BINGHAMTON URBAN RENEWAL AGENCY

Binghamton, New York

FINANCIAL REPORT

For the Year Ended
December 31, 2012

BINGHAMTON URBAN RENEWAL AGENCY

DECEMBER 31, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Binghamton Urban Renewal Agency
Binghamton, New York

We have audited the accompanying financial statements of the Binghamton Urban Renewal Agency (the Agency), a component unit of the City of Binghamton, as of and for the year ended December 31, 2012, which collectively comprise the Agency's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Binghamton Urban Renewal Agency as of December 31, 2012 and the respective changes in financial position of the Agency for the year then ended, in conformity with generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2013 on our consideration of the Binghamton Urban Renewal Agency's internal control over financial reporting and 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 important for assessing the results of our audit.

Ciaschi, Dietrichson, Littler, Michelson, & Company, LLP

March 22, 2013
Ithaca, New York

BINGHAMTON URBAN RENEWAL AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

The following is a discussion and analysis of the Binghamton Urban Renewal Agency's (the Agency) financial performance for the fiscal year ended December 31, 2012. This section is a summary of the Agency's financial activities based on currently known facts, decisions, or conditions. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Agency's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position of $470,679 grew by $4,047 in 2012, from $466,632 in 2011.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: MD&A (this section) and the basic financial statements and supplementary information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Statement of Net Position and Statement of Activities

The Statement of Net Position and Statement of Activities columns in the basic financial statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the Agency's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

These financial statements report the Agency's net assets and how they have changed. Net position - the difference between the Agency's assets and liabilities - are one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net assets are an indicator of whether its financial position is improving or deteriorating.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net position for the fiscal years ended December 31, 2012 and 2011 changed by $4,047 and $(3,026), respectively. Our analysis below focuses on the net assets (*Figure 1*) and changes in net assets *(Figure 2)* of the Agency's Governmental Activities.

Figure 1

Condensed Statement of Net Position

Condensed Statement of Net Position	2011	2012	Total Dollar Change 2011 - 2012
Current assets	$ 20,000	$ 24,047	$ 4,047
Noncurrent assets	446,632	446,632	-0-
Total assets	**466,632**	**470,679**	**4,047**
Invested in capital assets, net of debt	446,632	446,632	-0-
Restricted	20,000	20,000	-0-
Unrestricted	-0-	4,047	4,047
Total net position	**$ 466,632**	**$ 470,679**	**$ 4,047**

Our analysis in *Figure 2* considers the operations of the Agency's activities.

Figure 2

Changes in Net Assets

Changes in Net Position	*2011*	*2012*	*Total Dollar Change 2011 - 2012*
Revenues:			
Rental income	$ 24,200	$ 24,200	$ -0-
Grant income	23,183	40,818	17.635
Interest income	12	12	-0-
Total revenues	**47,395**	**65,030**	**17,635**
Expenses:			
Professional fees	-0-	10,000	10,000
Stadium expense	50,421	50,983	562
Total expenses	**50,421**	**60,983**	**10,562**
CHANGE IN NET ASSETS	**$ (3,026)**	**$ 4,047**	**$ 7,073**

Grant income from the City of Binghamton is determined in part by the amount of expenses; the Agency is required to maintain its restricted fund balance, and the City is required to fund the Agency in order to ensure this balance is maintained.

CAPITAL ASSETS

Figure 3 shows the capital assets for the year. As noted below, the balance in capital assets was unchaged in 2012.

Figure 3

Capital Assets

Capital Assets	*2011*	*2012*	*Total Dollar Change 2011 - 2012*
Land	**$ 446,632**	**$ 446,632**	**$ -0-**

FACTORS BEARING ON THE AGENCY'S FUTURE

In January of 2012 the Binghamton Urban Renewal Agency took the necessary steps to come into compliance with the requirements of NYS Public Authority Accountability Act. The Board approved amendments to the bylaws and adopted an Employee/Board Member Protection Policy. In March at a special meeting the agency received the certified audits from the past three years, adopted a revised Mission Statement and annual performance measures. Board members completed the annual Confidential Evaluation of Board Performance and Conflict of Interest and Disclosure forms. The staff of the Binghamton Economic Development Office completed the extensive reporting requirements of the PAAA through data and document input to the state's PARIS reporting system and by postings on the BURA page of the City of Binghamton website. The Board discussed the Binghamton Mets request that BURA exercise its option to extend the lease with the city for the stadium for 25 years. Since the lease does not expire until 2017 it was determined that no action need be taken at this time. Throughout the year the agency reviewed and evaluated claims by the Binghamton Mets for non-routine maintenance. Several were approved and a few denied since they appeared to be routine. The B-Mets notified BURA that the stadium field is nearing the end of its useful life and suggesting that provisions be made for replacement in the coming 3-5 years. Members of the Board did some research on prior field replacement.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Merry Harris, Director of Economic Development for the City of Binghamton; 38 Hawley Street 4th Floor; Binghamton, NY 13901.

