

**UPPER MOHAWK VALLEY MEMORIAL
AUDITORIUM AUTHORITY**

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011



BARONE, HOWARD & Co., CPAs, PC
CERTIFIED PUBLIC ACCOUNTANTS

Financial Statements and
Other Financial Information

**UPPER MOHAWK VALLEY MEMORIAL
AUDITORIUM AUTHORITY**

December 31, 2012 and 2011

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BARONE, HOWARD & Co., CPAs, PC
Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Authority Members
Upper Mohawk Valley Memorial Auditorium Authority
400 Oriskany Street West
Utica, New York 13502

Report on Financial Statements

We have audited the accompanying financial statements of Upper Mohawk Valley Memorial Auditorium Authority, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the years then ended, 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.

Auditors' 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 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 from 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 auditors' 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 organization'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 organization'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 opinions.

Opinions

In our opinion, except for the effect of not capitalizing the cost of its building and all of its equipment, as described in the following paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of Upper Mohawk Valley Memorial Auditorium Authority as of December 31, 2012, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1 Upper Mohawk Valley Memorial Auditorium Authority's financial statements do not reflect all the cost of its building and all of its equipment. Generally accepted accounting principles require these assets to be capitalized and depreciated over the assets' useful lives.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and the other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2013, on our consideration of Upper Mohawk Valley Memorial Auditorium Authority'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 do not provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Upper Mohawk Valley Memorial Auditorium Authority's internal control over financial reporting and compliance.

Barone, Howard & Co., CPAs, P.C.
BARONE, HOWARD & Co., CPAs, P.C.

March 29, 2013

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Management Discussion and Analysis (Unaudited)
For the years ended December 31, 2012 and 2011

This section of the Authority's financial statements presents management's overview and analysis of the Authority's financial performance for the year ended December 31, 2012. This section should be read in conjunction with the financial statements which follow this section.

Financial Highlights

The change in net assets for 2012 was \$179,214. It was \$168,032 for 2011. The change from the prior year was due to higher PILOT payment offsetting decreased event revenues. Ice rentals decreased \$6,828. Special events and concessions income decreased \$13,281 over 2011. Advertising income increased by \$6,932 over 2011. Expenses were consistent in total. Increased repairs and insurance were offset by decreases in utilities.

In 2012, \$1,089,000 was spent for new seating and installation of energy efficient lighting projects. The chiller received additional upgrades. Utilities have decreased due to energy saving improvements made. The Authority continued design work on the façade project.

Future operating results depends upon how much success the Authority has in attracting events to use the facility. In addition to these activities the Authority is expected to continue to need operating subsidies from the Mohawk Valley Water Authority.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The notes to the financial statements also contain more detail on some of the information presented in the financial statements. The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Financial Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The Statement of Activities presents information showing how the Authority's net assets changed during the 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 recorded in this statement for some items that will result in cash flows in future periods.

The financial statements can be found on pages 7 to 9 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within financial statements. The notes to the financial statements can be found on pages 10 to 15 of this report.

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Management Discussion and Analysis (Unaudited)
For the years ended December 31, 2012 and 2011

Financial Analysis

This section summarizes information and data as related to the Statements of Financial Position as of December 31, 2012 and 2011, and the Statement of Activities for those years then ended.

Statement of Financial Position

Table I shows all of the assets and liabilities of the Authority and is presented on the accrual basis. Total net assets increased \$179,214 from the prior year due to the operating gain for the year ending December 31, 2012. See the Financial Highlights section for some of the details relating to this gain.

Table I
Net Assets

	2012	2011
Current assets	\$ 336,547	\$ 1,259,554
Capital and other assets	<u>2,684,604</u>	<u>1,721,356</u>
Total Assets	<u>\$ 3,021,151</u>	<u>\$ 2,980,910</u>
Current liabilities	\$ 147,763	\$ 240,925
Long-term liabilities	<u>221,332</u>	<u>267,143</u>
Total Liabilities	<u>\$ 369,095</u>	<u>\$ 508,068</u>
Total Net Assets	<u>\$ 2,652,056</u>	<u>\$ 2,472,842</u>

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Management Discussion and Analysis (Unaudited)
For the years ended December 31, 2012 and 2011

Statement of Activities

Table 2 summarizes the revenue and operating expenses of the Authority and is also presented on the accrual basis. Revenues for 2012 increased \$14,197 over 2011. Expenses for 2012 increased \$45,832 over 2011. These changes are more fully described in the Financial Highlights section.

