

**BASIC FINANCIAL STATEMENTS**

**CITY OF SYRACUSE, NEW YORK**

**JUNE 30, 2004**

**CITY OF SYRACUSE, NEW YORK**

**TABLE OF CONTENTS**

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	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) REQUIRED SUPPLEMENTAL INFORMATION - FOR THE YEAR ENDED JUNE 30, 2004	3-15
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets - June 30, 2004	16
Statement of Activities - For the Year Ended June 30, 2004	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds - June 30, 2004	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets - June 30, 2004	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - For the Year Ended June 30, 2004	20
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, 2004	21
Statement of Net Assets - Proprietary Funds - June 30, 2004	22

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(Continued)

---

TABLE OF CONTENTS

---

	<u>Page</u>
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds - For the Year Ended June 30, 2004	23
Statement of Cash Flows - Proprietary Funds - For the Year Ended June 30, 2004	24-25
Statement of Net Assets - Fiduciary Funds - June 30, 2004	26
Statement of Changes in Net Assets - Fiduciary Funds For the Year Ended June 30, 2004	27
Combining Statement of Net Assets - Component Units - June 30, 2004	28
Notes to Basic Financial Statements	29-61

REQUIRED SUPPLEMENTAL INFORMATION SECTION:

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, 2004	62
--	----

SUPPLEMENTAL SECTION:

Combining Balance Sheet - Capital Projects Fund - June 30, 2004	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Projects Fund - For the Year Ended June 30, 2004	64
Combining Balance Sheet - Nonmajor Governmental Funds - June 30, 2004	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - For the Year Ended June 30, 2004	66

---

(Continued)

---

TABLE OF CONTENTS

---

	<u>Page</u>
Combining Balance Sheet - Debt Service Fund - June 30, 2004	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Debt Service Fund - For the Year Ended June 30, 2004	68
Combining Balance Sheet - Miscellaneous Trust Funds - June 30, 2004	69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Miscellaneous Trust Funds - For the Year Ended June 30, 2004	70
Combining Balance Sheet - Permanent Funds - June 30, 2004	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Permanent Funds - For the Year Ended June 30, 2004	72

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## 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, 2004, 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 opinions 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 98.8% and 99.5%, 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, 2004, and the respective changes in financial position 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 comparison information on pages 3 through 15 and page 62, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 on it.

Our audit was conducted for the purpose of forming opinions 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 the 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 stated 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 28, 2004, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in cursive script that reads "Jeffrey A. Marshall, CPA". The signature is written in dark ink and is positioned in the lower-left quadrant of the page.

December 28, 2004  
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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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, 2004.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 29. In this discussion and analysis all amounts are expressed in millions of dollars, unless otherwise indicated.

### **FINANCIAL HIGHLIGHTS**

The City's total net assets increased by \$2.3 as a result of this year's operations. Net assets of our business-type activities increased by \$2.0 and net assets of our governmental activities increased by \$0.3, including transfers.

During the year, the City had expenses that were \$1.2 more than the \$535.7 generated in tax and other revenues (excluding capital contributions). Last year expenses exceeded revenues by \$23.2 before capital contributions.

In the City's business-type activities, revenues increased to \$54.0, a 5.5% increase over last year's revenues of \$51.2. Expenses for this year increased to \$53.0, a 8.2% increase over last year's \$49.0.

In the City's governmental activities, revenues increased to \$481.7, a 5.5% increase over last year's revenues of \$456.6. Expenses also increased this year to \$483.9 versus last year at \$482.0, a 0.4% increase.

Of the City's total net assets reported at June 30, 2004, \$177.4 was invested in capital assets, net of related debt versus \$176.0 the previous year. Unrestricted net assets this year were (\$69.5) versus last year's (\$65.9).

The City's General Fund reported a deficit for this year of \$6.5, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$3.3 more than the revised budget, while expenditures were approximately in line with the revised budget. At the end of the current fiscal year, undesignated fund balance of the City's General Fund was \$15.6 and 9.6% of total General Fund actual 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, 2004**

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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, respectively) 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.
- 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.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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

- 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 9. 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's Common 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 we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**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 starting on page 26. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

**THE CITY AS A WHOLE**

**Net Assets**

The City's combined net assets increased from \$207.0 at June 30, 2003 to \$209.3 at June 30, 2004. 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.

