

**UPPER MOHAWK VALLEY MEMORIAL  
AUDITORIUM AUTHORITY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014 AND 2013**

Financial Statements and  
Other Financial Information

**UPPER MOHAWK VALLEY MEMORIAL  
AUDITORIUM AUTHORITY**

**December 31, 2014 and 2013**

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

**INDEPENDENT AUDITORS' REPORT**

To the Authority Members of  
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 statements of net position as of December 31, 2014 and 2013, 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, 2014 and 2013, and the changes in net position and cash flows for the years 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.

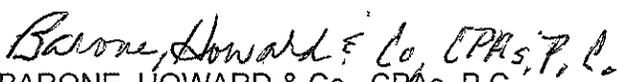
## Other Matters

### 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 31, 2015, 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.  
New Hartford, New York

March 31, 2015

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Management's Discussion and Analysis (Unaudited)**  
**For the years ended December 31, 2014 and 2013**

This section of Upper Mohawk Valley Memorial Auditorium Authority's (the Authority) financial statements presents management's overview and analysis of the Authority's financial performance for the years ended December 31, 2014 and 2013. This section should be read in conjunction with the financial statements which follow this section.

**FINANCIAL HIGHLIGHTS**

The change in net position for 2014 was \$2,705,119. It was \$2,871,096 for 2013.

The change from the prior year was due to grant funding from the New York State Urban Development Corporation, DBA Empire State Development, New York State Assembly, Dormitory Authority of New York State and Oneida County. The PILOT payment was the same as 2013. In total, expenses were consistent with 2013. See footnote 8 for information on the change in management contracts.

In 2014, there were 89 events with attendance totaling 160,877. In 2014, major improvements and renovations included a new parking lot on the north side of the building, build-out of club suite and bar, purchase of event flooring, purchase of new staging, LED lighting improvements and the start of the facade renovation.

In 2013, there were major improvement and renovation projects that included new locker rooms, concession stands, a broadcast booth, kitchen equipment, a state of the art scoreboard, a new sound system and wireless internet system. The Authority continued design work on the façade project and planed an additional parking lot.

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 Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position changed during the fiscal year. All changes in net position 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 these financial statements. The notes to the financial statements can be found on pages 10 to 18 of this report.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Management's Discussion and Analysis (Unaudited) – continued**  
**For the years ended December 31, 2014 and 2013**

**FINANCIAL ANALYSIS**

This section summarizes information and data as related to the Statements of Net Position as of December 31, 2014 and 2013, and the Statements of Activities for those years then ended.

Statements of Net Position

Table I reports all of the assets and liabilities of the Authority and is presented on the accrual basis. Total net position increased \$2,705,119 from the prior year due to the operating gain for the year ending December 31, 2014. See the Financial Highlights section for some of the details relating to this gain.

**Table I**  
**Net Position**

	<b>2014</b>	<b>2013</b>
Current assets	\$ 4,820,475	\$ 917,023
Capital and other assets	<u>7,579,708</u>	<u>4,940,387</u>
<b>Total Assets</b>	<b><u>\$ 12,400,183</u></b>	<b><u>\$ 5,857,410</u></b>
Current liabilities	\$ 3,570,553	\$ 159,469
Long-term liabilities	<u>601,358</u>	<u>174,789</u>
<b>Total Liabilities</b>	<b><u>\$ 4,171,911</u></b>	<b><u>\$ 334,258</u></b>
<b>Total Net Position</b>	<b><u>\$ 8,228,272</u></b>	<b><u>\$ 5,523,152</u></b>

Statements of Activities

Table 2 summarizes the revenue and operating expenses of the Authority and is also presented on the accrual basis. Revenues for 2014 decreased \$386,366 from 2013. Operating expenses for 2014 decreased \$220,390 from 2013. These changes are more fully described in the Financial Highlights section.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Management's Discussion and Analysis (Unaudited) – continued**  
**For the years ended December 31, 2014 and 2013**