Table 2
Changes in Net Assets

	2012	2011
Revenues		
Oneida County PILOT payments	\$ 665,500	\$ 605,000
Event, rental and interest income	441,565	476,532
Capitalization fund income	21,041	32,376
	<u>\$ 1,128,106</u>	<u>\$ 1,113,908</u>
Operating Expenses		
Operations	\$ 814,397	\$ 816,995
Interest	8,991	11,092
Depreciation	124,943	117,228
Amortization	561	561
	<u>\$ 948,892</u>	<u>\$ 945,876</u>
Change in net assets	<u>\$ 179,214</u>	<u>\$ 168,032</u>

Capital Asset and Debt Administration

This section includes a description of significant capital assets and long-term debt activity during the year.

Capital Assets

The Authority owns property and equipment located in the City of Utica. The following schedule shows the investment in these properties:

Property and Equipment:	Cost
Building and improvements	\$ 2,398,518
Equipment	1,216,319
Total	<u>3,614,837</u>
Accumulated depreciation	934,717
Property and equipment, net	<u>\$ 2,680,120</u>

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Management Discussion and Analysis (Unaudited)
For the years ended December 31, 2012 and 2011

Long-Term Debt

The Authority has long-term debt associated with this property. Details of these debt instruments are more fully described in the footnotes to the financial statements.

ECONOMIC FACTORS AND FUTURE OUTLOOK

Major Shows

The Upper Mohawk Valley Memorial Auditorium Authority expects to continue hosting many annual shows, including The Harlem Globetrotters, WWE Wrestling, Monster Trucks, The Shrine Circus as well as athletic competitions and other events. In 2012, there were 59 events with attendance totaling 94,489. In 2011, there were a total of 72 events with attendance totaling 122,866.

Major Planned Capital Expenditures

The Authority is planning to repair and upgrade the façade on the building. Improvements are planned to the ice chiller system to enable it to reach peak efficiency.

Change in PILOT Payment Amount

The Auditorium PILOT payment, paid in monthly installments from the Mohawk Valley Water Authority, totaled \$665,500 in 2012. This amount will be \$665,500 for 2012 through 2016. From 2017 through 2021, the PILOT will increase by 10% to \$732,050.

Other Factors

Interest income for 2012 decreased \$5,230 from 2011. The Auditorium financed capital improvements in 2012 using savings combined with lower rates resulted in less interest income.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for all those who have an interest in this Authority's finances. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Upper Mohawk Valley Memorial Auditorium Authority, 400 Oriskany Street West, Utica, New York 13502.

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Statements of Financial Position
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 294,755	\$ 1,237,286
Accounts receivable	39,157	13,481
Prepaid expenses	2,635	8,787
Total current assets	<u>336,547</u>	<u>1,259,554</u>
Property and equipment, at cost:		
Building and improvements	2,398,518	2,099,820
Office equipment	1,216,319	426,266
	<u>3,614,837</u>	<u>2,526,086</u>
Less accumulated depreciation	934,717	809,774
Property and equipment, net	<u>2,680,120</u>	<u>1,716,312</u>
Other assets:		
Bond issuance costs	4,484	5,044
	<u>4,484</u>	<u>5,044</u>
Total Assets	<u>\$ 3,021,151</u>	<u>\$ 2,980,910</u>
LIABILITIES AND FUND BALANCES		
Current liabilities:		
Accounts payable	\$ 22,148	\$ 85,120
Accrued liabilities	13,299	7,750
Debt payable - current portion	46,577	62,449
Deferred revenue	65,739	85,606
Total current liabilities	<u>147,763</u>	<u>240,925</u>
Long-term liabilities:		
Debt payable	221,332	267,143
	<u>221,332</u>	<u>267,143</u>
Fund balances:		
Fund balance - Committed	140,034	118,993
Fund balance - Unassigned	2,512,022	2,353,849
Total fund balances	<u>2,652,056</u>	<u>2,472,842</u>
Total Liabilities and Fund Balances	<u>\$ 3,021,151</u>	<u>\$ 2,980,910</u>