BINGHAMTON URBAN RENEWAL AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2012

ASSETS	
Current Assets:	
Cash and cash equivalents	$ 24,047
Total Current Assets	24,047
Noncurrent Assets:	
Land	446,632
Total Assets	$ 470,679
LIABILITIES AND NET POSITION	
Total Liabilities	$ -0-
Net Position:	
Invested in capital assets net of related debt	446,632
Restricted	20,000
Unrestricted	4,047
Total Net Position	470,679
Total Liabilities and Net Position	$ 470,679

See Independent Auditor's Report and Notes to Financial Statements

BINGHAMTON URBAN RENEWAL AGENCY
STATEMENT OF ACTIVITIES
DECEMBER 31, 2012

Revenues:		
Rental income	$	24,200
Grant income - City of Binghamton		40,818
Interest		12
Total Revenues		65,030
Expenses:		
Professional fees		10,000
Stadium maintenance		50,983
Total Expenses		60,983
Total Increase in Net Assets		4,047
Net Position, Beginning of Year		466,632
Net Position, End of Year	$	470,679

See Independent Auditor's Report and Notes to Financial Statements

BINGHAMTON URBAN RENEWAL AGENCY
STATEMENT OF CASH FLOWS
DECEMBER 31, 2012

Cash Flows from Operating Activities:		
Change in net assets	$	4,047
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net Cash Provided by Operating Activities		4,047
Net Cash Provided by Investing Activities		-0-
Net Cash Provided by Financing Activities		-0-
Net Increase in Cash and Cash Equivalents		4,047
Cash and Cash Equivalents, Beginning of Year		20,000
Cash and Cash Equivalents, End of Year	$	24,047

See Independent Auditor's Report and Notes to Financial Statements

Note 1 - Summary of Significant Accounting Policies

Purpose of the Agency

The Binghamton Urban Renewal Agency (the Agency) was formed April 29, 1962 to further urban renewal in the City of Binghamton. Through New York State Municipal Law Article 15b, and in accordance with Article 18 of the NYS Constitution, the Agency was formed to promote urban development in specified areas of the City.

Reporting Entity

The Agency is a public corporation and governmental agency that is a component unit of the City of Binghamton. The financial activities of the Agency are combined with the financial activities of the City and other component units, which in turn constitutes the entire reporting entity for the City. The requirements under the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations have been satisfied at the reporting entity level.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recorded when incurred (flow of economic resources measurement focus).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Risk and Investments

Cash Balances

The Agency maintains its accounts at a single financial institution. The Agency maintains a collateralization agreement with this financial institution for cash balances in excess of FDIC limits. At December 31, 2012, $-0- was uninsured.

Capital Assets

Land held as of December 31, 2012 is valued at the lower of net realizable value or cost.

Revenue

The Agency is funded principally through grants from the City of Binghamton and parking lot rental income.

Net Assets

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted net assets - Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Note 2 - Commitments

The Agency has a lease agreement with the Binghamton Mets Baseball Club, Inc. in which the Club rents the land the stadium is on. The terms of the current lease continue through March 31, 2017, with the Club possessing the right to extend the lease for an additional twenty year period.

Note 3 - Investments

In accordance with section 2925(6) of the Public Authorities Law for New York State, Public Authorities, the Agency reports no investments as of and for the year ended December 31, 2012. Investment policies are reviewed annually.

Note 4 - Related Parties

The Agency is a component unit of the City of Binghamton, but the Agency is legally separate from the City. The members of the Agency consist of the following City officials and employees: the Mayor, Comptroller, Corporation Counsel, City Engineer, Commissioner of Public Works, and two members of Common Council. The activity of the Agency is included in the combined financial statements of the City.

Note 5 - Property

In accordance with section 2896(3) of the Public Authorities Law for New York State, Public Authorities, the Agency is reporting it owns land with a recorded historical cost of $446,632 for the year ended December 31, 2012. The land is located in the City; as of December 31, 2012 there are no plans to sell the property.