Statements of Activities – continued

**Table 2**  
**Changes in Net Position**

	<b>2014</b>	<b>2013</b>
<b>Revenues</b>		
Oneida County PILOT payments	\$ 665,504	\$ 665,500
Grant income	2,716,522	3,000,000
Event income	1,980	104,030
Concessions income	-	47,250
Ice rentals	-	83,923
Other income	90,000	726
Interest income	4,018	1,401
Capitalization fund income	130,384	91,944
	<u>\$ 3,608,408</u>	<u>\$ 3,994,774</u>
 <b>Operating Expenses</b>		
Operations	\$ 665,395	\$ 908,710
Interest	22,622	8,746
Depreciation	214,710	205,661
Amortization	561	561
	<u>\$ 903,288</u>	<u>\$ 1,123,678</u>
 <b>Changes in net position</b>	 <u><b>\$ 2,705,120</b></u>	 <u><b>\$ 2,871,096</b></u>

**CAPITAL ASSETS 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:

<b>Property and Equipment:</b>	<b>Cost</b>
Building and improvements	\$ 6,583,519
Equipment	<u>2,347,914</u>
Total	8,931,433
Accumulated depreciation	<u>1,355,088</u>
Property and equipment, net	<u><u>\$ 7,576,345</u></u>

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Management's Discussion and Analysis (Unaudited) – continued**  
**For the years ended December 31, 2014 and 2013**

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, and The Shrine Circus, as well as athletic competitions and other events. In 2013, professional hockey returned with the Utica Comets of the American Hockey League. In 2014, there were 89 events with attendance totaling 160,877. In 2013, there were a total of 55 events with attendance totaling 126,489.

Major Planned Capital Expenditures

The Authority is working to repair and upgrade the façade on the building. Improvements are planned for club box seating and additional amenities for patrons.

PILOT Payment Amount

The Auditorium PILOT payment is paid in monthly installments from the Mohawk Valley Water Authority. The payment totaled \$665,504 and \$665,500 in 2014 and 2013, respectively. This amount will be \$665,500 each year through 2016. From 2017 through 2021, the PILOT will increase by 10% to \$732,050 to be paid each year.

Other Factors

Interest income for 2014 increased \$2,616 from 2013. The Auditorium had increased balances due to receiving grant funds and borrowing for cash flow needs in 2014. Stable interest rates are expected in 2015 resulting in less interest income.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information and other information.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. As of December 31, 2014, assets exceed liabilities by \$8,228,272.

**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 Net Position**  
**December 31, 2014 and 2013**

	2014	2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,927,595	\$ 222,100
Accounts receivable	42,880	62,535
Grants receivable	1,850,000	611,702
Prepaid expenses	-	20,686
Total current assets	<u>4,820,475</u>	<u>917,023</u>
Property and equipment, at cost:		
Building and improvements	6,583,519	4,009,069
Equipment and machinery	<u>2,347,914</u>	<u>2,067,773</u>
	8,931,433	6,076,842
Less: accumulated depreciation	<u>1,355,088</u>	<u>1,140,378</u>
Property and equipment, net	<u>7,576,345</u>	<u>4,936,464</u>
Other assets:		
Bond issuance costs, net of accumulated amortization	<u>3,363</u>	<u>3,923</u>
<b>Total Assets</b>	<b><u>\$ 12,400,183</u></b>	<b><u>\$ 5,857,410</u></b>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable	\$ 94,434	\$ 42,403
Accrued liabilities	9,739	15,061
Debt payable - current portion	69,945	46,543
Deferred revenue	<u>3,396,435</u>	<u>55,462</u>
Total current liabilities	<u>3,570,553</u>	<u>159,469</u>
Noncurrent liabilities:		
Debt payable, net of current portion	<u>601,358</u>	<u>174,789</u>
Net position:		
Investment in capital assets	6,905,042	4,715,132
Restricted	(5,224)	231,978
Unrestricted	<u>1,328,454</u>	<u>576,042</u>
Total net position	<u>8,228,272</u>	<u>5,523,152</u>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 12,400,183</u></b>	<b><u>\$ 5,857,410</u></b>

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Statements of Activities**  
**For the years ended December 31, 2014 and 2013**