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Statements of Activities
For the years ended December 31, 2012 and 2011

	2012	2011
Revenues:		
PILOT payments - Oneida County	\$ 665,500	\$ 605,000
Special events	157,852	171,133
Ice rentals	119,318	126,146
Concessions income	92,690	109,250
Capitalization fund income	21,041	32,376
Advertising income	67,072	60,140
Interest income	4,633	9,863
Total revenues	<u>1,128,106</u>	<u>1,113,908</u>
Operating expenses:		
Salaries	382,970	375,350
Payroll taxes	41,504	39,140
Employee benefits	36,089	31,320
Utilities	130,862	181,171
Insurance	53,688	49,812
Repairs and maintenance	61,998	45,537
Contracted building maintenance	18,820	17,492
Consultants	-	-
Management fees	32,220	29,418
Trash and snow removal	14,419	13,999
Professional fees	15,676	10,145
Telephone	3,644	3,797
Supplies	12,890	6,414
Designated expenses	464	3,381
Office supplies	2,169	2,493
Web site	1,169	1,179
Membership dues	1,639	2,357
Advertising	3,552	3,340
Bank charges	147	124
Miscellaneous	477	526
Interest expense	8,991	11,092
Amortization	561	561
Depreciation	124,943	117,228
Total operating expenses	<u>948,892</u>	<u>945,876</u>
Change in fund balance	179,214	168,032
Fund balances, beginning of year	<u>2,472,842</u>	<u>2,304,810</u>
Fund balances, end of year	<u><u>\$ 2,652,056</u></u>	<u><u>\$ 2,472,842</u></u>

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Statements of Cash Flows
For the years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Changes in fund balances	<u>\$ 179,214</u>	<u>\$ 168,032</u>
Adjustments to reconcile change in fund balances to net cash provided (used) by operating activities:		
Depreciation	124,943	117,228
Amortization	561	561
(Increase) decrease in:		
Accounts receivable	(25,676)	207,022
Prepaid expenses	6,152	(3,451)
Increase (decrease) in:		
Accounts payable	(62,972)	63,865
Accrued liabilities	5,549	451
Deferred revenue	(19,867)	(25,868)
Total adjustments	<u>28,690</u>	<u>359,808</u>
Net cash provided by operating activities	<u>207,904</u>	<u>527,840</u>
Cash flows from investing activities		
Cash payments for the purchase of property	<u>(1,088,752)</u>	<u>(208,224)</u>
Net cash used by investing activities	<u>(1,088,752)</u>	<u>(208,224)</u>
Cash flows from capital related financing:		
Principal payments on long-term debt	<u>(61,683)</u>	<u>(63,966)</u>
Net cash provided (used) by capital related financing	<u>(61,683)</u>	<u>(63,966)</u>
Net increase (decrease) in cash and cash equivalents	(942,531)	255,650
Cash and cash equivalents, beginning of year	<u>1,237,286</u>	<u>981,636</u>
Cash and cash equivalents, end of year	<u>\$ 294,755</u>	<u>\$ 1,237,286</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest expense	<u>\$ 8,991</u>	<u>\$ 11,092</u>

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Notes to Financial Statements
For the years ended December 31, 2012 and 2011

Note 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

The Upper Mohawk Valley Memorial Auditorium Authority was established in 1996 as a public benefit corporation under New York State law to own and manage the activities of the former City of Utica's Memorial Auditorium. On December 19, 1996, the City of Utica sold the entire facility and its contents to the Authority for one dollar. At that same time all of the operations of the auditorium facility became the responsibility of the Authority. The Authority has a seven-member board, which is responsible for the overall direction of the Auditorium. An outside firm manages the day-to-day operations. The Auditorium is a 6,500-seat arena. It hosts a variety of events, ranging from ice hockey and basketball tournaments to concerts and trade shows.