Please note that for 2003 the components of Net Assets (Invested in capital assets, Restricted and Unrestricted) have been reclassified, although total net assets did not change. This reclassification was due to the discovery that in 2003 debt issued for items that were not included in capital assets was being included in the computation of capital assets, net of related debt.

Table 1  
Net Assets  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003 Restated and Net Assets Reclassified	2004	2003 Restated	2004	2003 Net Assets Reclassified
Current and other assets	\$ 132.0	\$ 140.9	\$ 46.5	\$ 45.5	\$ 178.5	\$ 186.4
Capital assets	<u>332.2</u>	<u>333.2</u>	<u>119.5</u>	<u>119.8</u>	<u>451.7</u>	<u>453.0</u>
Total assets	<u>\$ 464.2</u>	<u>\$ 474.1</u>	<u>\$ 166.0</u>	<u>\$ 165.3</u>	<u>\$ 630.2</u>	<u>\$ 639.4</u>
General obligation bonds outstanding	\$ 215.4	\$ 215.9	\$ 50.9	\$ 54.8	\$ 266.3	\$ 270.7
Other long-term liabilities	79.6	95.5	4.0	6.6	83.6	102.1
Other liabilities	<u>58.3</u>	<u>52.1</u>	<u>12.7</u>	<u>7.5</u>	<u>71.0</u>	<u>59.6</u>
Total liabilities	<u>\$ 353.3</u>	<u>\$ 363.5</u>	<u>\$ 67.6</u>	<u>\$ 68.9</u>	<u>\$ 420.9</u>	<u>\$ 432.4</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 177.4	\$ 176.0	\$ 66.7	\$ 61.9	\$ 244.1	\$ 237.9
Restricted	3.0	1.5	-	-	3.0	1.5
Unrestricted (deficit)	<u>(69.5)</u>	<u>(66.9)</u>	<u>31.7</u>	<u>34.5</u>	<u>(37.8)</u>	<u>(32.4)</u>
Total net assets	<u>\$ 110.9</u>	<u>\$ 110.6</u>	<u>\$ 98.4</u>	<u>\$ 96.4</u>	<u>\$ 209.3</u>	<u>\$ 207.0</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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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, \$244.1 at June 30, 2004 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, \$3.0, 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, 2004 were a deficit of \$37.8

**Governmental activities**

Total net assets of the City's governmental activities increased by 0.2%, \$110.9 compared to \$110.6.

The *deficit* in *unrestricted* net assets increased to \$69.5 at June 30, 2004 compared to the previous year *deficit* of \$66.9. This change in the unrestricted net assets of the City's governmental activities, a decrease of \$2.6, was primarily related to bond proceeds which are not revenue in the government-wide statements, but are revenue in the funds statements. During the 2003-2004 fiscal year, the City issued \$2.0 in pension obligation bonds to pay off the unamortized portion of retirement incentives that were offered by the New York State Retirement Systems in previous years, and were being amortized through the State's retirement systems plans.

**Business-type activities**

The net assets of our business-type activities increased by 2.1% in 2004 (\$98.4 compared to \$96.4). 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, 2004**

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

**Changes in net assets**

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	
	2004	2003	2004	2003	2004	2003
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 14.5	\$ 15.1	\$ 50.5	\$ 49.5	\$ 65.0	\$ 64.6
Grants	115.9	100.5	3.3	1.5	119.2	102.0
General revenues:						
Property taxes	79.6	80.2	-	-	79.6	80.2
Other taxes	3.6	7.1	-	-	3.6	7.1
Sales tax	52.9	48.8	-	-	52.9	48.8
Unallocated State Aid	205.7	199.0	-	-	205.7	199.0
Unallocated Federal Aid	6.4	3.1	-	-	6.4	3.1
Investment earnings	0.3	1.7	0.2	0.2	0.5	1.9
Other general revenues	2.8	1.1	-	-	2.8	1.1
Total revenues	<u>481.7</u>	<u>456.6</u>	<u>54.0</u>	<u>51.2</u>	<u>535.7</u>	<u>507.8</u>
<b>Program expenses</b>						
Total governmental	483.9	482.0	-	-	483.9	482.0
School District Food Service	-	-	8.4	8.7	8.4	8.7
Aviation	-	-	29.3	25.7	29.3	25.7
Water	-	-	11.8	11.1	11.8	11.1
Sewer	-	-	3.5	3.5	3.5	3.5
Total expenses	<u>483.9</u>	<u>482.0</u>	<u>53.0</u>	<u>49.0</u>	<u>536.9</u>	<u>531.0</u>
Excess (deficiency) before transfers	(2.2)	(25.4)	1.0	2.2	(1.2)	(23.2)
Transfers	2.5	1.8	(2.5)	(1.8)	-	-
Capital contributions	-	-	3.5	6.3	3.5	6.3
Increase (decrease) in net assets	<u>\$ 0.3</u>	<u>\$ (23.6)</u>	<u>\$ 2.0</u>	<u>\$ 6.7</u>	<u>\$ 2.3</u>	<u>\$ (16.9)</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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

