,000</u>	<u>-</u>
Total Liabilities	<u>6,614,203</u>	<u>2,805,934</u>
Net Assets		
Invested in Capital Assets, net of Related Debt	314,143	-
Unrestricted	<u>(1,368,531)</u>	<u>(2,805,934)</u>
Total Net Assets	<u><u>\$ (1,054,388)</u></u>	<u><u>\$ (2,805,934)</u></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, 2008

	Enterprise Fund Binghamton Regency Hotel	Internal Service Fund
Operating Revenues		
Charges For Services	\$ 3,093,384	\$ 1,213,434
Other	-	16,903
	<hr/>	<hr/>
Total Operating Revenues	<u>3,093,384</u>	<u>1,230,337</u>
Operating Expenses		
Departmental Expenses		
Rooms Department	744,020	-
Food Department	1,058,904	-
Beverage Department	56,994	-
Other Department	60,663	-
General and Administrative	464,198	161,628
Marketing and Sales	-	180,045
Management Fees	70,840	-
Utilities	400,395	-
Repairs and Maintenance	296,070	-
Insurance	65,414	84,919
Real Estate Taxes	512,352	-
Depreciation	172,428	-
Provision for Incurred Losses	-	61,298
Other Benefits	-	1,430,089
	<hr/>	<hr/>
	<u>4,082,323</u>	<u>1,737,934</u>
Operating Loss	<u>(988,939)</u>	<u>(507,597)</u>
Nonoperating Revenues (Expenses)		
Interest Income	-	-
Interest Expense	(168,986)	-
	<hr/>	<hr/>
Total Nonoperating Revenues (Expenses)	<u>(168,986)</u>	<u>-</u>
Loss Before Transfers	(1,157,925)	(507,597)
Transfers In	362,158	-
	<hr/>	<hr/>
Change In Net Assets	(795,767)	(507,597)
Net Assets - Beginning of Year	(258,621)	(2,298,337)
	<hr/>	<hr/>
Net Assets - End of Year	<u>\$ (1,054,388)</u>	<u>\$ (2,805,934)</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, 2008

	Enterprise Fund Binghamton Regency Hotel	Internal Service Fund
Cash Flows From Operating Activities		
Cash Received From Customers	\$ 3,117,659	\$ 1,371,381
Cash Received From Others	-	29,406
Payments To Suppliers	(1,962,506)	-
Payments To Employees	(1,456,087)	-
Payments For Contractual Expenses	-	(1,400,787)
Net Cash Provided By (Used In) Operating Activities	(300,934)	-
Cash Flows From Noncapital Financing Activities		
Transfers From Other Funds	362,158	-
Cash Flows From Capital And Related Financing Activities		
Purchase of Capital Assets	(4,900)	-
Interest Paid on Capital Debt	(168,986)	-
	(173,886)	-
Cash Flows From Investing Activities		
Interest Income	-	-
Net Decrease in Cash and Cash Equivalents	(112,662)	-
Cash and Cash Equivalents at Beginning of Year	135,981	-
Cash and Cash Equivalents at End of Year	23,319	-
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	(988,939)	(507,597)
Adjustments to Reconcile Operating Loss To Net Cash Used in Operating Activities		
Depreciation Expense	172,428	-
Changes In Assets and Liabilities		
Receivables, net	24,275	170,450
Inventories	6,775	-
Prepaid Expenses	30,620	-
Due to Governmental Fund	-	626,473
Accounts Payable	137,331	(404,815)
Real Estate Taxes Payable	308,355	-
Accrued Interest	(19,319)	-
Deposits	11,092	-
Accrued Liability	16,448	115,489
Net Cash Used in Operating Activities	\$ (300,934)	\$ -

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.

See the accompanying notes to financial statements.

THE CITY OF BINGHAMTON, NEW YORK
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2008

	Police and Fire Pension <u>Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
Assets			
Cash	\$ -	\$ 451,792	\$ 451,792
Cash-restricted	<u>-</u>	<u>219,507</u>	<u>219,507</u>
Total Assets	<u>\$ -</u>	<u>671,299</u>	<u>\$ 671,299</u>
 Liabilities and Net Assets			
<u>Liabilities</u>			
Accrued Liabilities	\$ -	\$ 671,299	\$ 671,299
Due to Governmental Fund	<u>5,294</u>	<u>-</u>	<u>5,294</u>
Total liabilities	<u>5,294</u>	<u>671,299</u>	<u>676,593</u>
 <u>Net Assets</u>	 <u>(5,294)</u>	 <u>-</u>	 <u>(5,294)</u>
 Total Liabilities and Net Assets	 <u>\$ -</u>	 <u>\$ 671,299</u>	 <u>\$ 671,299</u>

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, 2008**

	Police Pension Trust	Fire Pension Trust	Total
ADDITIONS			
Interest	\$ -	\$ -	\$ -
Total Additons	-	-	-
DEDUCTIONS			
Benefits	15,919	15,229	31,148
Total Deductions	15,919	15,229	31,148
Net Loss	(15,919)	(15,229)	(31,148)
 Net assets			
Beginning of year	(22,368)	48,222	25,854
End of year	<u>\$ (38,287)</u>	<u>\$ 32,993</u>	<u>\$ (5,294)</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, 2008

	<u>Balance</u> <u>Dec. 31, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2008</u>
<u>Assets</u>				
Cash	\$ 198,345	\$ 253,447	\$ -	\$ 451,792
Cash-restricted	15,614	203,893	-	219,507
Total Assets	\$ <u>213,959</u>	\$ <u>457,340</u>	\$ <u>-</u>	\$ <u>671,299</u>
<u>Liabilities</u>				
Accrued liabilities	\$ <u>213,959</u>	\$ <u>457,340</u>	\$ <u>-</u>	\$ <u>671,299</u>
Total liabilities	\$ <u>213,959</u>	\$ <u>457,340</u>	\$ <u>-</u>	\$ <u>671,299</u>

See the accompanying notes to the financial statements.