	2014	2013
Revenues:		
Municipal subsidies and grants	\$ 665,504	\$ 665,500
Grant revenues - Empire State Development	-	2,000,000
Grant revenues - Empire State Development	312,958	1,000,000
Grant revenues - Empire State Development	1,558,077	-
Grant revenues - Oneida County	500,000	-
Grant revenues - Oneida County	260,760	-
Grant revenues - New York State	84,727	-
Other income	90,000	-
Special events	1,980	104,030
Ice rentals	-	83,923
Concessions income	-	47,250
Capitalization fund income	130,384	91,944
Advertising income	-	725
Investment earnings	4,018	1,402
Total revenues	<u>3,608,408</u>	<u>3,994,774</u>
Operating expenses:		
Salaries and wages	26,558	381,885
Payroll taxes	2,032	41,055
Employee benefits	2,672	31,587
Utilities	310,032	163,950
Insurance	67,833	55,216
Repairs and maintenance	79,101	57,009
Contracted building maintenance	5,142	25,441
Trash and snow removal	21,224	12,282
Professional services contracts	76,215	104,610
Telephone	24,019	6,582
Supplies	19,313	15,345
Office supplies	8,621	2,341
Web site	-	1,109
Membership dues	1,190	588
Advertising	-	843
Bank charges	387	136
Miscellaneous	-	8,731
Loan fees	21,056	-
Interest and other financing charges	22,622	8,746
Amortization	561	561
Depreciation	214,710	205,661
Total operating expenses	<u>903,288</u>	<u>1,123,678</u>
<b>Change in net position</b>	<b>2,705,120</b>	<b>2,871,096</b>
Net position, beginning of year	<u>5,523,152</u>	<u>2,652,056</u>
Net position, end of year	<u>\$ 8,228,272</u>	<u>\$ 5,523,152</u>

See notes to financial statements.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Statements of Cash Flows**  
**For the years ended December 31, 2014 and 2013**

	2014	2013
Cash flows from operating activities:		
Changes in net position	<u>\$ 2,705,120</u>	<u>\$ 2,871,096</u>
Adjustments to reconcile change in net position to net cash provided (used) by operating activities:		
Depreciation	214,710	205,661
Amortization	561	561
(Increase) decrease in:		
Accounts receivable	19,655	(23,378)
Grants receivable	(1,238,298)	(611,702)
Prepaid expenses	20,686	(18,051)
Increase (decrease) in:		
Accounts payable	52,030	20,255
Accrued liabilities	(5,322)	1,762
Deferred revenue	3,340,973	(10,277)
Total adjustments	<u>2,404,995</u>	<u>(435,169)</u>
Net cash provided by operating activities	<u>5,110,115</u>	<u>2,435,927</u>
Cash flows from investing activities		
Cash payments for the purchase of property	<u>(2,854,591)</u>	<u>(2,462,005)</u>
Net cash used by investing activities	<u>(2,854,591)</u>	<u>(2,462,005)</u>
Cash flows from capital related financing:		
Proceeds of long-term debt	500,000	-
Principal payments on long-term debt	(50,029)	(46,577)
Net cash provided (used) by capital related financing	<u>449,971</u>	<u>(46,577)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,705,495</b>	<b>(72,655)</b>
Cash and cash equivalents, beginning of year	<u>222,100</u>	<u>294,755</u>
Cash and cash equivalents, end of year	<u>\$ 2,927,595</u>	<u>\$ 222,100</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest expense	<u>\$ 24,149</u>	<u>\$ 8,746</u>

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements**  
**For the years ended December 31, 2014 and 2013**

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

Organization and Activities

The Upper Mohawk Valley Memorial Auditorium Authority (the 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 3,847-seat arena. It hosts a variety of events, ranging from college and professional ice hockey, basketball tournaments, cheerleading and wrestling competitions, 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 position, change in net 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, 2014 and 2013**

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

Net Position

The Governmental Accounting Standards Board (GASB) Statement No. 63 defines the net position as the difference between all other elements in a statement of financial position. It should be displayed in three components – net investment in capital assets, restricted, and unrestricted.