Basis of Accounting

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The activities of the Authority are similar to those found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The Authority uses the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred.

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

The Authority grants credit to businesses, organizations and individuals in the Central New York region. The Authority generally requires no collateral from its customers.

Property and Equipment

Prior to 1998, the Authority recorded equipment acquisitions and major building improvements as expenditures in the current period. Generally accepted accounting principles require these assets to be capitalized and depreciated over the assets' useful lives. Effective in 1998, the Authority capitalized equipment and building improvements at cost and recorded depreciation using the straight-line method based upon estimated useful lives of the assets.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Notes to Financial Statements - continued
For the years ended December 31, 2012 and 2011

**Note 1 BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
Continued**

Fund Balance

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance to be properly reported within one of the fund balance categories as follows:

- 1) Nonspendable, such as fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
- 2) Restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external providers, or through enabling legislation.
- 3) Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Authority.
- 4) Assigned fund balance classification is intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed.
- 5) Unassigned fund balance that is residual classification for the Authority's general fund and include all spendable amounts not contained in the other classifications.

Budgets and Budgetary Accounting

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The Authority Treasurer submits estimates of required resources for the next fiscal year to the Authority not more than ninety days and not less than sixty days before the commencement of the fiscal year.
- 2) The Authority approves the budget. The Authority must approve subsequent revisions that materially alter appropriations.

Advertising Costs

Advertising costs are expensed as incurred.

Reclassifications

Certain accounts in the 2011 financial statements have been reclassified to conform to the current year's presentation.

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Notes to Financial Statements - continued
For the years ended December 31, 2012 and 2011

Note 2 OPERATING CONSIDERATION

The Authority is assisted with its financial activities by receiving an annual payment from the Mohawk Valley Water Authority. The payment increases by 10% every 6th year. The payment, which is a payment in lieu of taxes, is provided for under New York State Public Authorities Law Section 1226-r (3) (c). The payment is intended to provide the necessary funding to assist the Upper Mohawk Valley Memorial Auditorium Authority in meeting its operating expenses.

The payments are as follows for each year:

1997 - 2001	\$ 500,000
2002 - 2006	550,000
2007 - 2011	605,000
2012 - 2016	665,500
2017 - 2021	732,050
2022 - 2026	805,225
2027 - 2031	885,781
2032 - 2036	974,359

Note 3 PROPERTY AND EQUIPMENT

Property and equipment and the related accumulation of depreciation consists of the following as of December 31:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Depreciation Expense</u>
Building and improvements	\$ 2,398,518	\$ 732,909	\$ 99,684
Equipment	1,216,319	201,808	25,259
Total	<u>\$ 3,614,837</u>	<u>\$ 934,717</u>	<u>\$ 124,943</u>

Note 4 BOND ISSUANCE COSTS

Costs associated with issuance of the bond were \$5,605. Amortization expense of \$561 was charged to operations for 2012 and 2011, respectively.

Note 5 DEFERRED REVENUE

The Authority received payments at year-end that pertain to next year's activities. These amounts are shown as deferred revenue at year-end.

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Notes to Financial Statements - continued
For the years ended December 31, 2012 and 2011

Note 6 CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Authority to concentrations of credit risk consist principally of cash and cash equivalent amounts in financial institutions, which from time to time exceed the Federal Depository Insurance coverage limit.

The Authority has an agreement with the Bank of Utica which provides additional collateral to protect the funds held by the bank. The collateral was secured by municipal notes as follows:

Par	Issuer	Maturity	Market
1,000,000	City of New York	11/15/2014	\$ 1,094,050
1,000,000	City of New York	12/1/2016	1,104,040
			<u>\$ 2,198,090</u>

Note 7 DESIGNATED NET ASSETS

The Authority has established a Capitalization Fund (CAP Fund) whereby collections from events held at the auditorium are internally reserved and used to keep the auditorium facility in good working order. The Authority held \$140,034 and \$118,993 in capitalization funds that are available for future improvements to the auditorium facility at December 31, 2012 and 2011, respectively.

