

**BASIC FINANCIAL STATEMENTS**

**CITY OF SYRACUSE, NEW YORK**

**JUNE 30, 2003**

# CITY OF SYRACUSE, NEW YORK

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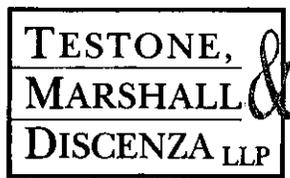
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Certified Public Accountants

## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor, Mr. Matthew J. Driscoll  
and the Members of the Common Council  
City of Syracuse, New York

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Syracuse Urban Renewal Agency, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the City of Syracuse, New York's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Syracuse Industrial Development Agency or the Syracuse Economic Development Corporation, both of which are discretely presented component units, which collectively represent 99% and 100%, respectively, of the assets and revenues of the combined component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Syracuse Industrial Development Agency and Syracuse Economic Development Corporation is based solely on the reports of the other auditors.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 and the reports of other auditors provide a reasonable basis for our opinion.

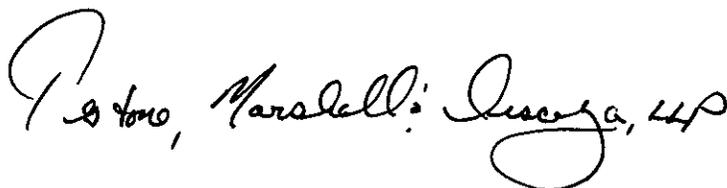
In our opinion, based on our audit and the reports of other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York, as of June 30, 2003, and the results of its operations and cash flows of its business-type activities, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(Continued)

The Management's Discussion and Analysis and the budgetary information on pages 3 through 15 and page 63, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires 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 thereon.

We performed our audit to form an opinion on the financial statements that collectively comprise the City of Syracuse, New York's basic financial statements taken as a whole. The combining fund statements, which are listed in the table of contents as supplemental section, 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, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003, on our consideration of the City of Syracuse, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The report on compliance with laws and regulations and internal control over financial reporting is an integral part of an audit performed in accordance with *Government Auditing Standards* and, in considering the results of the audit, this report should be read along with the auditor's report on the basic financial statements.

A handwritten signature in black ink that reads "P. J. Marino, Marshall J. Susca, LLP". The signature is written in a cursive style with a large initial 'P' and a large 'S'.

December 19, 2003  
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2003**

Our discussion and analysis of City of Syracuse's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2003.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 16. In this discussion and analysis all amounts are expressed in millions of dollars, unless otherwise indicated.

**FINANCIAL HIGHLIGHTS**

The City's total net assets decreased by \$16.9 as a result of this year's operations. While net assets of our business-type activities increased by \$6.7, net assets of our governmental activities decreased by \$23.6.

During the year, the City had expenses that were \$23.2 more than the \$507.8 generated in tax and other revenues (excluding capital contributions). Last year expenses exceeded revenues by \$7.2.

In the City's business-type activities, revenues increased to \$51.2, a 10.6% increase over last year's revenues of \$46.3. Expenses for this year increased to \$49.0, a 5.8% increase over last year's \$46.3.

In the City's governmental activities, revenues (excluding transfers) increased to \$456.6, a 2.7% increase over last year's revenues of \$444.8. Expenses (excluding transfers) also increased this year to \$482.0 versus last year at \$452.0, a 6.6% increase.

Of the City's total net assets reported at June 30, 2003, \$197.1 was invested in capital assets (net of related debt) versus \$193.3 the previous year. Unrestricted net assets this year were \$8.4 versus last year's \$27.7.

The City's General Fund reported a deficiency of revenues and other financing sources over expenditures and other financing uses for this year of \$0.5. The resources available for appropriation were approximately \$6.0 less than budgeted. However, the City kept expenditures within limits primarily by not filling vacancies from attrition and curtailing overtime. At the end of the current fiscal year, undesignated fund balance of the City's General Fund was \$18.1 and 12.0% of total General Fund expenditures (including transfers out).

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 16 and 17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Reporting the City as a Whole**

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. You can think of the City's net assets, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure the City's financial health, or *financial position*. Over time, *increases* or *decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, and the condition of the City's capital assets (streets, buildings, water and sewer lines) to assess the *overall health* of the City.

In the Statement of Net Assets and the Statement of Activities, we divide the City into three kinds of activities:

- Governmental activities --- Most of the City's basic services are reported here, including the police, fire, public works, community development and parks & recreation departments, and general administration. The City School District's operations are also reported here. State aid, sales tax, property taxes and federal and state grants finance most of these activities.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**Reporting the City as a Whole (Cont'd)**

- Business-type activities --- The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, as well as the airport activities, are reported here. In addition, the City School District's food service operations are reported as business-type activities.
- Component units --- The City includes three separate legal entities in its report --- the Syracuse Industrial Development Agency, the Syracuse Economic Development Corporation, and the Syracuse Urban Renewal Agency.

**Reporting the City's Most Significant Funds**

Our analysis of the City's major funds begins on page 10. The fund financial statements begin on page 18 and provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Local Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental funds* --- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation accompanying the fund financial statements.
- *Proprietary funds* --- When the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business-type funds) are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**The City as Trustee**

*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 statement because the City cannot use these assets to finance the City's operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 26 and 27, respectively. *Agency funds* are reported on a full accrual basis and only present a Statement of Assets (included on page 26).

**THE CITY AS A WHOLE**

The City's combined net assets decreased from \$223.9 to \$207.0. Looking at the net assets and net expenses of governmental and business-type activities separately, however, two very different stories emerge. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1  
Net Assets  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002 Restated	2003	2002 Restated	2003	2002 Restated
Current and other assets	\$ 141.9	\$ 125.0	\$ 44.5	\$ 47.1	\$ 186.4	\$ 172.1
Capital assets	<u>333.2</u>	<u>340.2</u>	<u>119.8</u>	<u>113.9</u>	<u>453.0</u>	<u>454.1</u>
Total assets	<u>\$ 475.1</u>	<u>\$ 465.2</u>	<u>\$ 164.3</u>	<u>\$ 161.0</u>	<u>\$ 639.4</u>	<u>\$ 626.2</u>
General obligation bonds outstanding	\$ 215.9	\$ 210.1	\$ 54.8	\$ 56.8	\$ 270.7	\$ 266.9
Other long-term liabilities	95.5	69.4	6.6	8.7	102.1	78.1
Other liabilities	<u>52.1</u>	<u>50.5</u>	<u>7.5</u>	<u>6.8</u>	<u>59.6</u>	<u>57.3</u>
Total liabilities	<u>\$ 363.5</u>	<u>\$ 330.0</u>	<u>\$ 68.9</u>	<u>\$ 72.3</u>	<u>\$ 432.4</u>	<u>\$ 402.3</u>
Invested in capital assets, net of related debt	\$ 135.2	\$ 137.2	\$ 61.9	\$ 56.1	\$ 197.1	\$ 193.3
Restricted	1.5	2.9	-	-	1.5	2.9
Unrestricted (deficit)	<u>(25.1)</u>	<u>(4.9)</u>	<u>33.5</u>	<u>32.6</u>	<u>8.4</u>	<u>27.7</u>
Total net assets	<u>\$ 111.6</u>	<u>\$ 135.2</u>	<u>\$ 95.4</u>	<u>\$ 88.7</u>	<u>\$ 207.0</u>	<u>\$ 223.9</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**THE CITY AS A WHOLE (CONT'D)**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far, the largest portion of the City's total net assets, \$197.1 at June 30, 2003, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt still outstanding that was used to acquire those assets. 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net assets (\$1.5) represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net assets. The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, total unrestricted net assets as June 30, 2003 were \$8.4.

**Governmental activities**

Total net assets of the City's governmental activities decreased by 17.5% (\$111.6 compared to \$135.2).

The deficit in *unrestricted* net assets increased to \$25.1 at June 30, 2003 compared to the previous year of \$4.9. This deficit is related to the City School District which had deficit unrestricted net assets of \$45.5 at June 30, 2003 and \$34.9 at June 30, 2002.

The change in the unrestricted net assets, a decrease of \$20.2, was primarily related to the following factors; the City School District did not include in the budgets amounts needed to finance retroactive compensation liabilities (approximately \$6.0) and funding day-to-day operations. In addition, the City did not include in the budgets amounts for an added retirement benefit for previous years' service for one of its bargaining units (approximately \$4.9) and depreciation expense (approximately \$15.9).

**Business-type activities**

The net assets of our business-type activities increased by 7.6% in 2003 (\$95.4 compared to \$88.7). This increase is primarily invested in capital assets. In addition, this increase generally cannot be used to make up for the decrease reported in the governmental activities. The City can generally only use these net assets to finance the continuing operations of the airport, water, sewer operations and the school lunch program.

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

**THE CITY AS A WHOLE (CONT'D)**

**Business-type activities (Cont'd)**

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on page 17. Key elements of this change are illustrated in Table 2 below.

Table 2  
Changes in Net Assets  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002 Restated	2003	2002 Restated	2003	2002 Restated
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 15.1	\$ 14.9	\$ 49.5	\$ 44.4	\$ 64.6	\$ 59.3
Grants	100.5	102.3	1.5	1.2	102.0	103.5
General revenues:						
Property taxes	80.2	69.0	-	-	80.2	69.0
Other taxes	7.1	7.0	-	-	7.1	7.0
Sales tax	48.8	48.0	-	-	48.8	48.0
Unallocated State Aid	199.0	193.5	-	-	199.0	193.5
Unallocated Federal Aid	3.1	5.0	-	-	3.1	5.0
Investment earnings	1.7	2.8	0.2	0.7	1.9	3.5
Other general revenues	1.1	2.3	-	-	1.1	2.3
Total revenues	<u>456.6</u>	<u>444.8</u>	<u>51.2</u>	<u>46.3</u>	<u>507.8</u>	<u>491.1</u>
<b>Program expenses</b>						
Total governmental	482.0	452.0	-	-	482.0	452.0
Food Service	-	-	8.7	8.4	8.7	8.4
Aviation	-	-	25.7	23.4	25.7	23.4
Water	-	-	11.1	11.3	11.1	11.3
Sewer	-	-	3.5	3.2	3.5	3.2
Total expenses	<u>482.0</u>	<u>452.0</u>	<u>49.0</u>	<u>46.3</u>	<u>531.0</u>	<u>498.3</u>
Excess (deficiency) before transfers	(25.4)	(7.2)	2.2	-	(23.2)	(7.2)
Transfers	1.8	2.0	(1.8)	(2.0)	-	-
Capital contributions	-	-	6.3	2.3	6.3	2.3
Increase (decrease) in net assets	<u>\$ (23.6)</u>	<u>\$ (5.2)</u>	<u>\$ 6.7</u>	<u>\$ 0.3</u>	<u>\$ (16.9)</u>	<u>\$ (4.9)</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**THE CITY AS A WHOLE (CONT'D)**

**Business-type activities (Cont'd)**

The City's total revenues (excluding capital contributions) increased by 3.4% or \$16.7 (\$507.8 compared to the previous year of \$491.1). The total cost of all programs and services increased by 6.6% or \$32.7 (\$531.0 compared to \$498.3). This modest increase in revenues was not enough to cover this year's costs, resulting in a decrease in net assets of \$16.9 for fiscal year 2003 versus \$4.9 the previous year. Our analysis below separately considers the operations of governmental and business-type activities.

**Governmental activities**

As mentioned previously in "financial highlights", revenues for the City's governmental activities increased from \$444.8 in fiscal 2002 to \$456.6 in fiscal 2003, an increase of 2.7% or \$11.8. However, program expenses increased in 2003 by \$30.0 (6.6%), going from \$452.0 in 2002 to \$482.0 in 2003.

The City instituted a 7.9% property tax rate increase for 2003, including both city and school property tax levies. Along with other collection efforts, this resulted in the City generating an additional \$11.2 in property tax revenue for 2003 (\$80.2 in 2003 versus \$69.0 in 2002).

With respect to the \$30.0 increase in program expenses, \$25.9 of the increase was related to four activities: education (\$10.1), police department (\$5.5), fire department (\$6.0) and transportation (\$4.3). As discussed earlier, the school district settled a bargaining unit agreement that contained retroactive compensation, in addition to increased expenses related to day-to-day operations. The police department had an increase in salaries and wages (\$2.8) and employee health benefits (\$1.3). An additional increase of \$1.3 within the police activity was related to expenses incurred to reimburse the County for operation and debt service of the new City/County courthouse facility. Almost all of the fire department's increase was due to the City's adoption of a new retirement benefit which encompassed past service costs (\$4.9). Transportation expenses increased by \$2.9 for depreciation from newly acquired assets, \$0.7 for increases in snow & ice removal, and \$0.6 for workers' compensation and retirement benefits.

**Business-type activities**

Revenues in the City's business-type activities (See Table 2) increased by 10.6% (\$51.2 in 2003 as compared to \$46.3 in 2002). This increase was primarily related to the activities of the airport (\$3.3) and water (\$1.6). The increase in airport revenues was across all airport revenue categories as airline and passenger activity increased in fiscal year 2003 versus 2002 (the year of the terrorist attacks in the United States). Water operations concentrated on collection efforts and installing modern radio-read meters (increased accuracy versus very old analog meters) during the year, which resulted in the increased revenues.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**THE CITY AS A WHOLE (CONT'D)**

**Business-type activities (Cont'd)**

Expenses of the City's business-type activities increased by 5.8% (\$49.0 versus \$46.3 last year). Substantially all of this increase was related to the airport operations (\$2.3) and was due to the increased costs associated with additional security measures and the increase in airport activity, as discussed above.

**THE CITY'S FUNDS**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$56.5, which is slightly below last year's total of \$57.8. Approximately \$32.4 this year versus \$49.1 last year, is available for spending at the government's discretion (*unreserved fund balance*). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a particular purpose by law or other legal provision.

- *General Fund* --- 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 \$24.3, while total fund balance was \$24.6. Last year unreserved fund balance was \$24.8 and total fund balance was \$25.1. 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. For the current year ending June 30, 2003, unreserved fund balances represent 16.1% of total fund expenditures (including transfers out), while total fund balance represents 16.3% of that same amount. The fund balance of the City's General Fund decreased by \$0.5 during the current fiscal year. As discussed earlier, this is primarily the result of applying cost containment measures in order to meet a budgeted revenue shortfall of \$6.0 in additional State aid that was not included in the final budget passed by New York State.
- *Capital Projects Fund* --- The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases, excluding projects related to business-type activities, which are accounted for in each business-type activity. At the end of the current fiscal year, the fund balance was \$25.8. Of this amount \$4.9 was encumbered for contracts underway, \$16.0 was reserved for bond proceeds for capital projects not yet expended at year end, and the remaining \$4.9 was designated for subsequent years' expenditures.