**Changes in net assets (Cont'd)**

The City's total revenues increased by 5.5% or \$27.9 (\$535.7 compared to the previous year of \$507.8). The total cost of all programs and services increased by 1.1% or \$5.9 (\$536.9 compared to \$531.0). While the increase in revenues was not enough to cover this year's costs, capital contributions of \$3.5 resulted in an increase in net assets of \$2.3 for fiscal year 2004 versus a decrease of \$16.9 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 \$456.6 in 2003 to \$481.7 in 2004, an increase of 5.5% or \$25.1. Program expenses increased slightly in 2004, going from \$482.0 in 2003 to \$483.9 in 2004, a 0.4% or \$1.9 increase.

The majority of the \$25.1 increase in revenues was due to an increase in both grants of \$15.4 and unallocated state aid of \$6.7 (see Table 2).

Program expenses were only slightly higher in 2004, \$483.9, as compared to \$482.0 in 2003. The significant increase in revenues coupled with a very modest increase in program expenses, as discussed above, resulted in a slight increase in net assets for 2004 of \$0.3, versus 2003, which was a decrease in net assets of \$23.6.

**Business-type activities**

Revenues in the City's business-type activities (See Table 2) increased by 5.5%, or \$2.8 (\$54.0 in 2004 as compared to \$51.2 in 2003). This increase, as compared to 2003, was primarily related to capital grants received by the airport (increased \$1.6), water (increased \$0.1) and sewer (increased \$0.1), and a small increase of \$1.0 in charges for services for business-type activities. While charges for services at the airport increased \$2.3, charges for services by water, sewer and food service decreased by \$1.3, collectively.

Expenses of the City's business-type activities increased by 8.2%, or \$4.0 (\$53.0 versus \$49.0 last year). Substantially all of this increase was related to the airport operations (\$3.6) and was due to the increased costs associated with an increase in airport activity.

**THE CITY'S FUNDS**

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

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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

**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 \$48.1, which is below last year's total of \$56.5. Approximately \$21.6 this year, versus \$32.4 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 \$16.8, while total fund balance was \$17.1. Last year unreserved fund balance, as restated, was \$23.3 and total fund balance was \$23.6. 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, 2004, unreserved fund balances represent 10.4% of total fund expenditures (including transfers out), while total fund balance represents 10.5% of that same amount. The fund balance of the City's General Fund decreased by \$6.5 during the current fiscal year. The budget for 2004 included appropriated fund balance of \$9.4 as a budget revenue to balance the budget with expenditures. Thus, it would have been expected that actual expenditures would have exceeded revenues by \$9.4. However, as discussed earlier, the actual deficit was \$6.5. Actual revenues exceeded the final, revised budget by \$2.3; and expenditures were \$.3 more than the final, revised budget.
- *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 \$23.1. Of this amount \$5.5 was encumbered for contracts underway, \$16.9 was for bond proceeds reserved for capital projects not yet expended at year end and \$.7 was restricted for payment of debt related to capital projects.
- *City School District special revenue fund* --- The City School District special revenue fund is comprised of the City 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 \$5.6; last year it was \$3.6. The increase of \$2.0 is related to an operating surplus for the year in the School District's General Fund. Revenues, in the School District's General Fund for the year (including transfers in and bond proceeds) were \$215.6 and expenditures (including transfers out) were \$213.6.