City of Binghamton, New York
Notes to the Financial Statements
For Year Ended December 31, 2008

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 seven 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 segments 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

The Capital Projects fund is a major fund which provides funding for large projects which normally cannot be completed in one fiscal year. The fund provides financial accounting for bonding, grants, and funds transferred from other funds. The Capital Projects Fund is composed of six projects. 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 remaining three project funds are Public Safety, Economic Assistance, and Culture & Recreation which are used to account for financial resources attributed to each of these areas.

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

Additionally, the City reports the following fund types:

Special Revenue Funds – nonmajor funds

Special Revenue Funds include Water, Sewer, 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.

Agency Funds

The Agency Funds are used to account for custodial transactions in which assets equal liabilities. They are fiduciary funds, which are 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

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 expense.

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.

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, 2008. 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, 2008**

	Binghamton Urban Renewal Agency	Binghamton Local Development Corporation (8/31/08)	Totals
ASSETS			
Cash	\$ 5,515	\$ 1,216,334	\$ 1,221,849
Loans Receivable (net)	-	1,505,573	1,505,573
Land	446,632	68,000	514,632
Total Assets	\$ 452,147	\$ 2,789,907	\$ 3,242,054
LIABILITIES			
Accounts Payable	\$ -	\$ 61,509	\$ 61,509
Due to other governments	-	-	-
Total Liabilities	-	61,509	61,509
FUND EQUITY			
Retained earnings	-	2,728,398	2,728,398
Fund Balance	452,147	-	452,147
Total Equity	452,147	2,728,398	3,180,545
Total Liabilities and Equity	\$ 452,147	\$ 2,789,907	\$ 3,242,054

**CITY OF BINGHAMTON
CONDENSED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Binghamton Urban Renewal Agency</u>
Revenues	\$ 20,143
Expenditures	
Home and Community Services	45,612
Excess (deficiency) of revenues (over) expenditures	(25,469)
Fund balance - beginning	477,616
Fund Balance - Ending	\$ 452,147

CITY OF BINGHAMTON
CONDENSED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2008

	Binghamton Local Development Corporation (8/31/08)
Operating Revenues	\$ 290,359
Operating Expenses	
Home and Community Services	396,407
Net Income	(106,048)
Retained Earnings - beginning	2,834,446
Retained Earnings - ending	\$ 2,728,398

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 2008, 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, 2008.

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 then \$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. All other infrastructure completed prior to 2003 have not yet been 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 \$362,158 in contributed capital during 2008.

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, 2008 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

The City adopted the provisions of Governmental Accounting Standard Board Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions". This Statement requires the costs and obligations of other post employment benefits (OPEB) other than pensions to be recognized over the term of employment (see Note 12).

Note 3. Stewardship Compliance and Accountability

A deficit in the undesignated portion of the fund balance of the Capital Projects Funds arises because funds were borrowed on a Bond Anticipation Note (BAN), which is not recognized as revenue. This BAN in the amount of \$26,758,298 matures on 2/05/2010.

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 2008 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 2008 the deficit was decreased by approximately \$30,000. During 2009 many added events at the Arena were scheduled which will enhance revenues. Also the Parking Authority reviewed the rate structure and City Council approved a \$4 charge per car for special events.

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 which helped to reduce the deficit about \$265,000 from 2007.

A deficit in the Net Assets of \$2,805,934 in the Internal Service Fund at year end is the result of increases in the estimated liability in workers compensation.

The City has a \$1,054,388 deficit as of December 31, 2008 in The Binghamton Regency Hotel Enterprise Fund. The City sold the Regency in February 2009 for the amount of \$6,500,000. The City received \$876,213 downpayment. The final settlement will be made in October 2009 after all

outstanding taxes, environmental problems, and HUD loans are reconciled.

The Golf Fund, Water Fund, Parking Ramp, and Refuse 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 with the presentation of the 2010 proposed budget.

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, 2008, the carrying amount of the City's deposits was \$22,700,742 and the bank balances were \$20,136,692. The City's deposits in banks at December 31, 2008, 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:

	Government Activities	Fiduciary Funds	Enterprise Fund	Component Units
Cash	\$ 22,029,473	\$ 451,792	\$ 23,319	\$ 1,221,849
Cash-Restricted	-	219,507	-	-
Total	<u>\$ 22,029,473</u>	<u>\$ 671,299</u>	<u>\$ 23,319</u>	<u>\$ 1,221,849</u>

Component Units:

BLDC – The carrying amount of deposits was \$1,216,334 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 \$5,515 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, 2008 consist of the following: (expressed in thousands)

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Receivables				
Loans	\$ -	\$ 12,892	\$ 96	\$ 12,988
Accounts	2,052	4,611	-	6,663
Federal & State Receivables	154	-	1,729	1,883
Other Governments	<u>4,669</u>	<u>-</u>	<u>2</u>	<u>4,671</u>
Gross Receivables	6,875	17,503	1,827	26,205
Less: Allowance for Uncollectible	<u>(403)</u>	<u>-</u>	<u>-</u>	<u>(403)</u>
Net Total Receivables	<u>\$ 6,472</u>	<u>\$ 17,503</u>	<u>\$ 1,827</u>	<u>\$ 25,802</u>

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.