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**THE CITY'S FUNDS (CONT'D)**

- *City School District special revenue fund* - The City School District special revenue fund is comprised of the School District's General Operating Fund and the Special Aid Fund. The combined total fund balance at the end of the current fiscal year was \$3.6; last year it was \$9.1. The decrease of \$5.5 is related to an operating deficit for the year in the School District's General Operating Fund. Revenues, in the School District's General Operating Fund for the year (including transfers in) were \$206.6 and expenditures (including transfers out) were \$212.1. The current fiscal year budget had included \$3.0 use of fund balance.
- *Community Development special revenue fund* --- The Community Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. At June 30, 2003, the end of the current fiscal year, total assets were \$14.7, and total liabilities were \$14.7. At the end of the previous fiscal year, total assets were \$15.8 and liabilities were \$15.8.

**Proprietary funds** - The City's proprietary funds provide the same type of information found in the government - wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$95.4. The increase in total net assets of the proprietary funds from 2002 to 2003, which totaled \$6.7 were as follows: Aviation Fund increased by \$4.9, the Water Fund increased by \$2.2, the Sewer Fund increased by \$0.9, and the City School District Food Service Fund decreased by \$1.3.

**General Fund Budgetary Highlights**

According to the City Charter, the City must adopt its budget no later than May 8 of each year for the ensuing fiscal year beginning on July 1. The City's General Fund original budget, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$155.0. Included in the estimated revenues was an additional \$8.0 in State Aid – Revenue Sharing above that amount received in the fiscal year 2002. When the State adopted its budget, after the City's budget deadline, the extra state aid was not included.

At the time the original budget was passed the City had contingency plans in the event the State did not appropriate the additional aid. These contingency plans affected both revenues and, to a larger extent, cost reductions including not filling vacancies in various city departments, energy savings from energy audits, and reductions in overtime. These plans were implemented; however, the original budget was not specifically amended for these contingency plans.

During the course of the year, the City's General Fund budget was amended for various small items, resulting in a final budget utilizing \$0.2 of fund balance. See page 63 (Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis)) for presentation of the City's General Fund original budget and final budget.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**THE CITY'S FUNDS (CONT'D)**

**General Fund Budgetary Highlights (Cont'd)**

The actual performance of the General Fund resulted in an operating deficit for the current year of \$0.5, as compared to a final adopted budget with a deficit of \$0.2.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

In accordance with GASBS No. 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounted to \$453.0 (net of accumulated depreciation). The previous year's amount was \$454.0. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

The City's governmental capital assets were \$333.2 (net of accumulated depreciation) this year as compared to \$340.1 last year. For the City's business-type activities, the balance at the end of this year was \$119.8 (net of accumulated depreciation) as compared to \$113.9 last year.

Please refer to Note 3 in the notes to the basic financial statements for more detailed information regarding capital assets and accumulated depreciation.

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

- Continuing infrastructure improvements to the City's "Little Italy" and "Auto Row" areas. Current year expenditures were \$2.6 million.
- School District replacement of roofs on various school buildings. Current year expenditures were \$3.9 million.
- Construction of new science labs in two of the School District's high schools. Expenditures were \$2.7 million
- Replacement of water meters in commercial buildings with radio-signal meters. Expenditures for the current year were \$1.3 million
- Construction of new building for crash rescue and firefighting personnel and equipment at the City's airport. Expenses were \$2.7 million.
- Rehabilitation of Taxiway A at the City's airport. Expenses were \$4.0 million.

Depreciation expense for the current fiscal year was \$24.1 for governmental activities and \$8.7 for business-type activities.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

**Long-term Debt**

At year-end the City had \$305.0 outstanding in bonds and notes versus \$285.5 last year, an increase of 6.8%. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

Table 3  
Outstanding Debt at Year-end  
(In Millions)

	Governmental Activities		Business-type Activities		Totals	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 215.9	\$ 210.1	\$ 54.9	\$ 56.8	\$ 270.8	\$ 266.9
Bond anticipation notes	-	6.8	3.1	5.3	3.1	12.1
Revenue anticipation notes	27.3	3.2	-	-	27.3	3.2
Tax anticipation notes	3.8	3.3	-	-	3.8	3.3
Total	<u>\$ 247.0</u>	<u>\$ 223.4</u>	<u>\$ 58.0</u>	<u>\$ 62.1</u>	<u>\$ 305.0</u>	<u>\$ 285.5</u>

With respect to general obligation bonds new debt was issued during the year in the amount of approximately \$22.1 to finance capital projects and convert a portion of the outstanding bond anticipation notes into general obligation bonds. New general obligation bonds were issued during the year for School District roof replacements, science labs and athletic fields in the amount of approximately \$6.4 million. Approximately \$14.0 million general obligation bonds were issued to finance bridge repairs, public infrastructure improvements, Clinton Square redevelopment and parking garage rehabilitation. In addition, approximately \$1.7 million in bonds were issued for water main replacements and sewer reconstruction purposes.

During the year the City issued \$22.0 million in general obligation *refunding* bonds, reducing total debt service payments over the next 12 years by approximately \$1.0 million.

At the beginning of the fiscal year the City issued \$14.3 million, plus another \$21.0 million on behalf of the School District, in revenue anticipation notes for cash flow purposes. A large portion of the City's state aid is not received until the last quarter of the fiscal year; and therefore, necessitates cash flow borrowing to fund the day-to-day operations. These notes matured at the end of the fiscal year. In addition, near the end of the fiscal year the City issued \$31.1 in revenue anticipation notes (\$27.3) and tax anticipation notes (\$3.8) to finance day-to-day operations on behalf of the School District related to Federal aid and property tax revenue not yet received by year end.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

**Long-term Debt (Cont'd)**

In addition, please refer to Note 4 in the notes to the basic financial statements for more detailed information on the City's debt.

The City has a rating of Baal from Moody's Investors Service, a BBB+ rating from Standard & Poor's and a BBB+ from Fitch IBCA.

The New York State Constitution imposes a debt limit of 9 percent of the most recent five-year average of full valuation of taxable real estate in the City. Certain specified types of obligations are excluded. The limit as of fiscal year end was \$321.9, which is above the City's outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Syracuse has several economic factors that affect the ability of the City to address local fiscal growth or stability. These factors include:

- Reliance on state aid for the City and the City School District
- A dependent school district resulting in high mandated costs and aging buildings
- A stagnant property tax base, and
- Modestly growing local revenues
- Double-digit percentage increases in both employee health care and retirement system costs

In setting the 2004 fiscal year budget, the property tax levy was held constant with the 2003 fiscal year since that year there was a property tax increase of approximately 7.9%, with slightly more than half directed to the school tax levy. The combined property tax levy of the City and City School District for fiscal year 2004 is \$66 million (exclusive of the State's STAR program).

Due to significant increases in employee health care (the City is self-insured) and retirement system costs, the 2004 budget included a use of \$9.3 million general fund balance (\$24.6 million fund balance at previous year end) for the City's General Fund to meet appropriations. The School District's General Operating Fund (a special revenue fund of the City) had only \$2.8 million unreserved fund balance at the end of 2003; and therefore, did not appropriate any fund balance for fiscal year 2004 despite anticipated layoffs to address the issues cited above.

The Aviation Fund will remain self-sufficient and will not affect the City's General Fund operations for 2004.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2003**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONT'D)**

As for the remaining business-type activities, fees for services were budgeted at the same rate for fiscal year 2004 as were in effect for 2003, and are expected to remain self-sufficient.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of Syracuse's finances and to show an accountability for the money it receives. If you have questions about this report or need additional information, contact the office of the City's Commissioner of Finance at City Hall Room 128, 233 E. Washington Street, Syracuse, New York 13202.

The City School District has a separately issued financial statement. To obtain this report contact the Chief Financial Officer of the Syracuse City School District at 725 Harrison Street, Syracuse, New York 13210.

The Syracuse Industrial Agency (SIDA) and Syracuse Economic Development Corporation (SEDCO) are discretely presented component units with separately issued financial statements. To obtain these reports, contact the Economic Development Department at City Hall, Syracuse, New York 13202.

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2003**

	Primary Government			Combined Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Pooled cash and cash equivalents	\$ 16,655,689	\$ 3,260,107	\$ 19,915,796	\$ -
Cash and cash equivalents	-	9,479,675	9,479,675	8,479,205
Receivables:				
Accounts	3,874,606	6,503,394	10,378,000	-
Taxes (net of allowance of \$14,398,103)	8,654,180	-	8,654,180	-
Other	-	-	-	1,541,966
Loans receivable	9,715,563	-	9,715,563	3,890,258
Interest receivable	-	-	-	379,452
Due from other governments	44,279,855	1,063,225	45,343,080	30,880
Due from primary government	-	-	-	1,325,750
Due from component units (net of allowance of \$5,163,182)	1,420,989	-	1,420,989	14,759
Internal balances-due within one year	36,584,167	1,375,793	37,959,960	-
Inventories	-	289,086	289,086	-
Other assets	167,728	304,129	471,857	1,125,273
Restricted assets:				
Pooled cash and cash equivalents	18,227,629	3,692,200	21,919,829	-
Cash and cash equivalents	2,339,019	15,992,271	18,331,290	-
Deferred charges	-	1,742,890	1,742,890	-
Loans-receivable - long-term	-	-	-	16,324,310
Internal balances-due in more than one year	-	817,250	817,250	-
Capital assets:				
Nondepreciable	91,652,962	10,804,885	102,457,847	920,145
Depreciable, net	241,564,658	108,953,348	350,518,006	20,499,614
<b>TOTAL ASSETS</b>	<b>\$ 475,137,045</b>	<b>\$ 164,278,253</b>	<b>\$ 639,415,298</b>	<b>\$ 54,531,612</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	29,691,412	3,534,255	33,225,667	3,363,043
Accrued interest expense	5,966,522	2,347,261	8,313,783	823,780
Due to other governments	21,411	-	21,411	13,726
Due to component units	987,738	-	987,738	-
Internal balances	877,750	637,398	1,515,148	-
Deferred revenues	13,461,108	905,942	14,367,050	23,090
Other liabilities	1,166,505	517	1,167,022	-
Long-term liabilities - due within one year	77,729,640	8,366,341	86,095,981	3,766,004
Due to primary government-due within one year	-	-	-	1,372,691
Long-term liabilities - due in more than one year	233,626,755	53,115,242	286,741,997	34,424,433
Due to primary government-due in more than one year	-	-	-	5,160,289
<b>Total liabilities</b>	<b>363,528,841</b>	<b>68,906,956</b>	<b>432,435,797</b>	<b>48,947,056</b>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	135,187,434	61,851,759	197,039,193	171,021
Restricted for:				
Debt service	1,210,619	-	1,210,619	-
Fire Training Center	22,988	-	22,988	-
Project Orange	159,171	-	159,171	-
Trusts and permanent funds	106,493	-	106,493	-
EMS Training	68,464	-	68,464	1,172,352
Unrestricted	(25,146,965)	33,519,538	8,372,573	4,241,183
<b>Total net assets</b>	<b>111,608,204</b>	<b>95,371,297</b>	<b>206,979,501</b>	<b>5,584,556</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 475,137,045</b>	<b>\$ 164,278,253</b>	<b>\$ 639,415,298</b>	<b>\$ 54,531,612</b>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total
					Governmental Activities	Business-type Activities		
<b>Primary Government:</b>								
<b>Governmental:</b>								
General government support	\$ 57,808,702	\$ 2,661,540	\$ 1,129,738	\$ 327,296	\$ (53,690,128)	\$ -	\$ -	
Police department	50,589,517	3,398,922	1,290,911	-	(45,899,684)	-	(45,899,684)	
Fire department	38,262,982	53,096	154,624	21,999	(38,033,263)	-	(38,033,263)	
Other public safety	3,734,323	1,915,325	-	-	(1,818,998)	-	(1,818,998)	
Transportation	36,450,929	5,361,524	174,688	2,576,226	(28,338,491)	-	(28,338,491)	
Economic development	483,586	-	-	-	(483,586)	-	(483,586)	
Home and community services	30,033,589	1,232,573	23,530,597	-	(5,270,419)	-	(5,270,419)	
Culture and recreation	8,350,636	353,649	452,861	-	(7,544,126)	-	(7,544,126)	
Education	232,029,114	119,399	70,595,138	-	(161,314,577)	-	(161,314,577)	
Pupil transportation	13,061,794	-	300,666	-	(12,761,128)	-	(12,761,128)	
Interest on long-term debt	11,190,046	-	-	-	(11,190,046)	-	(11,190,046)	
Total governmental activities	481,995,218	15,096,028	97,629,223	2,925,521	(366,344,446)	-	(366,344,446)	
<b>Business-type:</b>								
Aviation	25,733,899	23,331,264	-	878,454	-	(1,524,181)	(1,524,181)	
Water	11,138,065	14,179,863	-	-	-	3,041,798	3,041,798	
Sewer	3,461,778	4,662,106	-	-	-	1,200,328	1,200,328	
Food Service	8,647,753	7,324,347	626,978	-	-	(696,428)	(696,428)	
Total business-type activities	48,981,495	49,497,580	626,978	878,454	-	2,021,517	2,021,517	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 530,976,713</b>	<b>\$ 64,593,608</b>	<b>\$ 98,256,201</b>	<b>\$ 3,803,975</b>	<b>(366,344,446)</b>	<b>2,021,517</b>	<b>(364,322,929)</b>	
<b>Component units:</b>								
Syracuse Industrial Development Agency	9,597,353	6,528,400	2,543,172	-	-	-	(525,781)	
Syracuse Economic Development Corporation	3,739,389	2,745,900	123,875	115,000	-	-	(754,614)	
Syracuse Urban Renewal Agency	3,738	7	-	-	-	-	(3,731)	
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 13,340,480</b>	<b>\$ 9,274,307</b>	<b>\$ 2,667,047</b>	<b>\$ 115,000</b>	<b>-</b>	<b>-</b>	<b>(1,284,126)</b>	
<b>General revenues:</b>								
Property taxes and tax items					80,247,176		80,247,176	
Sales and use taxes					48,847,492		48,847,492	
Other taxes					7,075,191		7,075,191	
Unallocated state aid					198,908,635		198,908,635	
Unallocated federal aid					3,073,194		3,073,194	
Investment earnings					1,667,175	250,392	1,917,567	
Capital contributions					-	6,281,411	6,281,411	
Transfers					1,839,837	(1,839,837)	-	
Miscellaneous					1,126,654	-	1,126,654	
Total general revenues, transfers and special items					342,785,354	4,691,966	347,477,320	
Change in net assets					(23,559,092)	6,713,483	(16,845,609)	
Net assets at beginning of year, as restated					135,167,296	88,657,814	223,825,110	
Net assets at end of year					\$ 111,608,204	\$ 95,371,297	\$ 206,979,501	