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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- *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. The Community Development Fund accounts for its revenue and expenditures using grant accounting. Therefore, revenues are accrued as the expenditures are incurred. During the year, the fund recorded \$16.5 in both revenues and expenditures. For fiscal year 2003, the fund recorded revenues and expenditures of \$21.8. At June 30, 2004, total assets were \$12.9 and total liabilities were \$12.9. At the end of the previous fiscal year, total assets were \$14.7 and liabilities were \$14.7.

**Proprietary funds** --- The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the Aviation, Water, Sewer and the City School District Food Service Funds. The net assets of the proprietary funds at the end of the current fiscal year totaled \$98.4. An increase of \$2.0 in total net assets of the proprietary funds from 2003 to 2004, by fund, were as follows: Aviation Fund increased by \$2.5, the Water Fund decreased by \$0.2, the Sewer Fund increased by \$0.4, and the City School District Food Service Fund decreased by \$0.7.

**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 \$160.9. Included in the estimated revenues was an appropriation of fund balance of \$9.3.

During the course of the year, the City's General Fund budget was amended for various small items, resulting in a final, revised budget of \$162.1, utilizing \$9.4 of fund balance. See page 62 (Statement of Revenues, Expenditures and Changes in Fund Balances -- Budget and Actual (Budgetary Basis) for presentation of the General Fund original budget and final budget.

The actual performance of the General Fund resulted in an operating deficit for the current year of \$6.5, as compared to a final adopted budget with a deficit of \$9.4.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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**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, 2004, amounted to \$451.7 (net of accumulated depreciation). The previous year's amount was \$453.0. 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 \$332.2 (net of accumulated depreciation) this year as compared to \$333.2 last year. For the City's business-type activities, the balance at the end of this year was \$119.5 (net of accumulated depreciation) as compared to \$119.8 last year.

Please refer to Note 3 (page 48) 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:

- Reconstruction of City streets and roads. Current year expenditures were \$6.8.
- Traffic lights were replaced with energy-saving LED signals. Expenditures were \$1.2.
- School District buildings were wired for modern technology. Expenditures were \$5.8.
- School building roofs and athletic fields were renovated. Expenditures were \$3.3.
- Work was continued on the School District's Institute for Technology building. Current year expenditures were \$1.8.
- At the airport, the terminal apron was renovated and resurfaced. Expenditures were approximately \$2.9.
- The airport continued its sound insulation program. Expenditures were approximately \$2.0.
- One of the City's community centers was rehabilitated. Expenditures were \$0.5.

Depreciation expense for the current fiscal year was \$25.3 for governmental activities and \$9.6 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, 2004**

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

**Long-term Debt**

At year-end the City had \$295.3 outstanding in bonds and notes versus \$306.4 last year, a decrease of 3.6%. 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	
	2004	2003	2004	2003	2004	2003
General obligation bonds	\$ 215.3	\$ 215.9	\$ 53.8	\$ 54.9	\$ 269.2	\$ 270.8
Bond anticipation notes	3.2	-	1.6	3.1	4.8	3.1
Revenue anticipation notes	18.0	27.3	-	-	18.0	27.3
Tax anticipation notes	3.3	3.8	-	-	3.3	3.8
Total	<u>\$ 239.8</u>	<u>\$ 247.0</u>	<u>\$ 55.4</u>	<u>\$ 58.0</u>	<u>\$ 295.3</u>	<u>\$ 305.0</u>

With respect to general obligation bonds, new debt was issued during the year in the amount of approximately \$20.1 to finance capital projects. New general obligation bonds were issued during the year in the amount of \$7.0 for a School District project to wire all school buildings for technology. Approximately \$11.5 million general obligation bonds were issued to finance bridge repairs, public infrastructure improvements such as street reconstruction, sidewalk repairs, parking meter replacements, traffic indicator replacement and repairs to two community centers. In addition, approximately \$1.3 million in bonds were issued for water transmission lines and infrastructure to preserve the Skaneateles Lake watershed.