Accounts Receivable in General Fund and Special Revenue Funds are amounts due the City for tax lien sales, ambulance services, water and sewer billings, and purchase of City garbage bags.

Federal and State Receivables in the General Fund and Capital represent outstanding state aid and reimbursements for grants.

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 15th and August 15th 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 Million 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.

Note 6. Capital Assets

The following is a summary of changes in the Capital Assets account group during the year ended December 31, 2008:

Class	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
Capital Assets not being depreciated				
Land	\$ 4,279,869	\$ -	\$ -	\$ 4,279,869
Construction in progress	<u>62,326,663</u>	<u>11,008,517</u>	<u>3,786,338</u>	<u>69,548,842</u>
Total Capital Assets not being depreciated	66,606,532	11,008,517	3,786,338	73,828,711
Capital assets being depreciated				
Buildings	32,903,123	-	-	32,903,123
Machinery and Equipment	19,601,441	1,596,494	373,139	20,824,796
Infrastructure	27,586,188	3,786,338	-	31,372,526
Investment in joint venture	<u>18,094,849</u>	<u>-</u>	<u>-</u>	<u>18,094,849</u>
Total Capital assets being depreciated	<u>\$ 98,185,601</u>	<u>\$ 5,382,832</u>	<u>\$ 373,139</u>	<u>\$ 103,195,294</u>
Less accumulated depreciation for:				
Buildings	17,788,071	791,220	-	18,579,291
Machinery and equipment	10,233,126	1,090,002	336,340	10,986,788
Infrastructure	3,576,621	1,153,579	-	4,730,200
Investment in Joint Venture	<u>12,632,149</u>	<u>384,705</u>	<u>-</u>	<u>13,016,854</u>
Total accumulated depreciation	<u>44,229,967</u>	<u>3,419,506</u>	<u>336,340</u>	<u>47,313,133</u>
Total Capital assets, being depreciated, net	<u>53,955,634</u>	<u>1,963,326</u>	<u>36,799</u>	<u>55,882,161</u>
Governmental activities capital assets, net	<u>\$ 120,562,166</u>	<u>\$ 12,971,843</u>	<u>\$ 3,823,137</u>	<u>\$ 129,710,872</u>
Binghamton Regency Hotel				
Land	\$ 388,000	\$ -	\$ -	\$ 388,000
Buildings and Improvements	4,761,270	4,900	-	4,766,170
Furniture, Fixtures, and Equipment	533,856	-	-	533,856
Accumulated Depreciation	<u>(156,455)</u>	<u>(172,428)</u>	<u>-</u>	<u>(328,883)</u>
	<u>5,526,671</u>	<u>(167,528)</u>	<u>-</u>	<u>5,359,143</u>
Total	<u>\$ 126,088,837</u>	<u>\$ 12,804,315</u>	<u>\$ 3,823,137</u>	<u>\$ 135,070,015</u>

Depreciation Expense was charged to Governmental Activities as follows:

General Government	\$ 1,485,878
Public Safety	396,939
Health	-
Transportation	282,643
Culture and Recreation	199,602
Home and Community Services	<u>1,054,444</u>
Total Governmental Fund Depreciation Expense	3,419,506
Binghamton Regency Hotel Depreciation	<u>172,428</u>
Total Depreciation Expense	<u>\$ 3,591,934</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, 2008.

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, 2008, 2,541 liability claims were served on the City, of which 2,520 are closed and 21 remain open and active claims. The 2,520 cases closed were settled for \$2,599,170 in satisfaction of \$99,777,542 in claimed damages. Active cases have claimed \$22,777,221 in damages, which the City estimates will result in no payments to satisfy these claims.

On July 1, 1995, the City became self-insured for workers' compensation. From July 1, 1995 to December 31, 2008, a total of 1202 workers' compensation claims were made against the City resulting in total payments of \$6,829,962. The City annually appropriates funds for bi-weekly compensation pay awarded to disabled employees or surviving family. The City has reserves of \$2,134,246 to satisfy total incurred losses of \$2,134,246. 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 2007 and 2008 follow:

	Balance January 1	Changes in Estimates	Claims Payment	Balance December 31
2007 General Liability / Workers' Compensation	\$ 1,006,429	\$ 1,053,725	\$ 532	\$ 2,059,622
2008 General Liability/ Workers' Compensation	\$ 2,059,622	\$ 924,028	\$ 808,539	\$ 2,175,111

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	\$414,039
Less: Interest accrued in the prior year	(685,876)
Plus: Interest accrued in the current year	518,427
Total Expense	<u>\$246,590</u>

Transactions in short-term debt for the year ended December 31, 2008 are summarized below:

Loan Type	Purpose	Maturity Date	Interest Rate	Balance 12/31/2007	Issued	Redeemed	Balance 12/31/2008
BAN	Various Capital Projects	02/01/2008	4.25%	\$ 6,332,840	-	\$ 6,332,840	-
BAN	Wastewater Plant	02/08/2008	4.25%	11,272,500	-	11,272,500	-
BAN	Various Capital Projects	01/30/2009	2.05%	-	3,970,000	-	3,970,000
BAN	Various Capital Projects	02/06/2009	2.08%	-	23,277,500	-	23,277,500
BAN	Wastewater Plant		0	11,717,006	-	100,000	11,617,006
				<u>\$ 29,322,346</u>	<u>\$ 27,247,500</u>	<u>\$ 17,705,340</u>	<u>\$ 38,864,506</u>

B. Long Term Debt

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

Interest Paid	\$ 4,877,620
Less: Interest accrued in the prior year	(1,754,430)
Plus: Interest accrued in the current year	<u>1,649,287</u>
Total expense	<u>\$ 4,772,477</u>

Transactions in long-term debt for the year ended December 31, 2008 are summarized below:

	<u>Balance</u> 12/31/2007	<u>Issued or</u> <u>Acquired</u>	<u>Redeemed</u>	<u>Balance</u> 12/31/2008	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Bonds Payable					
General Obligation Debt	\$ 97,378,157	\$ -	\$ (4,793,157)	\$ 92,585,000	\$ 5,450,000
Regency Hotel	5,045,000	-	-	5,045,000	-
Other Liabilities					
Due to Other Governments	394,602	-	(122,770)	271,832	131,335
Compensated Absences	2,255,478	344,089	-	2,599,567	288,841
Capital Lease Obligation	1,530,063	-	(131,796)	1,398,267	137,915
Installment Purchase	150,111	-	(48,383)	101,728	50,019
	<u>\$ 106,753,411</u>	<u>\$ 344,089</u>	<u>\$ (5,096,106)</u>	<u>\$ 102,001,394</u>	<u>\$ 6,058,110</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	2.6%-5%	\$ 36,571,122
Parking Ramps	2.6%-5%	3,800,839
Water	2.6%-5%	19,068,336
Golf	2.6%-5%	399,883
Sewer	2.6%-5%	<u>32,744,820</u>
Total		<u>\$ 92,585,000</u>

Annual debt service requirements to maturity of general obligation bonds, including interest of \$40,787,727 are as follows:

<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
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	5,130,000	3,058,310	8,188,310
2014-2018	23,245,000	12,008,634	35,253,634
2019-2023	19,075,000	7,201,723	26,276,723
2024-2028	15,140,000	3,230,111	18,370,111
2029-2033	6,340,000	730,984	7,070,984
2034	<u>810,000</u>	<u>18,504</u>	<u>828,504</u>
Total	<u>\$ 92,585,000</u>	<u>\$ 40,787,787</u>	<u>\$ 133,372,787</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 2.40% at December 31, 2008. No principal payments are required until August 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).

<u>Fiscal Year Ending</u>	<u>NYSPFRS</u>		<u>Annual Debt</u>
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2009	\$ 131,335	\$ 18,964	\$ 150,299
2010	<u>140,497</u>	<u>9,801</u>	<u>150,298</u>
Total	<u>\$ 271,832</u>	<u>\$ 28,765</u>	<u>\$ 300,597</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, 2008 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, 2008, to the expiration of the lease are as follows:

Minimum lease payments	\$ 1,704,511
Less: Imputed Interest	<u>(306,244)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,398,267</u>

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

2009	\$ 200,531
2010	200,531
2011	200,531
2012	200,531
2013	200,531
2014-2017	<u>701,856</u>
Total	<u>\$ 1,704,511</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	\$106,918
Less: Interest	(5,190)
Present Value of Minimum Lease Payments	<u>\$101,728</u>

The following is a schedule of the repayment of the obligation

<u>Year</u>	<u>Amount</u>
2009	53,459
2010	53,459
	<u>\$101,728</u>

Obligations Authorized But Not Issued (General Obligation Serial Bonds)

	<u>Date of Authorization</u>	<u>Ord. No.</u>	<u>Purpose</u>	<u>Amount</u>
1	January 19, 1999	99-2	Various Improvements	\$ 390,000
2	August 21, 2000	00-109	Improvements Treatment Plant	2,000,000
3	February 5, 2007	07-4	Various Improvements	5,225,000
4	February 7, 2007	07-5	Various Improvements	150,000
5	February 4, 2008	08-6	Various Improvements	2,720,000
6	February 4, 2008	08-10	Various Improvements	612,702
				<u>\$ 11,097,702</u>

Note 9. Interfund Assets/Liabilities and Operating Transfers

The following is a summary of interfund transactions for the year ended December 31, 2008.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
Community Development				
Block Grant	\$ -	\$ -	\$ -	\$ 188,305
Regency Hotel	-	-	362,158	-
Agency Fund	-	5,294	-	-
General Fund	-	1,693,802	-	444,636
Golf Fund	-	392,145	57,427	-
Water Fund	-	803,660	-	257,000
Sewer Fund	-	-	-	260,000
Parking Fund	-	292,881	-	17,000
Capital Fund	3,972,057	-	747,356	-
Internal Service Fund	-	626,473	-	-
Refuse Fund	-	157,802	-	-
	<u>\$ 3,972,057</u>	<u>\$ 3,972,057</u>	<u>\$ 1,166,941</u>	<u>\$ 1,166,941</u>

Transfers out to the Capital Fund are for Capital project expenditures (\$747,356). 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, 2008 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 eight contracts for uncompleted construction projects totaling \$788,335 as of December 31, 2008. 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. Principal payments began in 1999. In 2008 the City of Binghamton signed an agreement with HUD to refinance the loan and has been paying interest at variable rates.