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003

	General Fund	Capital Projects Fund	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
			City School District	Community Development		
<b>ASSETS:</b>						
Pooled cash and cash equivalents	\$ 12,007,587	\$ 4,099,130	\$ -	\$ -	\$ 548,972	\$ 16,655,689
Pooled restricted cash and cash equivalents	1,300,000	15,953,488	-	-	974,141	18,227,629
Restricted cash and cash equivalents	-	-	-	2,324,010	15,009	2,339,019
Loans receivable	-	-	-	9,715,563	-	9,715,563
Accounts receivable	1,064,914	-	-	-	2,717,704	3,782,618
Taxes receivable (net of allowance of \$14,398,103)	5,630,019	-	3,544,135	-	229,866	9,404,020
Due from other governments	698,389	9,313,874	25,348,853	-	1,284,042	36,645,158
Due from other component units	19,838,943	944,521	21,158,176	1,655,434	816,885	44,433,959
Due from component units (net of allowance of \$5,163,182)	330,022	88,000	-	1,002,967	-	1,420,989
Other assets	-	-	260,062	704	-	260,766
<b>TOTAL ASSETS</b>	<b>\$ 40,889,874</b>	<b>\$ 30,399,013</b>	<b>\$ 50,311,226</b>	<b>\$ 14,698,678</b>	<b>\$ 6,586,619</b>	<b>\$ 142,885,410</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 8,764,754	\$ 3,669,374	\$ 13,540,555	\$ 2,591,750	\$ 446,534	\$ 29,012,967
Revenue anticipation notes payable	-	-	27,305,000	-	-	27,305,000
Tax anticipation notes	-	-	3,800,000	-	-	3,800,000
Due to other funds	-	877,750	-	52,915	8,076	21,411
Due to other governments	20,928	-	-	483	-	987,738
Due to component units	-	-	-	881,463	106,275	19,717,741
Deferred revenues	6,080,462	88,000	-	10,003,562	3,543,717	1,542,471
Amounts due to retirement systems	-	-	1,542,471	-	-	682,885
Accrued compensated absences	200,000	-	482,885	-	-	1,187,191
Self-insurance claims	1,187,191	-	-	-	-	1,166,505
Other liabilities	-	-	-	1,166,505	-	-
<b>Total liabilities</b>	<b>16,253,335</b>	<b>4,635,124</b>	<b>46,670,911</b>	<b>14,698,678</b>	<b>4,104,602</b>	<b>86,362,650</b>
<b>Fund Balances:</b>						
Reserved for encumbrances	109,662	4,838,368	771,634	-	112,010	5,851,674
Reserved for bonded capital projects	-	15,953,488	-	-	-	15,953,488
Reserved for Fire Training Center	22,988	-	-	-	-	22,988
Reserved for Project Orange	159,171	-	-	-	-	159,171
Reserved for EMS Training	68,465	-	-	-	-	68,465
Reserved for bonded debt	-	-	-	-	1,994,661	1,994,661
Reserved for trusts and permanent funds	-	-	-	-	110,766	110,766
Unreserved:						
Designated	9,291,000	4,952,033	2,868,681	-	-	17,111,714
Undesignated	14,985,253	-	-	-	264,580	15,249,833
<b>Total fund balances</b>	<b>24,656,539</b>	<b>25,763,889</b>	<b>3,640,315</b>	<b>-</b>	<b>2,482,017</b>	<b>56,522,760</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 40,889,874</b>	<b>\$ 30,399,013</b>	<b>\$ 50,311,226</b>	<b>\$ 14,698,678</b>	<b>\$ 6,586,619</b>	<b>\$ 142,885,410</b>

**CITY OF SYRACUSE, NEW YORK**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2003**

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Total fund balances for governmental funds	\$ 56,522,760
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	333,217,620
Long-term liabilities, including bonds payable, compensated absences, capital leave obligations, due to retirement systems, judgements and claims, environmental remediation and other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(277,672,446)
Certain deferred revenue items.	5,506,792
Accrued interest is not reported in the funds.	<u>(5,966,522)</u>
Total net assets of governmental activities	<u>\$ 111,608,204</u>

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See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund	Capital Projects Fund	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
			City School District	Community Development		
<b>REVENUES:</b>						
General property taxes and tax items	\$ 31,883,405	\$ -	\$ 46,222,127	\$ -	\$ 1,820,973	\$ 79,926,505
Sales and use taxes	48,847,492	-	-	-	-	48,847,492
Other local taxes	3,443,639	-	3,631,552	-	327,296	7,402,487
Departmental revenues	8,799,557	4,110	-	-	37,594	8,841,261
Fees and service charges	3,144,817	-	119,399	-	102,591	3,366,807
Use of money and property	358,180	157,426	846,353	-	330,451	1,692,410
Federal and state aid and other grants	49,263,699	2,817,985	224,763,002	21,784,125	1,731,085	300,359,896
Other revenues	3,289,579	178,542	810,690	-	276,750	4,555,561
Total revenues	149,030,368	3,158,063	276,393,123	21,784,125	4,626,740	454,992,419
<b>EXPENDITURES:</b>						
Current:						
General government support	18,663,822	-	34,842,263	1,485,064	821,223	55,812,372
Public safety	83,277,574	-	-	-	1,249,993	84,527,567
Transportation	16,561,791	-	-	-	1,292,383	17,854,174
Economic assistance and opportunity	-	-	-	483,386	69,230	552,816
Home and community services	8,692,588	-	970,797	19,815,475	394,994	29,873,854
Culture and recreation	7,009,359	-	-	-	387,559	7,396,918
Education	-	-	232,656,389	-	-	232,656,389
Debt service	-	-	-	-	-	-
Interest on debt	298,854	156,750	703,819	-	18,640,646	18,640,646
Capital outlays	-	23,691,042	-	-	10,355,424	11,514,847
Total expenditures	134,503,988	23,847,792	269,173,268	21,784,125	33,211,452	482,520,625
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	14,526,380	(20,689,729)	7,219,855	-	(28,584,712)	(27,528,206)
<b>OTHER FINANCING SOURCES (USES):</b>						
Bond proceeds	-	23,269,000	-	-	-	23,269,000
Operating transfers in	1,240,000	3,953,493	3,261,349	-	27,769,683	36,224,525
Operating transfers out	(16,236,301)	(2,166,262)	(15,948,559)	-	(33,566)	(34,384,688)
Total other financing sources (uses) - net	(14,996,301)	25,056,231	(12,687,210)	-	27,736,117	25,108,837
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(469,921)	4,366,502	(5,467,355)	-	(848,595)	(2,419,369)
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED FOR CAPITAL PROJECTS</b>	25,106,460	21,397,387	9,107,670	-	3,330,612	58,942,129
<b>FUND BALANCES AT END OF YEAR</b>	\$ 24,636,539	\$ 25,763,889	\$ 3,640,315	\$ -	\$ 2,482,017	\$ 56,522,760

**CITY OF SYRACUSE, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2003**

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Net change in fund balances - total governmental funds \$ (2,419,369)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. (6,044,646)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Debt issued:

Bonds payable (23,269,000)

Repayments:

Bond Principal 18,640,646

(4,628,354)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 324,800

Some expenses reported in the statement of activities, such as compensated absences and other employee benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (12,395,318)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets. (76,456)

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds. 1,680,251

Net change in net assets of governmental activities \$ (23,559,092)

CITY OF SYRACUSE, NEW YORK  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003

	Business-type Activities					
	Enterprise Funds					Total
	Aviation	Water	Sewer	Total City	City School District Food Service	
<b>ASSETS:</b>						
<b>Current:</b>						
Pooled cash	\$ -	\$ 2,783,224	\$ 476,883	\$ 3,260,107	\$ -	\$ 3,260,107
Cash	9,479,675	-	-	9,479,675	-	9,479,675
Accounts receivable	2,354,545	3,046,808	1,102,041	6,503,394	-	6,503,394
Due from other governments	451,247	5,074	-	456,321	606,904	1,063,225
Due from other funds	60,500	-	-	60,500	1,315,293	1,375,793
Inventories	-	-	-	-	289,086	289,086
Prepaid expenses	304,129	-	-	304,129	-	304,129
<b>Total current assets</b>	<b>12,650,096</b>	<b>5,835,106</b>	<b>1,578,924</b>	<b>20,064,126</b>	<b>2,211,283</b>	<b>22,275,409</b>
<b>Noncurrent:</b>						
Pooled restricted cash	-	2,630,218	1,061,982	3,692,200	-	3,692,200
Restricted cash and cash equivalents	15,232,795	759,476	-	15,992,271	-	15,992,271
Deferred charges	1,662,052	77,345	3,493	1,742,890	-	1,742,890
Due from other funds	817,250	-	-	817,250	-	817,250
Capital assets (net)	102,549,480	13,976,767	2,597,969	119,124,216	634,017	119,758,233
<b>Total noncurrent assets</b>	<b>120,261,577</b>	<b>17,443,806</b>	<b>3,663,444</b>	<b>141,368,827</b>	<b>634,017</b>	<b>142,002,844</b>
<b>TOTAL ASSETS</b>	<b>\$ 132,911,673</b>	<b>\$ 23,278,912</b>	<b>\$ 5,242,368</b>	<b>\$ 161,432,953</b>	<b>\$ 2,845,300</b>	<b>\$ 164,278,253</b>
<b>LIABILITIES:</b>						
<b>Current:</b>						
Accounts payable and accrued expenses	\$ 1,931,801	\$ 920,265	\$ 141,500	\$ 2,993,566	\$ 540,689	\$ 3,534,255
Bond anticipation notes payable	3,066,000	-	-	3,066,000	-	3,066,000
Accrued interest	1,067,216	112,215	26,966	1,206,397	-	1,206,397
Due to other funds	637,398	-	-	637,398	-	637,398
Current portion of bonds payable	2,649,607	824,223	651,829	4,125,659	-	4,125,659
Amounts due to retirement systems	11,435	106,590	14,567	132,592	78,846	211,438
Accrued compensated absences	182,879	24,151	15,718	222,748	91,646	314,394
Self-insurance claims	120,139	260,686	103,767	484,592	164,258	648,850
Deferred revenue	60,500	28,191	-	88,691	-	88,691
Other liabilities	-	-	-	-	517	517
<b>Total current liabilities</b>	<b>9,726,975</b>	<b>2,276,321</b>	<b>954,347</b>	<b>12,957,643</b>	<b>875,956</b>	<b>13,833,599</b>
<b>Noncurrent:</b>						
Bonds - net of current portion	35,537,405	12,198,521	2,978,889	50,714,815	-	50,714,815
Accrued interest	1,140,864	-	-	1,140,864	-	1,140,864
Amounts due to retirement systems	18,695	337,079	42,812	398,586	74,789	473,375
Accrued compensated absences	-	283,083	102,777	385,860	10,253	396,113
Self-insurance claims	373,906	829,230	327,803	1,530,939	-	1,530,939
Deferred revenue	817,251	-	-	817,251	-	817,251
<b>Total noncurrent liabilities</b>	<b>37,868,121</b>	<b>13,647,913</b>	<b>3,452,281</b>	<b>54,988,315</b>	<b>85,042</b>	<b>55,073,357</b>
<b>Total liabilities</b>	<b>47,615,096</b>	<b>15,924,234</b>	<b>4,406,628</b>	<b>67,945,958</b>	<b>960,998</b>	<b>68,906,956</b>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	61,296,468	954,023	(1,032,749)	61,217,742	634,017	61,851,759
<b>Unrestricted:</b>						
Designated	-	1,000,000	-	1,000,000	-	1,000,000
Undesignated	24,000,109	5,400,655	1,868,489	31,269,253	1,250,285	32,519,538
<b>Total net assets</b>	<b>85,296,577</b>	<b>7,354,678</b>	<b>835,740</b>	<b>93,486,995</b>	<b>1,884,302</b>	<b>95,371,297</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 132,911,673</b>	<b>\$ 23,278,912</b>	<b>\$ 5,242,368</b>	<b>\$ 161,432,953</b>	<b>\$ 2,845,300</b>	<b>\$ 164,278,253</b>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Business-type Activities					Total
	Enterprise Funds					
	Aviation	Water	Sewer	Total City	City School District - Food Service	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ -	\$ 13,781,009	\$ 4,653,845	\$ 18,434,854	\$ 7,324,347	\$ 25,759,201
Landing fees	3,020,819	-	-	3,020,819	-	3,020,819
Parking rents	4,705,331	-	-	4,705,331	-	4,705,331
Terminal rents	7,536,697	-	-	7,536,697	-	7,536,697
Concession	5,219,766	-	-	5,219,766	-	5,219,766
Fees and permits	-	310,881	-	310,881	-	310,881
Miscellaneous	27,674	87,973	8,261	123,908	-	123,908
<b>Total operating revenues</b>	<b>20,510,287</b>	<b>14,179,863</b>	<b>4,662,106</b>	<b>39,352,256</b>	<b>7,324,347</b>	<b>46,676,603</b>
<b>OPERATING EXPENSES:</b>						
Cost of sales and services	6,741,082	6,721,831	1,827,382	15,290,295	3,612,358	18,902,653
Administration	7,791,017	3,203,679	1,050,311	12,045,007	4,856,650	16,901,657
Depreciation	7,935,455	423,476	127,941	8,486,872	178,745	8,665,617
Uncollectible accounts	148,898	609,185	356,064	1,114,147	-	1,114,147
<b>Total operating expenses</b>	<b>22,616,452</b>	<b>10,958,171</b>	<b>3,361,698</b>	<b>36,936,321</b>	<b>8,647,753</b>	<b>45,584,074</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(2,106,165)</b>	<b>3,221,692</b>	<b>1,300,408</b>	<b>2,415,935</b>	<b>(1,323,406)</b>	<b>1,092,529</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Grants received for noise abatement program	878,454	-	-	878,454	-	878,454
Noise abatement program	(878,454)	-	-	(878,454)	-	(878,454)
Passenger facility charges	2,820,977	-	-	2,820,977	-	2,820,977
Donated commodities	-	-	-	-	626,978	626,978
Investment income	198,270	48,565	2,998	249,833	559	250,392
Interest expense	(2,238,993)	(179,894)	(100,080)	(2,518,967)	-	(2,518,967)
<b>Total nonoperating revenues (expenses)</b>	<b>780,254</b>	<b>(131,329)</b>	<b>(97,082)</b>	<b>551,843</b>	<b>627,537</b>	<b>1,179,380</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS</b>	<b>(1,325,911)</b>	<b>3,090,363</b>	<b>1,203,326</b>	<b>2,967,778</b>	<b>(695,869)</b>	<b>2,271,909</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>6,281,411</b>	<b>-</b>	<b>-</b>	<b>6,281,411</b>	<b>-</b>	<b>6,281,411</b>
<b>OPERATING TRANSFERS OUT</b>	<b>-</b>	<b>(900,000)</b>	<b>(340,000)</b>	<b>(1,240,000)</b>	<b>(599,837)</b>	<b>(1,839,837)</b>
<b>CHANGE IN NET ASSETS</b>	<b>4,955,500</b>	<b>2,190,363</b>	<b>863,326</b>	<b>8,009,189</b>	<b>(1,295,706)</b>	<b>6,713,483</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>80,341,077</b>	<b>5,164,315</b>	<b>(27,586)</b>	<b>85,477,806</b>	<b>3,180,008</b>	<b>88,657,814</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 85,296,577</b>	<b>\$ 7,354,678</b>	<b>\$ 835,740</b>	<b>\$ 93,486,995</b>	<b>\$ 1,884,302</b>	<b>\$ 95,371,297</b>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