At the beginning of the fiscal year the City issued \$35.0, on behalf of the School District, in revenue anticipation notes (RANs) for cash flow purposes. In addition, once the School District's state aid was finalized due to delays with the passing of the State's budget, the City issued another \$14.9 in RANs on behalf of the School District and \$19.0 of its own RANs. A large portion of both the City and School District'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. Near the end of the fiscal year the City issued \$18.0 in revenue anticipation notes (\$14.3 for the School District and \$3.7 for the City) and tax anticipation notes (\$3.3 for the School District) to finance day-to-day operations for the City and School District related to State aid, sales tax revenue 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, 2004**

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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 Baa1 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 \$317.3, 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
- Modestly growing local revenues
- Double-digit percentage increases in employee health care
- Retirement system costs significantly higher the last two year's than in the past. (See notes to the financial statements for more information.)

In setting the 2005 fiscal year budget, the property tax levy was increased approximately 9.5% for both the City and the City School District. The combined property tax levy of the City and City School District for fiscal year 2005 is \$72.0 million, compared with the previous year of \$65.8 million, exclusive of the State's STAR program.

Included in the City's 2005 budget was \$5.0 million in State aid above what had been received in 2004 and previous years. At the time the City's budget was adopted the State had not yet passed its budget, and therefore the additional state aid was uncertain. When the State finally passed its budget the City was appropriated an additional \$15.6 million in State aid for 2005.

The Aviation Fund will remain self-sufficient and will not affect the City's General Fund operations for 2005.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2004**

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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 2005 as were in effect for 2004, 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.

Although the City School District is a blended component unit of the City, the City School District issues a separate 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.

(Concluded)

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

	PRIMARY GOVERNMENT			Combined Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS:</b>				
Pooled cash and cash equivalents	\$ 14,048,248	\$ 1,525,164	\$ 15,573,412	\$ -
Cash and cash equivalents	-	10,335,496	10,335,496	8,033,351
Receivables:				
Accounts	4,299,396	6,336,092	10,635,488	-
Taxes (net of allowance of \$14,472,962)	4,741,959	-	4,741,959	-
Other	-	-	-	765,337
Loans receivable - due within one year	8,924,933	-	8,924,933	3,011,902
Interest receivable	-	-	-	298,924
Due from other governments	53,993,021	3,262,835	57,255,856	72,446
Due from primary government	-	-	-	380,188
Due from component units (net of allowance of \$5,345,221)	886,273	-	886,273	13,441
Internal balances-due within one year	21,491,954	994,441	22,486,395	-
Inventories	-	315,241	315,241	-
Other assets	421,056	333,997	755,053	980,883
Restricted assets:				
Pooled cash and cash equivalents	20,836,818	4,353,376	25,190,194	-
Cash and cash equivalents	2,448,202	16,670,052	19,118,254	-
Deferred charges	-	1,600,210	1,600,210	-
Loan receivable - due in more than one year	-	-	-	16,034,473
Internal balances-due in more than one year	-	756,750	756,750	-
Capital assets:				
Nondepreciable	106,250,169	11,714,423	117,964,592	913,145
Depreciable, net	225,914,070	107,817,607	333,731,677	19,972,056
<b>TOTAL ASSETS</b>	<b>\$ 464,256,099</b>	<b>\$ 166,015,684</b>	<b>\$ 630,271,783</b>	<b>\$ 50,476,146</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	34,623,550	5,582,135	40,205,685	1,856,792
Accrued interest expense	5,774,916	2,155,818	7,930,734	774,041
Due to other governments	138,155	-	138,155	9,305
Due to component units	32,057	8,131	40,188	-
Internal balances	817,250	695,488	1,512,738	-
Deferred revenues	13,442,536	912,428	14,354,964	2,205
Other liabilities	1,182,031	424	1,182,455	-
Long-term liabilities - due within one year	69,739,815	7,034,510	76,774,325	4,619,355
Due to primary government-due within one year	-	-	-	796,554
Long-term liabilities - due in more than one year	227,590,451	51,264,309	278,854,760	31,843,844
Due to primary government-due in more than one year	-	-	-	5,314,930
Total liabilities	<u>353,340,761</u>	<u>67,653,243</u>	<u>420,994,004</u>	<u>45,217,026</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	177,401,301	66,700,204	244,101,505	128,962
Restricted for:				
Debt service	2,258,383	-	2,258,383	-
Fire Training Center	6,039	-	6,039	-
Project Orange	177,130	-	177,130	-
EMS Training	51,269	-	51,269	-
Trusts and permanent funds	475,309	-	475,309	-
Loan programs	-	-	-	976,320
Unrestricted	(69,454,093)	31,662,237	(37,791,856)	4,153,838
Total net assets	<u>110,915,338</u>	<u>98,362,441</u>	<u>209,277,779</u>	<u>5,259,120</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 464,256,099</b>	<b>\$ 166,015,684</b>	<b>\$ 630,271,783</b>	<b>\$ 50,476,146</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, 2004**