Note 8 MANAGEMENT CONTRACT

Venue Services, Inc manages the day-to-day operations of the auditorium facility. Venue Services, Inc. is technically the employer of the people that operate the auditorium. The Authority reimburses Venue Services, Inc. for the operating costs of the auditorium.

Additionally, the Authority pays Venue Services, Inc. a management fee, pursuant to an agreement from 2010 to 2012, extended for 2013 as follows:

	Yearly Total
2013	\$ 31,352

Incentive payments are payable based on the results of the annual financial statements each year.

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Notes to Financial Statements - continued
For the years ended December 31, 2012 and 2011

Note 9 COMMITMENTS

Utica College Agreement

The Authority entered into a ground lease with Utica College in May 2001 for the college's construction of a locker room. The lease is for 20 years ending May 31, 2021 and calls for an annual rental of \$10 payable annually on each anniversary of the commencement of the lease. Utica College has financed all the construction costs. Utica College may renew this ground lease for four additional terms of five years each subject to the mutual agreement of both parties. Simultaneously, the Authority entered into a facility lease with Utica College for 10 years ending September 30, 2011. The lease was extended for an additional 5 year period.

Utica College will rent the auditorium ice for agreed upon rates and times. Utica College has the option to renew this lease under the same terms and conditions for two additional terms of five years each. Subsequently, Utica College may renew this facility lease for four additional periods of five years each, subject to re-negotiation.

In the event that Utica College does not elect to renew the facility lease at the end of ten years, the Authority will pay Utica College 25% of the cost of construction of the locker room not to exceed total construction costs of \$800,000. Hence, maximum liability for the Authority would be \$200,000. If Utica College fails to renew the facility lease at the end of fifteen years, the Authority will pay Utica College 12.5% of the cost of construction not to exceed total construction costs of \$800,000. Hence, maximum liability after fifteen years would then be \$100,000.

Note 10 NEW YORK POWER AUTHORITY ENERGY SERVICES AGREEMENT

On August 22, 2003, Oneida County entered into an energy saving services agreement with the New York Power Authority (NYPA). As part of this agreement, the auditorium facility received upgrades to their lighting, heating, ventilation and air conditioning equipment. The cost of these improvements was initially paid by Oneida County. The Authority agreed to repay Oneida County \$287,086 at a variable interest rate over 120 months. Payments began in 2005. Remaining future principal loan repayment requirements are as follows:

2013	\$ 26,577
2014	26,543
2015	19,789
Total	<u>\$ 72,909</u>

UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY
Notes to Financial Statements - continued
For the years ended December 31, 2012 and 2011

Note 11 BOND PAYABLE

On September 15, 2010, the Authority issued a tax exempt \$238,000 bond for the chiller project. Interest rates range from 3.75% to 4% over the life of the bond. Future principal loan repayment requirements are as follows:

2013	\$ 20,000
2014	20,000
2015	20,000
2016	25,000
2017	25,000
2018	25,000
2019	25,000
2020	25,000
2021	30,000
Total	<u>\$ 215,000</u>

Note 12 SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through March 29, 2013 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or discussed in the notes to the financial statements.

SUPPLEMENTAL INFORMATION



BARONE, HOWARD & Co., CPAs, PC
Certified Public Accountants and Consultants

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

To the Authority Members
Upper Mohawk Valley Memorial Auditorium Authority
400 Oriskany Street West
Utica, New York 13502

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Upper Mohawk Valley Memorial Auditorium Authority, as of and for the year ended December 31, 2012, and the related notes to the financial statements collectively comprise the Upper Mohawk Valley Memorial Auditorium Authority's basic financial statements and have issued our report thereon dated March 29, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements Management of Upper Mohawk Valley Memorial Auditorium Authority, is responsible for establishing and maintaining effective internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Upper Mohawk Valley Memorial Auditorium Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Upper Mohawk Valley Memorial Auditorium Authority's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Mohawk Valley Memorial Auditorium Authority's financial statements are free of material misstatement, we performed tests of it compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Barone, Howard + Co., CPAs, P.C.

BARONE, HOWARD & Co., CPAs, P.C.

March 29, 2013