Business-type Activities

Enterprise Funds

	Aviation	Water	Sewer	Total - City	City School District - Food Service	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers	\$ 20,098,711	\$ 12,958,052	\$ 4,171,061	\$ 37,227,824	\$ 8,031,789	\$ 45,259,613
Payments to vendors	(10,941,313)	(3,862,659)	(813,959)	(15,617,931)	(2,721,677)	(18,339,608)
Payments to employees	(4,319,254)	(4,522,360)	(1,623,744)	(10,465,358)	(4,820,691)	(15,286,049)
Internal activity-receipts and (payments) with other funds - net	612,468	-	554	613,022	390,103	1,003,125
Claims paid	-	(1,172,281)	(246,507)	(1,418,788)	-	(1,418,788)
Other payments	-	(72,947)	(64,977)	(137,924)	-	(137,924)
Net cash provided by operating activities	<u>\$ 5,450,612</u>	<u>\$ 3,327,805</u>	<u>\$ 1,422,428</u>	<u>\$ 10,200,845</u>	<u>\$ 879,524</u>	<u>\$ 11,080,369</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating subsidies and transfers to other funds	-	(900,000)	(340,000)	(1,240,000)	(599,837)	(1,839,837)
Payments to other governments	-	-	-	-	(788)	(788)
Net cash utilized in noncapital financing activities	<u>-</u>	<u>(900,000)</u>	<u>(340,000)</u>	<u>(1,240,000)</u>	<u>(600,625)</u>	<u>(1,840,625)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from capital debt	7,896,000	1,817,119	1,000,000	10,713,119	-	10,713,119
Capital contributions	7,184,605	-	-	7,184,605	-	7,184,605
Purchases of capital assets	(10,885,716)	(2,665,514)	(704,547)	(14,255,777)	(279,458)	(14,535,235)
Principal paid on capital debt	(12,216,029)	(1,837,654)	(706,822)	(14,760,505)	-	(14,760,505)
Interest paid on capital debt	(2,344,721)	(183,193)	(111,692)	(2,639,606)	-	(2,639,606)
Other receipts	2,203,235	-	-	2,203,235	-	2,203,235
Net cash utilized in capital and related financing activities	<u>(8,162,626)</u>	<u>(2,869,242)</u>	<u>(523,061)</u>	<u>(11,554,929)</u>	<u>(279,458)</u>	<u>(11,834,387)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest and dividends received	198,270	48,565	2,998	249,833	559	250,392
Net cash provided by investing activities	<u>198,270</u>	<u>48,565</u>	<u>2,998</u>	<u>249,833</u>	<u>559</u>	<u>250,392</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(2,513,744)</b>	<b>(392,872)</b>	<b>562,365</b>	<b>(2,344,251)</b>	<b>-</b>	<b>(2,344,251)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>27,226,214</b>	<b>6,565,790</b>	<b>976,500</b>	<b>34,768,504</b>	<b>-</b>	<b>34,768,504</b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 24,712,470</u></b>	<b><u>\$ 6,172,918</u></b>	<b><u>\$ 1,538,865</u></b>	<b><u>\$ 32,424,253</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 32,424,253</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:</b>						
Operating income (loss)	\$ (2,106,165)	\$ 3,221,692	\$ 1,300,408	\$ 2,415,935	\$ (1,323,406)	\$ 1,092,529
Adjustments to reconcile operating income to net cash provided by (utilized in) operating activities						
Depreciation expense	7,935,455	423,476	127,941	8,486,872	178,745	8,665,617
Uncollectible accounts	148,898	609,185	356,064	1,114,147	-	1,114,147
Change in assets and liabilities:						
Accounts receivable	(141,240)	(1,244,925)	(491,045)	(1,877,210)	-	(1,877,210)
Deferred charges	(336,597)	-	-	(336,597)	-	(336,597)
Due from other funds	612,468	-	554	613,022	390,103	1,003,125
Due from other governments	-	(5,074)	-	(5,074)	707,442	702,368
Inventories	-	-	-	-	662,390	662,390
Prepaid expenses	(57,568)	-	-	(57,568)	-	(57,568)
Accounts payable and accrued expenses	(262,092)	166,364	21,082	(74,646)	258,381	183,735
Amounts due to retirement systems	-	397,095	38,450	435,545	37,463	473,008
Self-insurance claims	(55,322)	(268,199)	68,974	(254,547)	(60,134)	(314,681)
Accrued compensated absences	(16,889)	-	-	(16,889)	28,540	11,651
Deferred revenue	(270,336)	28,191	-	(242,145)	-	(242,145)
Net cash provided by operating activities	<u>\$ 5,450,612</u>	<u>\$ 3,327,805</u>	<u>\$ 1,422,428</u>	<u>\$ 10,200,845</u>	<u>\$ 879,524</u>	<u>\$ 11,080,369</u>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

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**SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:**

During the year ended June 30, 2003 the Aviation Fund incurred accretion of \$209,971 (included in interest expense) on capital appreciation bonds which are included in bonds payable.

**RECONCILIATION OF RESTRICTED AND UNRESTRICTED CASH TO TOTAL CASH - PROPRIETARY FUNDS**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
<b>Beginning of Year:</b>			
Aviation Fund	\$ 9,110,234	\$ 18,115,980	\$ 27,226,214
Water Fund	1,557,326	5,008,464	6,565,790
Sewer Fund	914,517	61,983	976,500
Total beginning of year	<u>\$ 11,582,077</u>	<u>\$ 23,186,427</u>	<u>\$ 34,768,504</u>
<b>End of Year:</b>			
Aviation Fund	\$ 9,479,675	\$ 15,232,795	\$ 24,712,470
Water Fund	2,783,224	3,389,694	6,172,918
Sewer Fund	476,883	1,061,982	1,538,865
Total end of year	<u>\$ 12,739,782</u>	<u>\$ 19,684,471</u>	<u>\$ 32,424,253</u>

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See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2003**

	City							Total		
	Pension Trust Funds		Private Purpose Funds			Agency Funds			Total City	Combined City School District
	Local Fire Pension Fund	Local Police Pension Fund	Coca Cola & Mayor's Round Ball	Coca Cola & Mayor's Round Ball	Agency Funds	Agency Funds				
<b>ASSETS:</b>										
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 241,496	\$ -	\$ 241,496	\$ -	\$ 241,496	
Pooled restricted cash and cash equivalents	-	4,863	-	2,000	38,852,443	-	38,859,306	-	38,859,306	
Restricted cash	-	-	-	-	-	-	-	723,266	723,266	
Taxes receivable	-	-	-	-	50,605,943	-	50,605,943	-	50,605,943	
<b>TOTAL ASSETS</b>	-	4,863	-	2,000	89,699,882	-	89,706,745	723,266	90,430,011	
<b>LIABILITIES:</b>										
Accounts payable and accrued expenditures	-	-	-	-	-	-	-	2,304	2,304	
Due to other funds	-	-	-	-	37,261,012	-	37,261,012	1,050	37,262,062	
Due to other governments	-	-	-	-	1,274,376	-	1,274,376	-	1,274,376	
Deferred revenue	-	-	-	-	50,605,943	-	50,605,943	-	50,605,943	
Extraclassroom activity balances	-	-	-	-	-	-	-	644,191	644,191	
Other liabilities	-	-	-	-	558,551	-	558,551	-	558,551	
<b>TOTAL LIABILITIES</b>	-	-	-	-	89,699,882	-	89,699,882	647,545	90,347,427	
<b>NET ASSETS:</b>										
Held in trust	\$ -	\$ 4,863	\$ -	\$ 2,000	\$ -	\$ -	\$ 6,863	\$ 75,721	\$ 82,584	

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Pension Trust Funds		Private Purpose Funds		Total City	Combined City School District	Total
	Local Fire Pension Fund	Local Police Pension Fund	Coca Cola & Mayor's Round Ball				
<b>ADDITIONS:</b>							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,191	\$ 8,191
Local sources and other	281,597	48,729	13,895		344,221	-	344,221
Total additions	281,597	48,729	13,895		344,221	8,191	352,412
<b>DEDUCTIONS:</b>							
Payments to pensioners	281,597	43,866	-	-	325,463	-	325,463
Scholarships and awards	-	-	-	-	-	12,399	12,399
Other expenses	-	-	13,895	-	13,895	-	13,895
Investment losses	-	-	-	-	-	2,596	2,596
Total deductions	281,597	43,866	13,895	-	339,358	14,995	354,353
<b>CHANGE IN NET ASSETS</b>	-	4,863	-	-	4,863	(6,804)	(1,941)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	-	-	2,000	-	2,000	82,525	84,525
<b>NET ASSETS AT END OF YEAR</b>	-	4,863	2,000	-	6,863	75,721	82,584

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2003**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 5,263,503	\$ 2,937,694	\$ 278,008	\$ 8,479,205
Other receivables	1,325,084	127,375	89,507	1,541,966
Loans receivable-current portion	3,312,524	577,734	-	3,890,258
Interest receivable	324,414	55,038	-	379,452
Due from other governments	-	-	30,880	30,880
Due from primary government	405,073	774,699	145,978	1,325,750
Due from other component units	-	-	14,759	14,759
Other assets	1,125,273	-	-	1,125,273
Loans receivable - long-term portion	13,828,802	2,495,508	-	16,324,310
Capital assets:				
Nondepreciable	50,000	770,145	100,000	920,145
Depreciable, net	1,801,805	18,626,788	71,021	20,499,614
<b>TOTAL ASSETS</b>	<b>\$ 27,436,478</b>	<b>\$ 26,364,981</b>	<b>\$ 730,153</b>	<b>\$ 54,531,612</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 3,118,414	\$ 244,629	\$ -	\$ 3,363,043
Accrued interest expense	493,450	330,330	-	823,780
Due to other governments	-	-	13,726	13,726
Deferred revenue	23,090	-	-	23,090
Due to primary government	412,841	550,000	409,850	1,372,691
Non-current liabilities:				
Due within one year	1,488,979	2,277,025	-	3,766,004
Due within more than one year	20,635,000	13,789,433	-	34,424,433
Due to primary government - long-term portion	1,566,027	3,594,262	-	5,160,289
<b>Total liabilities</b>	<b>27,737,801</b>	<b>20,785,679</b>	<b>423,576</b>	<b>48,947,056</b>
<b>NET ASSETS:</b>				
Invested in capital assets	-	-	171,021	171,021
Restricted for loan programs	498,334	674,018	-	1,172,352
Unrestricted	(799,657)	4,905,284	135,556	4,241,183
<b>Total net assets</b>	<b>(301,323)</b>	<b>5,579,302</b>	<b>306,577</b>	<b>5,584,556</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 27,436,478</b>	<b>\$ 26,364,981</b>	<b>\$ 730,153</b>	<b>\$ 54,531,612</b>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Syracuse, New York (the City) was incorporated in 1848 and operates under an elected Mayor. The Common Council is the elected legislative body and consists of a Council President and four members elected at large plus five district members. The City provides service of general government, public works, public safety, education, community enrichment and economic development to its approximately 150,000 residents, and operates Syracuse - Hancock International Airport which serves approximately two million passengers annually from the region.

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, with the exception of the Syracuse Economic Development Corporation as discussed in Note 1.A. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting polices are discussed in subsequent subsections of this note.

**A. Financial Reporting Entity**

The City's financial reporting entity comprises the following:

Primary Government:	City of Syracuse, New York
Blended Component Unit:	Syracuse City School District (the District)
Discretely Presented Component Units:	Syracuse Economic Development Corporation Syracuse Industrial Development Agency Syracuse Urban Renewal Agency

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

In determining the financial reporting entity, the City complies with the provisions of GASB Statement Numbers 14 and 39, *The Financial Reporting Entity*, and *Determining Whether Certain Organizations are Component Units*, respectively, including all component units of which the City appointed a voting majority of the units' board; the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

**Blended Component Units:**

Blended component units are separate entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

Syracuse City School District (the District) - The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education which is an elected body. The District is not a separate legal entity and does not have the power to levy taxes or issue bonds. Its budget is subject to approval by the City Common Council. The City is financially accountable for the District and funds any operating deficits. The District is primarily included in the basic financial statements as a special revenue fund in the fund financial statements. In the government-wide statements the District is included in the governmental activities.

**Discretely Presented Component Units:**

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The following organizations are discretely presented component units:

Syracuse Industrial Development Agency (SIDA) - SIDA is a public benefit governmental agency established to enhance economic development in the City. SIDA's programs include issuing industrial revenue bonds and making HUD 108 loans. The Mayor appoints a voting majority of the governing body and SIDA's activities are controlled by the City of Syracuse. Separate audited financial statements are prepared for SIDA and reports may be obtained by writing to Syracuse Industrial Development Agency, City Hall, Syracuse, New York 13202. SIDA has a fiscal year which ends December 31.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Financial Reporting Entity (Cont'd)**

Syracuse Economic Development Corporation (SEDCO) - SEDCO is a not-for-profit corporation established by the City to foster development ventures in the City. SEDCO's financial statements are in conformity with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. SEDCO loans funds through Direct and Entrepreneur Loan Programs and the Urban Development Action Grant Program. The Direct and Entrepreneur Loan Programs are funded from annual entitlement grants from the City. The Urban Development Action Grant represents funds received by the City and passed through (loaned) to SEDCO. The City is financially accountable for SEDCO and the Mayor appoints the voting majority of the governing body. Separate audited financial statements are prepared for SEDCO and reports may be obtained by writing to Syracuse Economic Development Corporation, City Hall, Syracuse, New York 13202. SEDCO has a fiscal year which ends December 31.