- 1) The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- 2) The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- 3) The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Budgets and Budgetary Accounting

The Authority follows these procedures in establishing the annual budgetary data:

- 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.

Adoption of New Accounting Pronouncements

During the year ended December 31, 2013, the Authority implemented GASB Statement No. 60, Accounting and Reporting for Service Concession Arrangements. It requires governments to account for and disclose any service concession arrangements (“SCA”). An SCA is a type of public-private or public-public partnership between a transferor (a government) and an operator (governmental or nongovernmental entity). GASB 60 did not have a material impact on the Authority’s financial position or results from operations.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

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

Adoption of New Accounting Pronouncements – continued

During the year ended December 31, 2013, the Authority implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position. This statement amended the net asset reporting requirements in GASB No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB 63 did not have a material impact on the Authority's financial position or results from operations.

Reclassifications

Certain accounts in the 2013 financial statements have been reclassified to conform to the current year's presentation.

**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 6<sup>th</sup> 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

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

**Note 3 CASH AND CASH EQUIVALENTS**

Authority monies must be deposited in FDIC insured commercial banks or trust companies located within New York State. Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. The Authority's cash and cash equivalents were comprised of the following at December 31, 2014:

	<b>Fair Value at December 31, 2014</b>
Deposits with financial institutions:	
Checking accounts - Bank of Utica	\$ 2,307,115
Savings accounts - Bank of Utica	141,583
Money Market - M & T Bank	<u>478,896</u>
Total	<u>\$ 2,927,594</u>

The Authority has an agreement with the Bank of Utica which provides additional collateral to protect the funds held by the Bank of Utica. As of December 31, 2014, all of the Authority's cash and cash equivalents at the Bank of Utica were fully collateralized by municipal notes as follows:

Par	Issuer	Maturity	Market
345,000	Altmar-Parish, Williamstown CSD	6/15/2016	\$ 345,925
325,000	Binghamton CSD	6/15/2016	326,424
285,000	Dunkirk CSD	6/16/2016	287,705
340,000	Gloversville CSD	1/15/2016	342,547
415,000	Newburgh CSD	7/15/2018	425,491
850,000	NYS Dormitory Authority - NYU Town of Oyster	7/1/2018	852,286
805,000	Bay	10/1/2016	816,117
430,000	City of Utica	9/1/2018	<u>475,030</u>
			<u>\$ 3,871,525</u>

The balances at M & T Bank were covered by Federal Deposit Insurance Corporation coverage up to \$250,000. As of December 31, 2014, the excess balance of \$228,896 over the FDIC insurance coverage was collateralized by M & T Bank.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

**Note 4 GRANTS RECEIVABLE**

Grants receivable balances consisted of the following:

<b>Grants Receivable</b>	<u><b>2014</b></u>	<u><b>2013</b></u>
Oneida County	\$ 850,000	\$ 611,702
Oneida County	1,000,000	-
Total	<u>\$ 1,850,000</u>	<u>\$ 611,702</u>

**Note 5 PROPERTY AND EQUIPMENT**

Property and equipment and the related accumulation of depreciation consisted of the following as of December 31, 2014:

	<u><b>Cost</b></u>	<u><b>Accumulated Depreciation</b></u>	<u><b>Depreciation Expense</b></u>
Building and improvements	\$ 6,583,519	\$ 983,449	\$ 123,223
Equipment	2,347,914	371,639	91,487
Total	<u>\$ 8,931,433</u>	<u>\$ 1,355,088</u>	<u>\$ 214,710</u>

**Note 6 BOND ISSUANCE COSTS**

Costs associated with issuance of the bond were \$5,605. Amortization expense of \$561 was charged to operations for 2014 and 2013.

**Note 7 RESTRICTED NET POSITION**

The Authority has established a restricted account whereby collections from events held at the auditorium are internally reserved as a restricted net position and used to keep the auditorium facility in good working order. The balance in the restricted account was (\$5,224) and \$231,978 at December 31, 2014 and 2013, respectively. The 2013 balance includes an accounts receivable balance of \$62,535 for collections received but not paid to the Authority as of December 31, 2013.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

**Note 8      MANAGEMENT CONTRACTS**

Venue Services, Inc. managed the day-to-day operations of the auditorium facility until October 17, 2013. Venue Services, Inc. was the employer of the staff that operated the auditorium until this time. The Authority reimbursed Venue Services, Inc. for the operating costs of the auditorium. Additionally, the Authority paid Venue Services, Inc. a management fee, pursuant to an agreement from 2010 to 2012 and extended for part of 2013.