The City was not required to pledge its full faith and credit. The required security is limited to future federal grants under the Housing & Community Development Act of 1974, proceeds from foreclosure sale of the property, and if necessary, certain other funds generated by Federal Grant Programs. During 2008, \$213,885 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, 2008 is as follows:

<u>Fiscal Year Ending</u>	<u>Repair /</u>
<u>December 31</u>	<u>Replacement Payments</u>
2009	\$ 50,000
2010	50,000
2011	50,000
2012	50,000
	<hr/>
Total	\$ 200,000

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. Effective January 1, 2009, the City of Binghamton no longer reimburses the cost of Medicare.

For the fiscal year ending December 31, 2008 there were 409 retirees receiving benefits. The cost of these benefits was \$2,907,186.

GASB 45 was implemented for the year ended December 31, 2008. This statement requires recognition of other post employment benefits (health insurance) expense and liability. As per actuarial study the City's net OPEB is \$8,266,489.

Plan Description: The Retiree Medical Insurance Plan is a self-insured healthcare plan administered by the City. The Plan provides coverage to eligible retirees and their spouses. For retirees 65 and older, this

plan is secondary to Medicare Parts A and B. The prescription drug coverage however is the same for all retirees. The City issues a publicly available financial report that includes financial statements and required supplemental information for the Plan. That report may be obtained in writing to the City at City Hall, Binghamton, New York 13901.

Funding Policy: This liability is not required to be funded, and is currently not being funded by the City.

Annual OPEB Cost and Net OPEB Obligations: The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not exceeding thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s OPEB obligation to the Plan:

Annual Required Contribution	\$ 11,442,378
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	11,442,378
 Contributions Made	 (3,175,889)
Increase in Net OPEB Obligation	8,266,489
 Net OPEB Obligation - Beginning of Year	 -
 Net OPEB Obligation - End of Year	 \$ 8,266,489

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 11,442,378	27.80%	\$ 8,266,489

Funded Status and Funding Progress: As of January 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$130,997,882 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$130,997,882. Actuarial valuations of an ongoing plan involve estimates of the value of report amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject

to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits in the current year. Due to the current year being the year of implementation, only one year is shown in the schedule for the year ended December 31, 2008.

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

In the January 1, 2008, actuarial valuation, the actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a rate of the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate 10% initially, reduced to an ultimate rate of 5% until 2013. This rate includes 3.5% payroll growth assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 29 years.

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:

<u>Group - as of December 31, 2008</u>	<u>Police</u>	<u>Fire</u>
Retirees and Beneficiaries	3	3
Vested Terminated Employees	0	0
Active Employees	0	0

final average salary. Surviving widows of retirees are entitled to a uniform monthly benefit, which amounted to \$423 as of December 31, 2008. 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

During the year ended December 31, 2008, 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, 2008. 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, 2008 and the General Fund will transfer funds as needed.

There were no required contributions for the current year and the two preceding years.

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, 2008

	<u>Police Pension Trust</u>	<u>Fire Pension Trust</u>	<u>Total</u>
Liabilities			
Due To/From General Fund	\$ (38,287)	\$ 32,993	\$ (5,294)
Total Liabilities	<u>\$ (38,287)</u>	<u>\$ 32,993</u>	<u>\$ (5,294)</u>
Net Assets	<u>\$ (38,287)</u>	<u>\$ 32,993</u>	<u>\$ (5,294)</u>

THE CITY OF BINGHAMTON, NEW YORK
 COMBINED STATEMENT OF CHANGES IN PLAN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2008

DEDUCTIONS	
Benefits	\$ (31,148)
Total Deductions	(31,148)
Net Loss	(31,148)
Net assets	
Beginning of year	25,854
End of Year	\$ (5,294)

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 NYRSSL, 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 2008 was \$31,695,697 of which \$12,641,734 was attributable to employees covered by the Employees' Retirement System and \$17,462,976 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>	
	<u>Dollars</u>	<u>As a % of Covered Salaries</u>	<u>Dollars</u>	<u>As a % of Covered Salaries</u>
2008	\$ 1,032,795	8.20%	\$ 179,305	2.00%
2007	1,057,717	8.67%	159,212	1.30%
2006	1,172,232	10.01%	138,565	1.18%

PFRS

	<u>Employers Contribution</u>		<u>Employees Contribution</u>	
	<u>Dollars</u>	<u>As a % of Covered Salaries</u>	<u>Dollars</u>	<u>As a % of Covered Salaries</u>
2008	\$ 2,707,510	15.50%	\$ -	0.00%
2007	3,171,007	18.24%	-	0.00%
2006	2,872,474	15.98%	-	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 two Serial Bonds totaling \$13,243,428 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, 2008**

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>
<u>Police Fund</u>					
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	-
2008	(38,287)	26,050	-146.98%	64,337	-
<u>Fire Fund</u>					
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)	-
2008	32,993	27,515	119.91%	(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.