Syracuse Urban Renewal Agency (SURA) - SURA is an agency used to account for federal, state and local capital grant funds for the redevelopment of land in the City of Syracuse. The City is financially accountable for SURA. The Mayor appoints the voting majority of the governing body.

Only footnote disclosures relating to the primary government are included in the basic financial statements. The footnote disclosures relating to SIDA, SEDCO and SURA are not included.

The Syracuse Housing Partnership, Inc., Rebuild Syracuse, and Friends of the Syracuse Commission for Women, Inc. are excluded from the financial reporting entity. Although the Mayor appoints the majority of the governing bodies of these agencies, the City is not financially accountable, lacks any other financial interdependencies and cannot exercise any oversight responsibility.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Basis of Presentation**

*Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Amounts reported in the Statement of Activities as program revenue include charges to customers for goods, services or privileges provided, operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with a governmental or business-type activity. General revenues support all activities and programs. All taxes are considered general revenues.

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity or net assets, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Nonmajor funds are summarized into a single column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Governmental Fund Types:**

**General Fund**

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. General operations of the City School District are reported in the special revenue funds.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest. Both the City and the Syracuse City School District maintain debt service funds.

**Capital Projects Fund**

The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by proprietary funds. The principal sources of financing are from the sale of bonds or issuance of bond anticipation notes. Both the City and the Syracuse City School District maintain capital projects funds.

**Permanent Fund**

The permanent fund accounts for assets held by the City pursuant to a trust agreement. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Proprietary Fund Types:**

Proprietary funds focus on the determination of changes in net assets, financial position and cash flows and are classified as either enterprise or internal service. The City has no internal service funds.

***Enterprise Funds***

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

***Water Fund***

The Water Fund is used to account for providing water to the public.

***Sewer Fund***

The Sewer Fund is used to account for wastewater and sanitation services to the public.

***Aviation Fund***

The Aviation Fund is used to account for revenues and expenditures to operate Syracuse-Hancock International Airport.

***Food Service Fund***

This fund accounts for the financial transactions related to the food service operations of the School District.

**Fiduciary Fund Types (Not included in government-wide statements):**

**Agency Funds**

Agency funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fiduciary Fund Types (Not included in government-wide statements) (Cont'd):**

**Pension Trust Funds**

Pension trust funds are used to report resources that are held in trust for the members and beneficiaries of pension plans.

**Private Purpose Funds**

Private purpose funds are trust arrangements under which the principal or interest benefit specific individuals, organizations or other governments, but not the reporting government.

**Major and Nonmajor Funds**

The funds are further classified as major or non-major as follows:

**Major Funds:**

- General Fund - See above for description.
- Special Revenue funds:

City School District - This fund is used to account for the education and transportation of pupils with the City. This fund includes the District's general fund and special aid fund.

Community Development - This fund is used to account for Federal funds received for community development purposes.

- Capital Projects Fund - See above for description.
- Proprietary Funds:

Aviation - See above for description.

Water - See above for description

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fiduciary Fund Types (Not included in government-wide statements) (Cont'd):**

**Nonmajor Funds:**

- Special Revenue Funds:
  - Special Grants
  - Special Assessment Districts
  - Local Development
  - Oil and Flushing
  - Miscellaneous Trust Funds
- Debt Service Fund
- Permanent Fund - Francis Hendrick's
- Proprietary Funds:
  - Sewer
  - Food Service

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Measurement Focus and Basis of Accounting (Cont'd)**

**Measurement Focus (Cont'd)**

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. Proprietary and fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and fiduciary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough to pay liabilities of the current period. For this purpose, the City generally considers most revenues to be available if they are collected within sixty days after year end. Expenditures (including capital outlays) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Measurement Focus and Basis of Accounting (Cont'd)**

All proprietary and fiduciary funds utilize the accrual basis of accounting.

**D. Budgets and Budgetary Accounting**

In accordance with the City Charter, the annual operating budget includes the General Fund, City School District Fund exclusive of grants, the Aviation Fund and the Debt Service Fund. The budget for the Debt Service Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budget for other governmental funds is prepared on a non-GAAP budgetary basis in that encumbrances are charged against appropriations in the year the commitment is incurred and payroll costs are on a cash basis. These differences are not material. Formal budgetary integration is employed as a management control device during the year. For the Capital Projects Fund and grants accounted for in the City School District Fund, long-term budgets covering the anticipated life of the project or grant are adopted by the Common Council at the time of approval.

The City appropriates a total expenditure budget based on projected revenues and surplus from the preceding year. The budget allocations among the various organizational units in the governmental funds, along with any amendments made by the Common Council, are included in the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis).

All unencumbered budget appropriations lapse at fiscal year-end. The general fund's budget is adopted on a departmental basis, which is the level of control at which expenditures may not legally exceed appropriations. On a budgetary basis, current year encumbrances are included with expenditures, while expenditures of prior years' encumbrances are excluded.

The Common Council follows these procedures in establishing the budgetary data reported in the financial statements:

- By April 8<sup>th</sup>, the Mayor submits to the Common Council operating budgets for the City and City School District, including the means of financing them, for the fiscal year commencing the following July 1<sup>st</sup>.
- Following a public hearing on the proposed budget, the Common Council must adopt the proposed or amended budget no later than May 8<sup>th</sup>.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**D. Budgets and Budgetary Accounting (Cont'd)**

- Any amendments approved by the Council are presented to the Mayor for his consideration. Should the Mayor object to any amendment, the Council has an opportunity to override the Mayor's objection until June.
- The Mayor has the authority to transfer budgeted amounts between accounts within a department, but increases to department totals must be approved by the Common Council.
- Budget amendments occurring subsequent to the adoption of the budget are drafted and reviewed by the Budget Director and submitted to the Common Council for approval. If amendments are passed by the Council, they are submitted to the Mayor for final approval.

**E. Cash Equivalents**

Cash equivalents consist primarily of certificates of deposits with original maturities of three months or less.

**F. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales and use taxes, mortgage taxes, franchise taxes and grants. Business-type activities report fee for service receivables and grant related earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales and use taxes, mortgage taxes, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Fee for service receivables and grant related earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**G. Inventories**

Inventories of food and/or supplies in the Food Service Fund, included as a proprietary fund, are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market.

**H. Capital Assets (Fixed Assets)**

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-wide Statements*

In the government-wide financial statements, capital assets are defined by the City, with the exception of the District, as assets with an initial cost of more than \$5,000 and a useful life of two or more years. The District capitalizes fixed assets with an initial cost of more than \$1,000. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2001, infrastructure assets were not capitalized. The City opted for early implementation of infrastructure reporting retroactive to 1980. These assets have been valued at estimated historical cost.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. Interest capitalized for the year ended June 30, 2003 amounted to \$396,290.

The City has works of art such as maps and valuable documents, paintings, sculptures, exhibits, monuments and statues. These items are not capitalized because they are not held for financial gain, are protected and preserved and the City's policy requires any sale proceeds to be used to acquire other collection items.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**H. Capital Assets (Fixed Assets) (Cont'd)**

*Government-wide Statements (Cont'd)*

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation beginning in the first year after completion or acquisition of the asset, except for the Aviation Fund which begins depreciating assets on the date of acquisition. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Parking garages	20 years
Machinery and equipment	3-10 years
Improvements - land and building	20 years
Improvements - parking garages	10 years
Infrastructure	20-100 years

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**I. Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is broken out and recorded as current and long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources. The proprietary funds report the liability as it is incurred.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**J. Long-Term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Material bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Long-term debt is not reported as a liability of the governmental funds and any debt issued is reported as another financing source in the Statement of Revenues, Expenditures and Changes in Fund Balances. Payments of principal and interest on general long-term debt are recognized when paid from a governmental fund. Issuance costs are reported as a General Fund expenditure.

**K. Equity Classifications**

*Government-wide Statements*

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

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

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balance represents amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management plans that are subject to change. Proprietary fund equity is classified the same as in the government-wide statements.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**L. Retirement**

The City provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (ERS), New York State and Local Teachers' Retirement System (TRS) and Policemen's and Firemen's Retirement System (PFRS). The Systems provide various plans and options, some of which require employee contributions. The Retirement Systems compute the cost of retirement benefits based upon their respective fiscal years: ERS and PFRS - April 1 to March 31, and TRS - July 1 to June 30.

**M. Revenue, Expenditures and Expenses**

**Property Tax**

The property tax levy is approved by the Common Council in May for the following year on the basis of the final assessment roll of July 1. The City bills and collects its own property taxes including school taxes and the property taxes levied by Onondaga County. City and school taxes are attached as an enforceable lien on property as of July 1 and are payable in four equal installments in July, October, January and April. County taxes are attached as an enforceable lien on property as of January 1 and are payable in four equal installments in January, April, July and October. City and School District property tax revenues are recognized when levied to the extent they result in current receivables, less an allowance for amounts estimated to be uncollectible. The allowance for City School District taxes is offset against City taxes as the City guarantees 100% of the levy to the School District. The City does not guarantee the collection of County taxes. The City is required to pay the County only when, and if, the tax is collected. In addition, the receivables in the governmental funds which are not available to finance current operations are offset by the recording of a deferred revenue. Deferred revenues are recognized as revenue in the fiscal year that such amounts become available. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied, less an allowance for uncollectible amounts.

**Assessment Tax Revenue**

In the fund financial statements, sidewalk and sewer assessments are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments receivable of \$2,698,002 at June 30, 2003 are offset by deferred revenue and included in the Debt Service Fund. In the governmental financial statements, assessment revenue is recorded when it is added to the property tax levy annually. Only the portion of the assessments due in the current period is accrued as revenue, less an allowance for uncollectible amounts.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**M. Revenue, Expenditures and Expenses (Cont'd)**

**Intergovernmental Revenues - Grants**

For both the government-wide and fund financial statements, the City follows the policy that an expenditure of funds is the prime factor for determining the release of grant funds; revenue is recognized at the time of the expenditure of funds. If release of grant funds is not contingent upon expenditure of funds, revenue is recorded when received or when the grant becomes an obligation of the grantor.

**Other Revenues**

In the fund financial statements, governmental funds record licenses and permits, certain charges for services, fines and forfeits and miscellaneous revenues on the cash basis because they are generally not measurable until actually received. Investment earnings are recorded on a modified accrual basis. Sales tax revenues are recorded on a modified accrual basis and include the portion of sales tax revenue attributable to the current year but remitted to the State, and ultimately to the City within 60 days of the end of the current fiscal year. In the government-wide financial statements and the proprietary funds, other revenues, if material, are recognized when earned.

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. The principal operating revenue of the Water and Sewer funds is charges to customers for sales and service. The principal operating revenues of the Aviation Fund are landing fees, parking fees, terminal rents and concession revenue. Operating expenses for the proprietary funds include the cost of sales and service, administrative expenses, uncollectible accounts and depreciation on capital assets.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by activity for both governmental and business-type activities. Expenses are recognized when they are incurred. Direct expenses are those that are specifically associated with an activity and are clearly identifiable to a particular function. Certain indirect expenses are allocated among the activities, if possible.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**M. Revenue, Expenditures and Expenses (Cont'd)**

**Expenditures/Expenses (Cont'd)**

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character:	Current (further classified by function)
	Debt service
	Interest on debt
	Capital outlays

Proprietary Fund - By operating and nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Most expenditures are measurable and are recorded when the related fund liability is incurred. However debt service expenditures are recorded only when payment is due. Allocations of costs, such as depreciation, are not recognized. Proprietary funds report expenses relating to use of economic resources. Expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, transfers within governmental activities and within business-type activities are eliminated upon consolidation.

**Payments Between the City and Component Units**

Resource flows (except those that affect the statement of net assets/balance sheet, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions - that is, as revenues and expenses. Resource flows between the primary government and its blended component unit are classified as interfund transactions in the financial statements.

**Restricted and Unrestricted Resources**

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.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**N. Delinquent Property Taxes**

Delinquent taxes receivable from the prior year are converted to tax sale certificates annually in April and October for the County and the City, respectively. At June 30, 2003, the tax sale certificates are fully offset by an allowance for uncollectible delinquent taxes and deferred revenue in the fund financial statements. The allowance and deferred revenue amounts at June 30, 2003 were \$14,398,103 and \$6,226,158, respectively.

**O. Deferred Charges**

Deferred charges, reported in the government-wide Statement of Net Assets and in the Statement of Net Assets - Proprietary Funds, represent debt issuance costs that are deferred and amortized over the life of the respective debt using the straight-line method.

**P. Current Vulnerability Due to Certain Concentrations**

Most of the City's employees are covered by collective bargaining agreements. Approximately 76% of the agreements are currently in negotiation and 8% and 1% will require re-negotiation on December 31, 2003 and June 30, 2004, respectively. The remaining 15% of these agreements extend beyond one year.

**Q. Restricted Cash and Cash Equivalents**

Restricted cash and cash equivalents include amounts restricted for future debt payments, deposits maintained as security against future health claims, property tax overpayments, amounts due to the New York State and Local Teachers' Retirement System and amounts collected on behalf of other governments.

**R. Reservations and Designations of Fund Equity**

Reserved fund balances represent fund equity reserved for specific appropriations and legal or contractual obligations. Designations of unreserved fund balances in governmental funds indicate the use of these resources in the ensuing year's budget or tentative plans for future use. The 2003/2004 City School District budget specifically designates the use of \$2,868,681 for future years use and technology. The City's 2003/2004 budget specifically designates \$9,291,000 and \$1,000,000 of fund balance for future budget years for the General Fund and Water Fund, respectively.

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**S. Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents, and investments, if any, of all funds, including restricted amounts (with the exception of the Aviation Fund, Community Development Fund and certain miscellaneous trust funds) are pooled into one common account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled accounts has an equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end.