On October 18, 2013, Garden Entertainment, LLC was contracted with to operate the auditorium facility. The agreement is effective from October 18, 2013 to June 14, 2019. Garden Entertainment, LLC will utilize the subsidy from the Mohawk Valley Water Authority to pay debt service and operating expenses of the facility. All operating expenses beyond this are the responsibility of Garden Entertainment, LLC. The Authority retains the responsibility for capital improvements and for capital repairs and maintenance to the facility.

**Note 9      COMMITMENTS**

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 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.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

**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:

2015	\$ 20,257
Thereafter	-
Total	<u>\$ 20,257</u>

**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:

2015	\$ 25,000
2016	25,000
2017	25,000
2018	25,000
2019	25,000
2020	30,000
Total	<u>\$ 155,000</u>

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

**Note 12 NOTE PAYABLE**

On October 17, 2014, the Authority borrowed \$500,000 at 4.27% from M & T Bank and is secured by all assets. Future principal loan repayment requirements are as follows:

2015	\$ 24,688
2016	25,763
2017	26,885
2018	28,056
2019	29,278
2020	30,553
2021	31,883
2022	33,271
2023	34,720
2024	36,232
2025	37,810
2026	39,456
2027	41,175
2028	42,967
2029	33,309
Total	<u>\$ 496,046</u>

**Note 13 GRANT REVENUES**

Oneida County previously advanced \$2 million in funding for the renovations to the auditorium that the Dormitory Authority of New York State will be reimbursing later. The first phase of the renovation project was the demolition work. The second phase included building a new locker room and state of the art scoreboard and sound system, improvements to the concessions and facilities for the Utica Comets of the American Hockey League team.

On November 27, 2013, the Oneida County Board of Legislators approved a grant agreement between Oneida County and New York State Urban Development Corporation, DBA Empire State Development for funds in the amount of \$1,000,000 for ongoing renovations at the Upper Mohawk Valley Memorial Auditorium. The term of the agreement is from September 1, 2013 to January 31, 2015. These funds were granted to the Upper Mohawk Valley Memorial Auditorium to continue the renovations.

In December 2013, the Oneida County Board of Legislators approved \$500,000 in funding to build a 275 spot parking lot across from the Utica Memorial Auditorium. The parking lot was completed in 2014.

**UPPER MOHAWK VALLEY MEMORIAL AUDITORIUM AUTHORITY**  
**Notes to Financial Statements – continued**  
**For the years ended December 31, 2014 and 2013**

**Note 14 DEFERRED INFLOW OF RESOURCES**

In 2014, a grant was received for \$1,950,000 from Empire State Development to fund additional repairs and renovations. As of December 31, 2014, \$391,923 remained to be used to complete these projects.

In 2014, a grant was received for \$350,000 from the New York State Assembly to fund additional repairs and renovations. As of December 31, 2014, \$350,000 remained to be used to complete these projects.

In 2014, a grant was received for \$2,000,000 from Oneida County Board of Legislators to fund renovations. As of December 31, 2014, \$1,739,240 remained to be used to complete these projects.

In 2014, a grant was received for \$1,000,000 from the Dormitory Authority of New York State to fund repairs and renovations to the façade and roof. As of December 31, 2014, \$915,272 remained to be used to complete these projects.

At December 31, 2013, the Authority received payments at year-end that pertain to next year's activities. These amounts are shown as deferred revenue at year-end.

**Note 15 SUBSEQUENT EVENTS**

Management evaluated the activity of the Authority through March 31, 2015 (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 that should be 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 of  
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, 2014, 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 31, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Upper Mohawk Valley Memorial Auditorium Authority's 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 preformed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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.  
New Hartford, New York

March 31, 2015