**CITY OF BINGHAMTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS - OPEB LIABILITY
 FOR FISCAL YEAR ENDED DECEMBER 31, 2008**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
January 1, 2008	0	\$ 130,997,882	\$ 130,997,882	0.00%	\$ 24,923,657	525.60%

See the accompanying notes to 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, 2008

54

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Modified Budget	Actual	
Revenues				
Property Taxes	\$ 26,292,022	\$ 26,292,022	\$ 26,334,210	\$ 42,188
Other taxes	10,588,010	10,588,010	10,942,193	354,183
Charges for current services	1,346,350	1,353,850	1,360,975	7,125
Intergovernmental charges	21,393	21,393	21,393	-
Use of money and property	1,152,000	1,152,000	357,862	(794,138)
Licenses and permits	188,000	208,000	205,020	(2,980)
Fines and forfeitures	451,500	451,500	443,167	(8,333)
Sales of property	62,500	62,500	207,864	145,364
Miscellaneous	154,500	154,500	360,419	205,919
Interfund revenues	516,555	516,555	491,355	(25,200)
State aid	9,717,593	9,717,593	10,502,946	785,353
Federal Aid		7,536	10,177	2,641
Total Revenue	<u>50,490,423</u>	<u>50,525,459</u>	<u>51,237,581</u>	<u>712,122</u>
Appropriated Fund Balance	<u>1,889,351</u>	<u>1,889,351</u>	<u>-</u>	<u>(1,889,351)</u>
Total All Sources	\$ <u>52,379,774</u>	\$ <u>52,414,810</u>	\$ <u>51,237,581</u>	\$ <u>(1,177,229)</u>

(Continued)

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, 2008

	General Fund			
	Original Budget	Modified Budget	Actual	Variance Favorable (Unfavorable)
Expenditures				
Current:				
General Government	\$ 4,936,184	\$ 4,963,720	\$ 5,270,168	\$ (306,448)
Public Safety	20,338,388	20,345,888	20,694,479	(348,591)
Health	37,721	37,721	35,335	2,386
Transportation	1,235,000	1,235,000	1,323,464	(88,464)
Culture & recreation	2,506,712	2,506,712	2,543,836	(37,124)
Home & community service	2,969,909	2,969,909	2,926,151	43,758
Employee benefits	15,474,880	15,474,880	14,043,632	1,431,248
Debt service	4,610,197	4,610,197	4,610,096	101
Total Expenditures	<u>52,108,991</u>	<u>52,144,027</u>	<u>51,447,161</u>	<u>696,866</u>
Other Financing Uses				
Operating transfers out	<u>270,783</u>	<u>270,783</u>	<u>270,783</u>	<u>-</u>
Total Expenditures and Other Uses	<u>52,379,774</u>	<u>52,414,810</u>	<u>51,717,944</u>	<u>696,866</u>
Excess of revenues and other sources over expenditures and other uses - Budget Basis	\$ <u>-</u>	\$ <u>-</u>	(480,363)	\$ <u>(480,363)</u>
Add encumbrances at end of year			266,058	
Less encumbrances at beginning of year			(297,458)	
Fund Balance-beginning of year			2,769,921	
Fund Balance - end of year			<u>\$ 2,258,158</u>	

55

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, 2008

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>				
Charges for current services	\$ 5,616,000	\$ 5,616,000	\$ 5,922,184	\$ 306,184
Use of money and property	781,000	781,000	536,418	(244,582)
Miscellaneous	-	-	161	161
Interfund Revenue	-	-	-	-
Total Revenues	<u>6,397,000</u>	<u>6,397,000</u>	<u>6,458,763</u>	<u>61,763</u>
<u>Other Financing Sources</u>				
Interfund Transfer	-	-	-	-
Appropriated fund balance	<u>635,685</u>	<u>635,685</u>	-	(635,685)
Total	<u>7,032,685</u>	<u>7,032,685</u>	<u>6,458,763</u>	<u>(573,922)</u>
<u>Expenditures</u>				
Current:				
General government support	84,746	84,746	84,746	-
Home and community service	3,546,577	3,546,577	3,395,737	150,840
Employee benefits	415,016	415,016	385,392	29,624
Debt service	<u>2,726,346</u>	<u>2,726,346</u>	<u>2,826,547</u>	<u>(100,201)</u>
Total expenditures	<u>6,772,685</u>	<u>6,772,685</u>	<u>6,692,422</u>	<u>80,263</u>
<u>Other Financing Uses</u>				
Operating transfers out	<u>260,000</u>	<u>260,000</u>	<u>260,000</u>	-
Total expenditures and other uses	<u>7,032,685</u>	<u>7,032,685</u>	<u>6,952,422</u>	<u>80,263</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	(493,659)	<u>\$ (493,659)</u>
Add encumbrances at end of year			3,230	
Less encumbrances at beginning of year			(4,651)	
Fund balance - beginning of year			<u>2,048,589</u>	
Fund balance - end of year			<u>\$ 1,553,509</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, 2008

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>				
Charges for current services	\$ 432,064	\$ 432,064	\$ 381,505	\$ (50,559)
Miscellaneous	-	-	3,139	3,139
Total Revenues	<u>432,064</u>	<u>432,064</u>	<u>384,644</u>	<u>(47,420)</u>
<u>Other Financing Sources</u>				
Interfund Transfer	<u>57,427</u>	<u>57,427</u>	<u>57,427</u>	-
Total	<u>489,491</u>	<u>489,491</u>	<u>442,071</u>	<u>(47,420)</u>
<u>Expenditures</u>				
Current:				
Culture and recreation	362,312	362,312	352,747	9,565
Employee benefits	69,752	69,752	88,224	(18,472)
Debt service	<u>57,427</u>	<u>57,427</u>	<u>57,410</u>	17
Total expenditures	<u>489,491</u>	<u>489,491</u>	<u>498,381</u>	<u>(8,890)</u>
<u>Other Financing Uses</u>				
Operating transfers out	-	-	-	-
Total expenditures and other uses	<u>489,491</u>	<u>489,491</u>	<u>498,381</u>	<u>(8,890)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	(56,310)	<u>\$ (56,310)</u>
Add encumbrances at end of year			733	
Less encumbrances at beginning of year			(897)	
Fund balance - beginning of year			<u>(352,143)</u>	
Fund balance - end of year			<u>\$ (408,617)</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, 2008