**Deposits**

Deposits include demand deposits, time deposits and certificates of deposits with original maturities of three months or less with all short-term cash surpluses invested at money market rates in overnight accounts. All deposits with financial institutions must be collateralized in an amount equal to 102% of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to the obligations of the United States or any obligation fully insured as to the principal and interest by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York and must be held either by the financial institutions trust department or by a third party custodial bank. At year end, the carrying amount of the City's deposits, including certificates of deposits, was \$109,470,658 and the bank balance was \$111,480,766. As of June 30, 2003 all deposits were insured or collateralized.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**3. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Not being depreciated:				
Land	\$ 16,190,934	\$ -	\$ -	\$ 16,190,934
Construction in progress	<u>83,241,787</u>	<u>14,163,286</u>	<u>21,943,045</u>	<u>75,462,028</u>
Subtotal	<u>99,432,721</u>	<u>14,163,286</u>	<u>21,943,045</u>	<u>91,652,962</u>
Other capital assets:				
Buildings	282,002,650	2,466,458	-	284,469,108
Machinery and equipment	66,460,516	6,036,085	2,465,897	70,030,704
Improvements/infrastructure	<u>229,505,668</u>	<u>16,542,091</u>	<u>-</u>	<u>246,047,759</u>
Subtotal	<u>577,968,834</u>	<u>25,044,634</u>	<u>2,465,897</u>	<u>600,547,571</u>
Total capital assets	<u>677,401,555</u>	<u>39,207,920</u>	<u>24,408,942</u>	<u>692,200,533</u>
Accumulated depreciation:				
Buildings	179,770,135	9,720,755	-	189,490,890
Machinery and equipment	46,164,159	4,641,606	2,389,448	48,416,317
Improvements/infrastructure	<u>111,350,506</u>	<u>9,725,200</u>	<u>-</u>	<u>121,075,706</u>
Total	<u>337,284,800</u>	<u>24,087,561</u>	<u>2,389,448</u>	<u>358,982,913</u>
Net capital assets - governmental activities	<u>\$340,116,755</u>	<u>\$15,120,359</u>	<u>\$ 22,019,494</u>	<u>\$333,217,620</u>

Depreciation was charged to activities as follows:

Governmental activities:

General government support	\$ 1,446,900
Police department	750,283
Fire department	1,065,213
Other public safety	9,404
Transportation	13,429,956
Culture and recreation	616,795
Education	<u>6,769,010</u>
Total governmental activities depreciation expense	<u>\$ 24,087,561</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)**

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Not being depreciated:				
Land	\$ 1,001,889	\$ 822,579	\$ -	\$ 1,824,468
Construction in progress	<u>13,473,906</u>	<u>10,969,930</u>	<u>15,463,419</u>	<u>8,980,417</u>
Subtotal	<u>14,475,795</u>	<u>11,792,509</u>	<u>15,463,419</u>	<u>10,804,885</u>
Other capital assets:				
Buildings	96,763,403	6,031,324	-	102,794,727
Machinery and equipment	15,699,921	1,328,076	207,043	16,820,954
Improvements/infrastructure	<u>96,218,426</u>	<u>10,947,405</u>	<u>-</u>	<u>107,165,831</u>
Subtotal	<u>208,681,750</u>	<u>18,306,805</u>	<u>207,043</u>	<u>226,781,512</u>
 Total capital assets	 <u>223,157,545</u>	 <u>30,099,314</u>	 <u>15,670,462</u>	 <u>237,586,397</u>
Accumulated depreciation:				
Buildings	49,146,529	4,009,399	-	53,155,928
Machinery and equipment	12,129,801	850,881	106,384	12,874,298
Improvements/infrastructure	<u>47,992,601</u>	<u>3,805,337</u>	<u>-</u>	<u>51,797,938</u>
Total	<u>109,268,931</u>	<u>8,665,617</u>	<u>106,384</u>	<u>117,828,164</u>
Net capital assets - business-type activities	<u>\$113,888,614</u>	<u>\$21,433,697</u>	<u>\$15,564,078</u>	<u>\$119,758,233</u>

Depreciation was charged to activities as follows:

Business-type activities:

Aviation	\$ 7,935,455
Water	423,476
Sewer	127,941
Food Service	<u>178,745</u>
Total business-type activities depreciation expense	<u>\$ 8,665,617</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**4. CAPITAL INDEBTEDNESS**

**General Obligations Bonds Payable**

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 2.5% to 9.37% with maturity dates through fiscal 2023.

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2003:

	Balance at June 30, 2002	Additions	Reductions	Balance at June 30, 2003	Amount due within one year
<b>Governmental activities:</b>					
<b>Bonds and notes payable:</b>					
General obligation bonds payable	\$ 210,098,915	\$ 37,596,059	\$ 31,829,269	\$ 215,865,705	\$ 20,569,645
Bond anticipation notes payable	6,800,000	-	6,800,000	-	-
Revenue anticipation notes payable	3,200,000	54,305,000	30,200,000	27,305,000	27,305,000
Tax anticipation notes payable	3,300,000	3,800,000	3,300,000	3,800,000	3,800,000
Capital lease obligations	3,276,566	-	1,098,457	2,178,109	520,164
Installment debt	300,419	-	145,716	154,703	154,703
Total bonds and notes payable	<u>226,975,900</u>	<u>95,701,059</u>	<u>73,373,442</u>	<u>249,303,517</u>	<u>52,349,512</u>
<b>Other liabilities:</b>					
Amount due to retirement systems	7,759,443	13,426,820	6,382,366	14,803,897	6,258,752
Accrued compensated absences	13,890,516	10,495,588	8,120,022	16,266,082	5,585,463
Self-insurance claims	18,095,816	56,137,373	61,447,904	12,785,285	9,077,933
Due to New York State	1,214,658	-	591,622	623,036	623,036
Judgments and claims	3,550,000	414,848	964,848	3,000,000	-
Environmental remediation	7,962,377	332,763	-	8,295,140	-
Retroactive compensation liability	-	6,007,744	-	6,007,744	3,834,944
Other liabilities	379,620	-	107,926	271,694	-
Total other liabilities	<u>52,852,430</u>	<u>86,815,136</u>	<u>77,614,688</u>	<u>62,052,878</u>	<u>25,380,128</u>
Governmental activities long-term liabilities	<u>\$ 279,828,330</u>	<u>\$ 182,516,195</u>	<u>\$ 150,988,130</u>	<u>\$ 311,356,395</u>	<u>\$ 77,729,640</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**4. CAPITAL INDEBTEDNESS (CONT'D)**

**Changes in long-term liabilities (Cont'd)**

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the debt service fund, except for the capital lease obligations, which are paid by the General and Capital Projects funds (See Note 7).

Liabilities for compensated absences, retirement, self-insurance claims and judgments and claims attributable to the governmental activities will be liquidated by the General Fund or the City School District, which is a special revenue fund. The liability for environmental remediation and retroactive compensation will be liquidated by the City School District.

	Balance at June 30, 2002	Additions	Reductions	Balance at June 30, 2003	Amount due within one year
<b>Business-type activities:</b>					
<b>Bonds and note payable:</b>					
General obligation bonds payable	\$ 56,808,101	\$ 7,437,148	\$ 9,404,775	\$ 54,840,474	\$ 4,125,659
Bond anticipation notes payable	<u>5,286,000</u>	<u>3,066,000</u>	<u>5,286,000</u>	<u>3,066,000</u>	<u>3,066,000</u>
Total bonds and notes payable	<u>62,094,101</u>	<u>10,503,148</u>	<u>14,690,775</u>	<u>57,906,474</u>	<u>7,191,659</u>
<b>Other liabilities:</b>					
Amount due to retirement systems	228,694	1,144,619	688,500	684,813	211,438
Accrued compensated absences	677,265	668,292	635,050	710,507	314,394
Self-insurance claims	<u>2,494,469</u>	<u>2,291,023</u>	<u>2,605,703</u>	<u>2,179,789</u>	<u>648,850</u>
Total other liabilities	<u>3,400,428</u>	<u>4,103,934</u>	<u>3,929,253</u>	<u>3,575,109</u>	<u>1,174,682</u>
Business-type activities long term liabilities	<u>\$ 65,494,529</u>	<u>\$ 14,607,082</u>	<u>\$ 18,620,028</u>	<u>\$ 61,481,583</u>	<u>\$ 8,366,341</u>

**Prior-Year Defeasance of Debt**

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. During the current year, these bonds were paid off with funds from the trust.

**Current Refunding of Debt**

In April 2003, the City of Syracuse issued series 2003 A, B and C bonds totaling \$21,995,000. These bonds were delivered on April 8, 2003 with an interest rate ranging from 2% to 2.75%.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**4. CAPITAL INDEBTEDNESS (CONT'D)**

**Current Refunding of Debt (Cont'd)**

The net proceeds of approximately \$21,565,000 for series A, B and C after payment of approximately \$430,000 in underwriting fees, insurance, and other issuance costs were used to pay off general obligation bonds.

The current refunding reduced total debt service payments over the next 12 years by nearly \$1,025,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$200,000.

**Summary of Debt Service on Bonds to Maturity**

As of June 30, 2003, amounts due to service general obligation bonds payable principal and interest in future years are as follows:

Years Ending June 30,	Governmental Activities		Business-type activities		Total
	Principal	Interest	Principal	Interest	
2004	\$ 20,569,645	\$ 10,027,969	\$ 4,125,659	\$ 2,760,766	\$ 37,484,039
2005	19,542,947	9,025,008	4,037,281	2,662,048	35,267,284
2006	18,400,929	8,068,188	4,036,219	2,525,729	33,031,065
2007	17,882,647	7,194,325	4,067,458	2,383,384	31,527,814
2008	17,114,029	6,358,144	4,150,112	2,227,956	29,850,241
2009-2013	74,048,465	20,446,122	20,957,999	6,591,083	122,043,669
2014-2018	39,537,057	6,680,592	12,860,746	1,645,737	60,724,132
2019-2023	8,769,986	795,033	605,000	32,973	10,202,992
Total	\$ 215,865,705	\$ 68,595,381	\$ 54,840,474	\$ 20,829,676	\$ 360,131,236

**Short-term debt**

*Revenue and Tax Anticipation Notes Payable*

For governmental funds, notes issued in anticipation of the receipt of revenues are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The revenue anticipation and tax anticipation notes represent a liability that will be extinguished by the use of expendable, available resources of the fund.

*Bond Anticipation Notes Payable*

Notes issued in anticipation of proceeds from the subsequent sale of serial bonds are recorded as current liability of the fund that will actually receive the proceeds from the issuance of the serial bond. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**4. CAPITAL INDEBTEDNESS (CONT'D)**

**Short-term debt (Cont'd)**

Short-term debt activity for the year ended June 30, 2003:

	Balance at June 30, 2002	Additions	Reductions	Balance at June 30, 2003
<b>Governmental Activities:</b>				
Bond anticipation notes	\$ 6,800,000	\$ -	\$ 6,800,000	\$ -
Revenue anticipation notes	3,200,000	54,305,000	30,200,000	27,305,000
Tax anticipation notes	<u>3,300,000</u>	<u>3,800,000</u>	<u>3,300,000</u>	<u>3,800,000</u>
	<u>\$ 13,300,000</u>	<u>\$ 58,105,000</u>	<u>\$ 40,300,000</u>	<u>\$ 31,105,000</u>
	Balance at June 30, 2002	Additions	Reductions	Balance at June 30, 2003
<b>Business-type Activities:</b>				
Bond anticipation notes	\$ 5,286,000	\$ 3,066,000	\$ 5,286,000	\$ 3,066,000

**5. AIRPORT LEASE AND USE AGREEMENTS**

The City entered into lease and use agreements with certain airlines. Among other provisions, the agreements require that landing fees and terminal space rental rates be reviewed annually and adjusted as necessary so that the total revenues are sufficient to meet all airport expenditures, including amortization charges for certain capital improvements. At the end of each year, the landing fees and rental rates are adjusted based on the volume of airline traffic and the Airport's actual operating results.

The City also entered into various operating agreements with tenants for the use of Airport facilities, including parking areas and customer service areas. Normally, the terms of the agreements include a minimum fixed annual guarantee payment to the Airport, as well as additional contingent payments based on the tenants' annual volume of business.

Approximate future minimum payments due to the City as of June 30, 2003 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2004	\$ 2,614,873
2005	1,418,133
2006	802,340
2007	739,632
2008	737,852
Thereafter	<u>10,537,962</u>
TOTAL	<u>\$ 16,850,792</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**6. OPERATING LEASE COMMITMENTS**

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2003 were approximately \$1,700,000. The minimum future non-cancelable operating lease payments were as follows as of June 30, 2003:

YEAR ENDING JUNE 30,	AMOUNT
2004	\$ 1,428,000
2005	754,897
2006	557,821
2007	439,509
2008-2012	<u>1,597,623</u>
TOTAL	<u>\$ 4,777,850</u>

The City leases a parking garage from a component unit. In addition the City leases equipment and property from unrelated entities. Total rental expenditures on these leases for the fiscal year ended June 30, 2003 were \$388,159. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2003:

YEAR ENDING JUNE 30,	AMOUNT
2004	\$ 1,429,342
2005	1,497,477
2006	1,456,128
2007	1,451,138
2008	1,426,980
Thereafter	<u>17,050,175</u>
TOTAL	<u>\$ 24,311,240</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**6. OPERATING LEASE COMMITMENTS (CONT'D)**

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages cost approximately \$30,320,000 with accumulated depreciation of \$17,807,500 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2003 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2004	\$ 735,757
2005	745,867
2006	717,982
2007	690,517
2008	701,889
Thereafter	<u>6,352,944</u>
<b>TOTAL</b>	<b><u>\$ 9,944,956</u></b>

**7. CAPITAL LEASE OBLIGATIONS**

The City and City School District are obligated under certain leases accounted for as capital leases. The leased assets and related liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the assets. Capital assets include leased assets in the education activity of \$3,800,000 and in the fire department activity of \$2,006,579 with accumulated depreciation of \$1,203,947. The related obligations are accounted for as a liability in the Statement of Net Assets in the governmental activities. Payments are expenditures of the General and Capital Projects Funds. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2003.

Year ending June 30:	
2004	\$ 614,892
2005	614,892
2006	614,892
2007	377,247
2008	124,981
Thereafter	<u>124,981</u>
Minimum lease payments - capital leases	2,471,885
Less: Amounts representing interest 8.5% per annum	<u>(293,776)</u>
Present value - minimum lease payments	<b><u>\$ 2,178,109</u></b>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Receivables and Payables**

To improve cash management, most City disbursements are made from a pooled account in the general fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, are the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2003:

	<u>AMOUNT</u> <u>RECEIVABLE</u>	<u>AMOUNT</u> <u>PAYABLE</u>
General Fund	\$ 698,389	\$ -
City School District	25,348,853	-
Community Development	-	52,915
Capital Projects Fund	9,313,874	877,750
Proprietary Funds:		
Aviation	877,750	637,398
Sewer	-	-
Food Service	1,315,293	-
Nonmajor Governmental Funds:		
Debt Service	1,284,042	-
Special Grants	-	-
Miscellaneous Trust Fund	-	8,076
Agency	-	37,262,062
Total	<u>\$ 38,838,201</u>	<u>\$ 38,838,201</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2003:

	<u>AMOUNT</u> <u>RECEIVABLE</u>	<u>AMOUNT</u> <u>PAYABLE</u>
General Fund	\$ 330,022	\$ -
Community Development	1,002,967	881,463
Capital Projects Fund	88,000	-
Nonmajor governmental fund:		
Special Grants	-	106,275
Component Units:		
SURA	145,978	409,850
SIDA	170,696	500,841
SEDCO	710,766	550,000
Total	<u>\$ 2,488,429</u>	<u>\$ 2,488,429</u>

(Continued)

**8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (CONT'D)**

**Receivables and Payables (Cont'd)**

The amounts receivable and payable above are as of June 30, 2003. The amounts due to and due from primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2002. The interfund receivables and payables differences relating to SIDA and SEDCO are as follows:

**SIDA:**

The difference in the receivable is a result of Community Development's HUD 108 loan payments received of \$110,000 and SWI grant money received of \$60,696 netted with advances of \$405,073. The difference in the payable is a result of \$88,000 in construction costs due for a capital project that are included in accounts payable in SIDA's records.

**SEDCO:**

The difference in the receivable resulted from \$63,933 reimbursed by Community Development for economic development loans.

**Transfers**

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to the Capital Projects and Debt Service Funds. They also facilitate the contribution of proprietary fund earnings to the General Fund. Interfund transfers for the fiscal year ended June 30, 2003, which were routine in nature, were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 1,240,000	\$ 16,236,301
Proprietary funds:		
Water	-	900,000
Sewer	-	340,000
Food Service	-	599,837
Special revenue funds:		
City School District	3,261,349	15,948,559
Oil and Flushing	-	33,566
Debt Service Fund	27,769,683	-
Capital Projects Fund	<u>3,953,493</u>	<u>2,166,262</u>
Total	<u>\$ 36,224,525</u>	<u>\$ 36,224,525</u>

(Continued)

**9. RETIREMENT BENEFITS**

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Policemen's and Firemen's Retirement System (PFRS). The School District also participates in the New York State and Local Employees' Retirement System and in the New York State and Local Teachers' Retirement System (TRS). These are cost sharing multiple public employer defined benefit retirement systems (Systems). The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees, are governed by the New York State Retirement and Social Security Law (NYSRSSL). 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 benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service.

All participating employers in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Systems. The Systems are noncontributory except for employees who joined the Employees' Retirement System after July 26, 1976, or the Teachers' Retirement System after June 26, 1976, who contribute 3% of their salary during the first 10 years of service. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Retirement System.

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to:

ERS and PFRS:

The New York State and Local Retirement Systems, Governor Smith State Building, Albany, New York 12244.

TRS:

The New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The City is required to contribute based upon an actuarially-determined rate. The required contributions are as follows:

	<u>TRS</u>	<u>ERS</u>	<u>PFRS</u>
June 30, 2003	\$ 3,844,061	\$ 1,153,056	\$ 1,450,584
June 30, 2002	3,381,218	1,095,458	1,430,500
June 30, 2001	3,704,975	1,010,452	1,801,694

(Continued)

**9. RETIREMENT BENEFITS (CONTINUED)**

**Local Pension Funds**

The City maintains local fire pension and police pension funds for those employees who did not elect to join the State System in 1923. The City last accepted new members in 1934. The plans were non-contributory on the part of employees. Local pension costs are recognized as paid. For the year ended June 30, 2003, \$5,755 was paid by the City's General Fund. On June 30, 2003, there were 14 widows receiving payments under the plans. The pension benefit obligation of this plan is not significant to the City.

**10. SELF INSURANCE**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City is primarily self-insured for medical, dental, workers' compensation and general liability claims. Airport claims in excess of \$100,000 are insured as are losses relating to Airport vehicles in excess of \$5,000,000. Property coverage exists for certain buildings including City Hall, Airport terminal, City Hall Commons, Department of Public Works and all City Schools for losses in excess of \$100,000 per occurrence.

With the exception of the City School District and the Business-type funds, the City currently reports all of its risk management activities in the General Fund. Claim expenditures and liabilities are reported when it is probable that a loss occurred and the amount of that loss can be reasonably estimated. Liabilities accrued include an estimate of claims that have been incurred but not reported.

The estimated liability for health and dental claims is based on prior experience with actual payments of claims. The estimated liability for workers' compensation represent claims which have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. Judgments and claims liability is based on estimates received from the City's Department of Law or external counsel defending the claims.

The City believes these provisions, as described in Note 4, are adequate to cover their liability for claims based on current available information but these estimates may differ from the amount ultimately paid when claims are settled.

General Fund cash and cash equivalents of \$1,300,000 were held for payment of health claims by a third party administrator.

(Continued)

## **11. POST EMPLOYMENT BENEFITS**

In addition to the retirement benefits described in Note 9, the City provides postretirement health care benefits to its retired employees and their survivors. The City pays for all costs except \$50 per year paid by retired police and firemen with 20 years of service and survivors who pay \$88 per month. Substantially all other City employees may become eligible for health insurance benefits if they reach normal retirement age while working for the City after 10 years of service. At June 30, 2003, approximately 1,600 City retirees and survivors were eligible. Expenditures for retiree health costs are expensed when paid. Expenditures for the year ended June 30, 2003, net of retiree and survivor contributions of \$278,000 were approximately \$9,581,000.

School District employees may become eligible for these benefits if they attain normal retirement age while working for the District and have at least 10 years of full-time service with the District if hired after January 1, 1980 (five years of service if hired prior to January 1, 1980). At June 30, 2003, approximately 2000 retirees met these requirements. The retirees must contribute to the cost of benefits, up to age 65, an amount equal to the current cost of Medicare Part B. Retirees age 65 and older are responsible for paying Medicare B coverage directly to the federal government. The District is responsible for all other costs. Expenditures for retiree health insurance costs are expensed as paid. Expenditures for retiree health insurance costs for the year ended June 30, 2003, net of retiree contributions of \$602,000 were approximately \$8,661,000.

## **12. CONTINGENCIES AND COMMITMENTS**

Numerous real estate tax certiorari proceedings are presently pending against the City of Syracuse, New York on grounds of alleged inequality of assessment. Adverse decisions to the City could have a substantial impact through the reduction of assessments and tax refunds to successful litigants. Since the outcome of these proceedings cannot presently be determined, no provision for this exposure, if any, has been included in the basic financial statements.

The City receives grants which are subject to audit by agencies of New York State and the federal government. During 1997, the City School District received notification from the New York State Department of Education that approximately \$3,600,000 was owed back to New York State in relation to certain state funded programs. This obligation has been included in the Statement of Net Assets as long-term liability due within one year. The District paid \$591,622 during 2003 and has a remaining balance of \$623,036 to be paid in the year ending June 30, 2004.

For the year ended June 30, 2003, the District recorded a long-term liability of \$8,295,140 in the Statement of Net Assets, to recognize estimated costs associated with asbestos remediation in District buildings.

The City has a potential liability for employees who are not entered into the Retirement System due to the fact that they were never offered the right to join. Any liability relating to this contingency is not determinable at June 30, 2003.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

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**13. SUBSEQUENT EVENTS**

On July 16, 2003 the City issued \$35,000,000 in revenue anticipation notes, relative to the City School District, accruing interest at 1.75% annually. Principal and interest are due on June 30, 2004.

On October 30, 2003 the City issued \$33,900,000 (including \$14,900,000 relative to the City School District) in revenue anticipation notes accruing interest at 1.75% annually. Principal and interest are due on June 30, 2004.

In October 2003, the City sold tax liens to the State Bond Bank Agency (the "Agency"). All tax liens were sold to the Agency on a non-recourse basis. The City sold liens for City property taxes with a current value of approximately \$4.1 million and received a cash payment of approximately \$3 million. The City also sold liens for delinquent County taxes; all proceeds received from the sale of these taxes were paid to the County.

In December 2003 the District entered into a settlement of certain labor contract negotiations. As a part of the settlement the District agreed to retroactive compensation adjustments totaling approximately \$6,000,000. The effects of this retroactive compensation adjustment is reflected in the accompanying financial statements.

**14. RESTATEMENT**

The fund balance of the Capital Projects Fund at July 1, 2002 has been increased by \$1,146,019 to reflect the correct treatment of New York State Aid received during the year ended June 30, 2002. If New York State aid was properly recorded, it would have increased the Capital Projects Fund's excess of revenues and other financing sources over expenditures and other financing uses and fund balance by \$1,146,019 for the year ended June 30, 2002.

The net assets at July 1, 2002 of the governmental activities in the government-wide financial statements has been increased by \$2,288,861 to reflect the correct treatment of expenditures relating to construction in progress during prior years.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2003**

**15. RECLASSIFICATION**

Certain amounts reported at June 30, 2002 have been reclassified to reflect information and assumptions existing at June 30, 2003. These reclassifications, detailed below, had no effect on total net assets or changes thereto as originally reported.

Within the Statement of Net Assets-Proprietary Funds, \$1,241,276 of accretion on capital appreciation bonds related to the Aviation Fund has been reclassified as accrued interest.

Within the Net Asset classification on the Statements of Net Assets, the following reclassifications have been made:

	<u>June 30, 2002</u> <u>(as originally reported)</u>	<u>Reclassification</u>	<u>June 30, 2002</u> <u>(as reclassified)</u>
<b>Aviation Fund:</b>			
Invested in capital assets, net of related debt	\$ 53,074,931	\$ 1,241,276	\$ 54,316,207
Reserved for construction	500,000	(500,000)	-
Unrestricted, undesignated	<u>26,766,146</u>	<u>(741,276)</u>	<u>26,024,870</u>
Total net assets	<u>\$ 80,341,077</u>	<u>\$ -</u>	<u>\$ 80,341,077</u>
<b>Water Fund:</b>			
Invested in capital assets, net of related debt	\$ (1,238,821)	\$ 5,008,464	\$ 3,769,643
Reserved for construction	5,008,464	(5,008,464)	-
Unrestricted, designated	1,000,000	-	1,000,000
Unrestricted, undesignated	<u>394,672</u>	<u>-</u>	<u>394,672</u>
Total net assets	<u>\$ 5,164,315</u>	<u>\$ -</u>	<u>\$ 5,164,315</u>
<b>Sewer Fund:</b>			
Invested in capital assets, net of related debt	\$ (1,316,177)	\$ 61,982	\$ (1,254,195)
Reserved for construction	61,982	(61,982)	-
Unrestricted, undesignated	<u>1,226,609</u>	<u>-</u>	<u>1,226,609</u>
Total net assets	<u>\$ (27,586)</u>	<u>\$ -</u>	<u>\$ (27,586)</u>
<b>Total Business-type Activities:</b>			
Invested in capital assets, net of related debt	\$ 51,053,237	\$ 5,070,446	\$ 56,123,683
Reserved for construction	5,570,446	(5,570,446)	-
Unrestricted, designated	1,000,000	-	1,000,000
Unrestricted, undesignated	<u>31,034,131</u>	<u>500,000</u>	<u>31,534,131</u>
Total net assets	<u>\$ 88,657,814</u>	<u>\$ -</u>	<u>\$ 88,657,814</u>
<b>Governmental Activities:</b>			
Invested in capital assets, net of related debt	\$ 114,227,779	\$ 20,659,345	\$ 134,887,124
Restricted for capital projects	23,181,117	(23,181,117)	-
Restricted for other	2,904,431	-	2,904,431
Unrestricted, undesignated	<u>(8,580,911)</u>	<u>2,521,772</u>	<u>(6,059,139)</u>
Total net assets	<u>\$ 131,732,416</u>	<u>\$ -</u>	<u>\$ 131,732,416</u>

The amounts reported above do not reflect the restatement adjustments referred to in Note 14.

(Concluded)

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GENERAL AND MAJOR SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	General Fund			Special Revenue Fund - City School District				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>								
General property taxes and tax items	\$ 25,596,387	\$ 25,596,387	\$ 31,883,405	\$ 6,287,018	\$ 46,124,439	\$ 46,124,439	\$ 46,222,127	\$ 97,688
Sales tax and use tax	48,585,000	48,585,000	48,847,492	262,492	-	-	-	-
Other local taxes	3,538,700	3,538,700	3,443,639	(95,061)	3,655,982	3,655,982	3,631,552	(24,430)
Departmental revenues	10,211,987	10,211,987	8,799,557	(1,412,430)	-	-	-	-
Fees and service charges	3,461,310	3,461,310	3,144,817	(316,493)	105,500	105,500	119,399	13,899
Use of money and property	1,033,000	1,033,000	358,180	(674,820)	1,704,000	1,104,000	846,353	(257,647)
Federal and state aid and other grants	57,365,124	57,394,124	49,263,699	(8,130,425)	235,287,867	240,764,687	224,763,002	(16,001,685)
Other revenues	5,189,050	5,189,050	3,289,579	(1,899,471)	307,500	307,500	810,690	503,190
Total revenues	154,980,558	155,009,558	149,030,368	(5,979,190)	287,185,288	292,062,108	276,393,123	(15,668,985)
<b>EXPENDITURES:</b>								
Current:								
General government support	19,450,219	19,506,839	18,677,892	828,947	33,538,571	33,479,748	34,961,783	(1,482,035)
Public safety	80,957,098	81,029,757	83,242,765	(2,213,008)	-	-	-	-
Transportation	19,126,735	19,238,035	16,575,351	2,662,684	-	-	-	-
Home and community services	9,300,043	9,293,523	8,670,867	622,656	1,170,342	2,089,996	970,797	1,119,199
Culture and recreation	8,435,335	8,393,834	7,018,436	1,375,398	-	-	-	-
Education	-	-	-	-	239,848,179	245,844,843	232,954,066	12,890,777
Interest on debt	800,000	800,000	298,854	501,146	989,200	989,200	703,819	285,381
Total expenditures	138,069,430	138,261,988	134,484,165	3,777,823	275,546,292	282,403,787	269,590,465	12,813,322
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	16,911,128	16,747,570	14,546,203	(2,201,367)	11,638,996	9,658,321	6,802,658	(2,855,663)
OTHER FINANCING SOURCES (USES):								
Operating transfers in	1,240,000	1,240,000	1,240,000	-	1,706,652	1,706,652	3,261,349	1,554,697
Operating transfers out	(18,151,128)	(18,151,128)	(16,236,301)	1,914,827	(15,399,591)	(15,309,940)	(15,948,559)	(638,619)
Total other financing uses	(16,911,128)	(16,911,128)	(14,996,301)	1,914,827	(13,692,939)	(13,603,288)	(12,687,210)	916,078
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	\$ -	\$ (163,558)	(450,098)	\$ (286,540)	(2,053,943)	\$ (3,944,967)	(5,884,552)	\$ (1,939,585)
EFFECT OF ENCUMBRANCES			(19,823)				417,197	
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			\$ (469,921)				\$ (5,467,355)	