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>				
Charges for current services	\$ 820,638	\$ 820,638	\$ 873,809	\$ 53,171
Use of money and property	<u>30,000</u>	<u>30,000</u>	<u>50,273</u>	<u>20,273</u>
Total Revenues	850,638	850,638	924,082	73,444
<u>Other Financing Sources</u>				
Appropriated fund balance	-	-	-	-
Total	<u>850,638</u>	<u>850,638</u>	<u>924,082</u>	<u>73,444</u>
<u>Expenditures</u>				
Current:				
Transportation	542,200	542,200	585,549	(43,349)
Debt service	<u>291,438</u>	<u>291,438</u>	<u>291,484</u>	<u>(46)</u>
Total expenditures	833,638	833,638	877,033	(43,395)
<u>Other Financing Uses</u>				
Operating transfers out	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	-
Total expenditures and other uses	<u>850,638</u>	<u>850,638</u>	<u>894,033</u>	<u>(43,395)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	30,049	<u>\$ 30,049</u>
Add encumbrances at end of year			2,201	
Less encumbrances at beginning of year			(3,554)	
Fund balance - beginning of year			<u>(374,362)</u>	
Fund balance - end of year			<u>\$ (345,666)</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, 2008

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>				
Charges for current services	\$ 5,930,807	\$ 5,930,807	\$ 6,227,317	\$ 296,510
Use of money and property	210,000	210,000	192,700	(17,300)
Miscellaneous	1,000	1,000	16,526	15,526
Interfund Revenue	<u>101,826</u>	<u>101,826</u>	<u>101,826</u>	-
Total Revenues	6,243,633	6,243,633	6,538,369	294,736
<u>Other Financing Sources</u>				
Appropriated fund balance	-	-	-	-
Total	<u>6,243,633</u>	<u>6,243,633</u>	<u>6,538,369</u>	<u>294,736</u>
<u>Expenditures</u>				
Current:				
General government	97,500	97,500	97,500	-
Home and community service	2,654,646	2,654,646	2,796,254	(141,608)
Employee benefits	816,064	816,064	761,355	54,709
Debt service	<u>2,418,423</u>	<u>2,418,423</u>	<u>2,418,325</u>	98
Total expenditures	5,986,633	5,986,633	6,073,434	(86,801)
<u>Other Financing Uses</u>				
Operating transfers out	<u>257,000</u>	<u>257,000</u>	<u>257,000</u>	-
Total expenditures and other uses	<u>6,243,633</u>	<u>6,243,633</u>	<u>6,330,434</u>	<u>(86,801)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	207,935	<u>\$ 207,935</u>
Add encumbrances at end of year			77,565	
Less encumbrances at beginning of year			(19,504)	
Fund balance - beginning of year			<u>(304,580)</u>	
Fund balance - end of year			<u>\$ (38,584)</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, 2008

	Original <u>Budget</u>	Modified <u>Budget</u>	Actual	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>				
Charges for current services	\$ 937,339	\$ 937,339	\$ 987,171	\$ 49,832
Use of money and property	1,000	1,000	-	(1,000)
Miscellaneous	<u>52,000</u>	<u>52,000</u>	<u>30,996</u>	<u>(21,004)</u>
Total Revenues	990,339	990,339	1,018,167	27,828
<u>Other Financing Sources</u>				
Operating transfers in	-	-	-	-
Appropriated fund balance	<u>3,626</u>	<u>3,626</u>	<u>-</u>	<u>(3,626)</u>
Total	<u>993,965</u>	<u>993,965</u>	<u>1,018,167</u>	<u>24,202</u>
<u>Expenditures</u>				
Current:				
Home and community service	950,299	950,299	974,309	(24,010)
Employee benefits	<u>43,666</u>	<u>43,666</u>	<u>43,230</u>	<u>436</u>
Total expenditures	<u>993,965</u>	<u>993,965</u>	<u>1,017,539</u>	<u>(23,574)</u>
Excess of revenues and other sources over (under) expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	628	<u>\$ 628</u>
Add encumbrances at end of year			2,611	
Less encumbrances at beginning of year			-	
Fund balance - beginning of year			<u>(164,371)</u>	
Fund balance - end of year			<u>\$ (161,132)</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, 2008**