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND  
JUNE 30, 2003**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Pooled cash	\$ -	\$ 4,099,130	\$ 4,099,130
Pooled restricted cash	-	15,953,488	15,953,488
Due from agency funds	9,313,874	-	9,313,874
Due from other governments	-	944,521	944,521
Due from component units	-	88,000	88,000
Total assets	<u>\$ 9,313,874</u>	<u>\$ 21,085,139</u>	<u>\$ 30,399,013</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 1,303,232	\$ 2,366,142	\$ 3,669,374
Due to other funds	-	877,750	877,750
Deferred revenues	-	88,000	88,000
Total liabilities	<u>1,303,232</u>	<u>3,331,892</u>	<u>4,635,124</u>
<b>FUND BALANCES:</b>			
Reserved for encumbrances	3,805,729	1,052,639	4,858,368
Reserved for bonded capital projects	-	15,953,488	15,953,488
Unreserved:			
Designated	<u>4,204,913</u>	<u>747,120</u>	<u>4,952,033</u>
Total fund balance	<u>8,010,642</u>	<u>17,753,247</u>	<u>25,763,889</u>
Total liabilities and fund balance	<u>\$ 9,313,874</u>	<u>\$ 21,085,139</u>	<u>\$ 30,399,013</u>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	CITY SCHOOL DISTRICT	CITY	TOTAL
<b>REVENUES:</b>			
Departmental revenues	\$ -	\$ 4,110	\$ 4,110
Use of money and property	-	157,426	157,426
Federal and state aid and other grants	1,407,551	1,410,434	2,817,985
Other revenues	40,846	137,696	178,542
Total revenues	<u>1,448,397</u>	<u>1,709,666</u>	<u>3,158,063</u>
<b>EXPENDITURES:</b>			
Interest on debt	-	156,750	156,750
Capital outlays	8,226,156	15,464,886	23,691,042
Total expenditures	<u>8,226,156</u>	<u>15,621,636</u>	<u>23,847,792</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(6,777,759)</u>	<u>(13,911,970)</u>	<u>(20,689,729)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bond proceeds	7,298,000	15,971,000	23,269,000
Operating transfers in	1,145,143	2,808,350	3,953,493
Operating transfers out	(1,619,529)	(546,733)	(2,166,262)
Total other financing sources - net	<u>6,823,614</u>	<u>18,232,617</u>	<u>25,056,231</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	45,855	4,320,647	4,366,502
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED FOR THE CITY</b>	<u>7,964,787</u>	<u>13,432,600</u>	<u>21,397,387</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 8,010,642</u>	<u>\$ 17,753,247</u>	<u>\$ 25,763,889</u>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2003**

	Debt Service (Combined)	Special Revenue					Miscellaneous Trusts	Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing				
<b>ASSETS:</b>									
Pooled cash	\$ -	\$ -	\$ 295,849	\$ -	\$ 253,123	\$ -	\$ -	\$ 548,972	
Pooled restricted cash	710,619	172,038	-	-	-	81,484	10,000	974,141	
Restricted cash	-	-	-	-	-	-	15,009	15,009	
Accounts receivable	2,698,002	-	1,027	-	-	18,675	-	2,717,704	
Taxes receivable (net allowance of \$194,281)	-	-	229,866	-	-	-	-	229,866	
Due from other funds	1,284,042	-	-	-	-	-	-	1,284,042	
Due from other governments	-	794,366	-	-	22,519	-	-	1,284,042	
Due from component unit (net of allowance of \$1,568,920)	-	-	-	-	-	-	-	816,885	
<b>TOTAL ASSETS</b>	<b>\$ 4,692,663</b>	<b>\$ 966,404</b>	<b>\$ 526,742</b>	<b>\$ -</b>	<b>\$ 275,642</b>	<b>\$ 100,159</b>	<b>\$ 25,009</b>	<b>\$ 6,586,619</b>	
<b>LIABILITIES AND FUND BALANCES:</b>									
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ -	\$ 244,625	\$ -	\$ -	\$ 195,583	\$ 6,326	\$ -	\$ 446,534	
Due to other funds	-	-	-	-	-	8,076	-	8,076	
Due to component unit	-	106,275	-	-	-	-	-	106,275	
Deferred revenues	2,698,002	615,504	230,211	-	-	-	-	3,543,717	
<b>Total liabilities</b>	<b>2,698,002</b>	<b>966,404</b>	<b>230,211</b>	<b>-</b>	<b>195,583</b>	<b>14,402</b>	<b>-</b>	<b>4,104,602</b>	
<b>Fund Balances:</b>									
Reserved for encumbrances	-	-	-	-	112,010	-	-	112,010	
Reserved for bonded debt	1,994,661	-	-	-	-	-	-	1,994,661	
Reserved for trusts and permanent funds	-	-	-	-	-	85,757	25,009	110,766	
Unreserved	-	-	296,531	-	(31,951)	-	-	264,580	
<b>Total Fund Balances</b>	<b>1,994,661</b>	<b>-</b>	<b>296,531</b>	<b>-</b>	<b>80,059</b>	<b>85,757</b>	<b>25,009</b>	<b>2,482,017</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,692,663</b>	<b>\$ 966,404</b>	<b>\$ 526,742</b>	<b>\$ -</b>	<b>\$ 275,642</b>	<b>\$ 100,159</b>	<b>\$ 25,009</b>	<b>\$ 6,586,619</b>	

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Debt Service (combined)	Special Revenue					Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts		
<b>REVENUES:</b>								
General property taxes and tax items	\$ -	\$ -	\$ 779,765	\$ -	\$ 1,041,208	\$ -	\$ 1,820,973	
Other local taxes	327,296	-	-	-	-	-	327,296	
Departmental revenues	-	-	-	-	-	37,594	37,594	
Fees and service charges	-	-	5,491	-	97,100	-	102,591	
Use of money and property	328,826	-	-	-	-	1,408	330,451	
Federal and state aid and other grants	-	1,551,013	-	-	-	180,072	1,731,085	
Other revenues	-	249,214	3,400	-	-	24,136	276,750	
<b>Total revenues</b>	<b>656,122</b>	<b>1,800,227</b>	<b>788,656</b>	<b>-</b>	<b>1,138,308</b>	<b>243,210</b>	<b>4,626,740</b>	
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government support	-	-	814,762	-	-	6,003	821,223	
Public safety	-	987,732	-	-	-	262,261	1,249,993	
Transportation	-	-	-	1,292,383	-	-	1,292,383	
Economic assistance and opportunity	-	69,230	-	-	-	-	69,230	
Home and community services	-	394,994	-	-	-	-	394,994	
Culture and recreation	-	348,271	-	-	-	39,288	387,559	
Debt service	18,640,646	-	-	-	-	-	18,640,646	
Interest on debt	10,355,424	-	-	-	-	-	10,355,424	
<b>Total expenditures</b>	<b>28,996,070</b>	<b>1,800,227</b>	<b>814,762</b>	<b>1,292,383</b>	<b>-</b>	<b>307,552</b>	<b>33,211,452</b>	
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<b>(28,339,948)</b>	<b>-</b>	<b>(26,106)</b>	<b>(154,075)</b>	<b>(64,342)</b>	<b>(241)</b>	<b>(28,584,712)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating transfers in	27,769,683	-	-	-	-	-	27,769,683	
Operating transfers out	-	-	-	(33,566)	-	-	(33,566)	
<b>Total other financing sources (uses)</b>	<b>27,769,683</b>	<b>-</b>	<b>-</b>	<b>(33,566)</b>	<b>-</b>	<b>-</b>	<b>27,736,117</b>	
<b>DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(570,265)</b>	<b>-</b>	<b>(26,106)</b>	<b>(187,641)</b>	<b>(64,342)</b>	<b>(241)</b>	<b>(848,595)</b>	
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>2,564,926</b>	<b>-</b>	<b>322,637</b>	<b>-</b>	<b>267,700</b>	<b>150,099</b>	<b>3,330,612</b>	
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,994,661</b>	<b>\$ -</b>	<b>\$ 296,531</b>	<b>\$ 80,059</b>	<b>\$ 85,757</b>	<b>\$ 25,009</b>	<b>\$ 2,482,017</b>	

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK  
COMBINING BALANCE SHEET  
DEBT SERVICE FUND  
JUNE 30, 2003**

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	CITY SCHOOL DISTRICT	CITY	TOTAL
<b>ASSETS:</b>			
Pooled restricted cash	\$ -	\$ 710,619	\$ 710,619
Accounts receivable	-	2,698,002	2,698,002
Due from agency funds	1,284,042	-	1,284,042
Total assets	\$ 1,284,042	\$ 3,408,621	\$ 4,692,663
 <b>LIABILITIES/DEFERRED REVENUES</b>	 \$ -	 \$ 2,698,002	 \$ 2,698,002
 <b>FUND BALANCES/RESERVED FOR BONDED DEBT</b>	 1,284,042	 710,619	 1,994,661
Total liabilities and fund balances	\$ 1,284,042	\$ 3,408,621	\$ 4,692,663

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See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
REVENUES:			
Other local taxes	\$ -	\$ 327,296	\$ 327,296
Use of money and property	136,570	192,256	328,826
Total revenues	<u>136,570</u>	<u>519,552</u>	<u>656,122</u>
EXPENDITURES:			
Debt service	9,006,294	9,634,352	18,640,646
Interest on debt	5,132,464	5,222,960	10,355,424
Total expenditures	<u>14,138,758</u>	<u>14,857,312</u>	<u>28,996,070</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(14,002,188)	(14,337,760)	(28,339,948)
OTHER FINANCING SOURCES/ Operating transfers in	<u>13,761,433</u>	<u>14,008,250</u>	<u>27,769,683</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(240,755)	(329,510)	(570,265)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,524,797</u>	<u>1,040,129</u>	<u>2,564,926</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,284,042</u>	<u>\$ 710,619</u>	<u>\$ 1,994,661</u>

See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK  
 COMBINING BALANCE SHEET - MISCELLANEOUS TRUST FUNDS  
 JUNE 30, 2003

	Parks Trusts	Police Trusts	Fire Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Weed & Seed Asset Forfeitures	Total City Miscellaneous Trust Funds
ASSETS:									
Pooled restricted cash	\$ 18,730	\$ -	\$ 2,100	\$ 3,591	\$ 422	\$ 10,701	\$ 45,940	\$ -	\$ 81,484
Accounts receivable	4,800	-	-	-	-	-	-	13,875	18,675
<b>TOTAL ASSETS</b>	<b>\$ 23,530</b>	<b>\$ -</b>	<b>\$ 2,100</b>	<b>\$ 3,591</b>	<b>\$ 422</b>	<b>\$ 10,701</b>	<b>\$ 45,940</b>	<b>\$ 13,875</b>	<b>\$ 100,159</b>
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 1,838	\$ -	\$ -	\$ 971	\$ 3,517	\$ 6,326
Due to other funds	-	-	-	-	-	-	-	8,076	8,076
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,838</b>	<b>-</b>	<b>-</b>	<b>971</b>	<b>11,593</b>	<b>14,402</b>
Fund balance/Reserved for trusts	23,530	-	2,100	1,753	422	10,701	44,969	2,282	85,757
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 23,530</b>	<b>\$ -</b>	<b>\$ 2,100</b>	<b>\$ 3,591</b>	<b>\$ 422</b>	<b>\$ 10,701</b>	<b>\$ 45,940</b>	<b>\$ 13,875</b>	<b>\$ 100,159</b>

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MISCELLANEOUS TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

	Parks Trusts	Police Trusts	Fire Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Weed & Seed Asset Forfeitures	Total City Miscellaneous Trust Funds
<b>REVENUES:</b>									
Departmental revenues	\$ 28,489	\$ 1,800	\$ -	\$ 7,305	\$ -	\$ -	\$ -	\$ -	\$ 37,594
Use of money and property	-	-	-	-	113	161	1,128	6	1,408
Federal and state aid and other grants	-	-	-	-	-	-	-	180,072	180,072
Other revenues	-	-	-	-	-	545	23,591	-	24,136
<b>Total revenues</b>	<b>28,489</b>	<b>1,800</b>	<b>-</b>	<b>7,305</b>	<b>113</b>	<b>706</b>	<b>24,719</b>	<b>180,078</b>	<b>243,210</b>
<b>EXPENDITURES:</b>									
Current:									
General government support	-	-	-	6,003	-	-	-	-	6,003
Public safety	-	2,083	-	-	-	5,001	73,258	181,919	262,261
Culture and recreation	39,288	-	-	-	-	-	-	-	39,288
<b>Total expenditures</b>	<b>39,288</b>	<b>2,083</b>	<b>-</b>	<b>6,003</b>	<b>-</b>	<b>5,001</b>	<b>73,258</b>	<b>181,919</b>	<b>307,552</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(10,799)</b>	<b>(283)</b>	<b>-</b>	<b>1,302</b>	<b>113</b>	<b>(4,295)</b>	<b>(48,539)</b>	<b>(1,841)</b>	<b>(64,342)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>34,329</b>	<b>283</b>	<b>2,100</b>	<b>451</b>	<b>309</b>	<b>14,996</b>	<b>93,508</b>	<b>4,123</b>	<b>150,099</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 23,530</b>	<b>\$ -</b>	<b>\$ 2,100</b>	<b>\$ 1,753</b>	<b>\$ 422</b>	<b>\$ 10,701</b>	<b>\$ 44,969</b>	<b>\$ 2,282</b>	<b>\$ 85,757</b>

**CITY OF SYRACUSE, NEW YORK  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2003**

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	CITY SCHOOL DISTRICT	CITY	TOTAL
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	15,009	-	15,009
Total assets	\$ 15,009	\$ 10,000	\$ 25,009
 FUND BALANCES/ RESERVED FOR PERMANENT FUNDS	 \$ 15,009	 \$ 10,000	 \$ 25,009

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See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

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	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
REVENUES/Use of money and property	\$ 217	\$ -	\$ 217
EXPENDITURES/General government support	<u>458</u>	<u>-</u>	<u>458</u>
DEFICIENCY OF REVENUE OVER EXPENDITURES	(241)	-	(241)
FUND BALANCES AT BEGINNING OF YEAR	<u>15,250</u>	<u>10,000</u>	<u>25,250</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 15,009</u></u>	<u><u>\$ 10,000</u></u>	<u><u>\$ 25,009</u></u>

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