	<u>SPECIAL REVENUE FUNDS</u>						Total Nonmajor Funds
	Section Eight Housing Assistance	Golf Fund	Parking Ramps Fund	Water Fund	Refuse Fund	Sewer Fund	
Assets							
Cash	\$ 678,907	\$ -	\$ -	\$ 200	\$ -	\$ 2,935,022	\$ 3,614,129
Cash-restricted	-	-	-	-	-	-	-
Loans receivable (net)	-	-	-	-	-	-	-
Other receivables (net)	-	-	9,000	2,283,132	166,093	2,152,756	4,610,981
State and Federal Receivables	-	-	-	-	-	-	-
Deposits with Others	-	1,629	-	33,235	-	21,908	56,772
	<u>\$ 678,907</u>	<u>\$ 1,629</u>	<u>\$ 9,000</u>	<u>\$ 2,316,567</u>	<u>\$ 166,093</u>	<u>\$ 5,109,686</u>	<u>\$ 8,281,882</u>
Liabilities and Fund Balance							
<u>Liabilities</u>							
Accounts payable	\$ -	\$ 13,773	\$ 61,785	\$ 122,885	\$ 59,882	\$ 37,364	\$ 295,689
Accrued liabilities	-	1,402	-	21,923	611	2,076,951	2,100,887
Due to NYS pension system	-	-	-	-	-	-	-
Due to other Funds	-	392,145	292,881	803,660	157,802	-	1,646,488
Other liabilities	-	1,216	-	43,843	588	5,341	50,988
Due to other governments	-	1,710	-	-	-	-	1,710
Bond Anticipation Notes	-	-	-	-	-	-	-
Deferred revenue	66,133	-	-	1,362,840	108,342	1,436,521	2,973,836
Total Liabilities	<u>\$ 66,133</u>	<u>\$ 410,246</u>	<u>\$ 354,666</u>	<u>\$ 2,355,151</u>	<u>\$ 327,225</u>	<u>\$ 3,556,177</u>	<u>\$ 7,069,598</u>
<u>Fund Balance</u>							
<u>Reserved</u>							
Reserved for encumbrances	804	733	2,201	77,565	2,611	3,230	87,144
Reserved for debt	-	-	50,273	3,626	-	2,358	56,257
Reserved for noncurrent receivables	-	-	-	-	-	-	-
Reserved for Repairs	-	-	-	-	-	-	-
<u>Unreserved</u>							
Designated-ensuing years' budget	-	-	-	-	-	590,685	590,685
Undesignated	611,970	(409,350)	(398,140)	(119,775)	(163,743)	957,236	478,198
Total Fund Balance	<u>612,774</u>	<u>(408,617)</u>	<u>(345,666)</u>	<u>(38,584)</u>	<u>(161,132)</u>	<u>1,553,509</u>	<u>1,212,284</u>
Total Liabilities and Fund Balance	<u>\$ 678,907</u>	<u>\$ 1,629</u>	<u>\$ 9,000</u>	<u>\$ 2,316,567</u>	<u>\$ 166,093</u>	<u>\$ 5,109,686</u>	<u>\$ 8,281,882</u>

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, 2008

	SPECIAL REVENUE FUNDS						
	Section Eight Housing Assistance	Golf Fund	Parking Ramps Fund	Water Fund	Refuse Fund	Sewer Fund	Total Nonmajor Funds
REVENUES							
Real property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-
Charges for current services	-	381,505	873,809	6,227,317	987,171	5,922,184	14,391,986
Use of Money and property	1,962	-	50,273	192,700	-	536,418	781,353
Licenses and permits	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-
Sales of property	-	-	-	-	-	-	-
Miscellaneous	-	3,139	-	16,526	30,996	161	50,822
Interfund revenues	-	-	-	101,826	-	-	101,826
State Aid	-	-	-	-	-	-	-
Federal aid	1,601,267	-	-	-	-	-	1,601,267
Total Revenues	\$ 1,603,229	\$ 384,644	\$ 924,082	\$ 6,538,369	\$ 1,018,167	\$ 6,458,763	\$ 16,927,254
EXPENDITURES							
Current							
General Government	\$ -	\$ -	\$ -	\$ 97,500	\$ 46,805	\$ 84,746	\$ 229,051
Public Safety	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-
Transportation	-	-	586,902	-	-	-	586,902
Culture & Recreation	-	352,911	-	-	-	-	352,911
Home & Community Service	1,444,901	-	-	2,738,193	924,893	3,397,158	8,505,145
Capital Projects	-	-	-	-	-	-	-
Employee benefits	-	88,224	-	761,355	43,230	385,392	1,278,201
Debt Service	-	57,410	291,484	2,418,325	-	2,826,547	5,593,766
Total Expenses	1,444,901	498,545	878,386	6,015,373	1,014,928	6,693,843	16,545,976
Excess (deficiency) of revenues over expenditures	158,328	(113,901)	45,696	522,996	3,239	(235,080)	381,278
OTHER FINANCING SOURCES							
Bonds Redeemed from Appropriations	-	-	-	-	-	-	-
Proceeds from Serial Bonds	-	-	-	-	-	-	-
Operating transfer in	-	57,427	-	-	-	-	57,427
Operating transfers out	-	-	(17,000)	(257,000)	-	(260,000)	(534,000)
Total other financing sources	-	57,427	(17,000)	(257,000)	-	(260,000)	(476,573)
Net Change in fund balances	158,328	(56,474)	28,696	265,996	3,239	(495,080)	(95,295)
Fund Balances - beginning of year	454,446	(352,143)	(374,362)	(304,580)	(164,371)	2,048,589	1,307,579
Fund Balance - end of year	\$ 612,774	\$ (408,617)	\$ (345,666)	\$ (38,584)	\$ (161,132)	\$ 1,553,509	\$ 1,212,284

See the accompanying notes to the financial statements.