	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>								
Governmental Activities:								
General government support	\$ 62,771,564	\$ 2,390,513	\$ 5,028,402	\$ 369,118	\$ -	\$ -	\$ -	
Police department	54,270,813	2,594,039	2,175,355	-	-	(49,501,419)	(49,501,419)	
Fire department	34,680,354	61,491	149,136	-	-	(34,469,727)	(34,469,727)	
Other public safety	4,636,187	2,276,710	-	-	-	(2,359,477)	(2,359,477)	
Transportation	36,999,955	5,420,265	174,720	6,417,548	-	(24,987,422)	(24,987,422)	
Economic development	722,165	-	-	-	-	(722,165)	(722,165)	
Home and community services	24,660,029	1,216,062	18,034,664	-	-	(5,409,303)	(5,409,303)	
Culture and recreation	9,161,896	409,966	449,901	96,530	-	(8,205,499)	(8,205,499)	
Education	231,758,815	155,781	82,676,999	-	-	(148,926,035)	(148,926,035)	
Pupil transportation	12,992,504	-	350,127	-	-	(12,642,377)	(12,642,377)	
Interest on long-term debt	11,256,129	-	-	-	-	(11,256,129)	(11,256,129)	
Total governmental activities	483,910,411	14,524,827	109,039,304	6,883,196	-	(353,463,084)	(353,463,084)	
Business-type Activities:								
Aviation	29,269,038	25,650,658	-	2,508,177	(1,110,203)	(1,110,203)	(1,110,203)	
Water	11,775,799	13,550,133	-	98,378	1,872,712	1,872,712	1,872,712	
Sewer	3,459,595	4,185,589	-	106,250	832,244	832,244	832,244	
Food Service	8,431,674	7,129,062	608,023	-	(694,589)	(694,589)	(694,589)	
Total business-type activities	52,936,106	50,515,442	608,023	2,712,805	900,164	900,164	900,164	
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 536,846,517</b>	<b>\$ 65,040,269</b>	<b>\$ 109,647,327</b>	<b>\$ 9,596,001</b>	<b>900,164</b>	<b>(352,562,920)</b>	<b>-</b>	
Component units:								
Syracuse Industrial Development Agency	3,031,070	2,315,107	1,126,773	-	-	-	410,810	
Syracuse Economic Development Corporation	3,414,043	2,690,956	27,235	-	-	-	(695,852)	
Syracuse Urban Renewal Agency	65,900	25,506	-	-	-	-	(40,394)	
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 6,511,013</b>	<b>\$ 5,031,569</b>	<b>\$ 1,154,008</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>(325,436)</b>	
General revenues:								
Property taxes and tax items						79,639,323	79,639,323	
Sales and use taxes						52,865,547	52,865,547	
Other taxes						3,574,033	3,574,033	
Unallocated state aid						205,730,241	205,730,241	
Unallocated federal aid						6,386,051	6,386,051	
Investment earnings						275,846	275,846	
Capital contributions						146,619	146,619	
Transfers						3,484,361	3,484,361	
Miscellaneous						(2,540,000)	(2,540,000)	
Total general revenues, transfers and special items						2,759,177	2,759,177	
Change in net assets						1,090,980	1,090,980	
Net assets at beginning of year, as restated						307,134	2,298,278	
Net assets at end of year						110,608,204	206,979,501	
						\$ 110,915,338	\$ 209,277,779	

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

CITY OF SYRACUSE, NEW YORK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004

	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	\$ 7,691,636	\$ 5,840,180	\$ -	\$ -	\$ 516,432	\$ 14,048,248
Pooled restricted cash and cash equivalents	1,300,000	17,852,676	-	-	1,684,142	20,836,818
Restricted cash and cash equivalents	-	-	-	2,433,004	15,198	2,448,202
Loans receivable	-	-	-	8,924,933	-	8,924,933
Accounts receivable	1,139,465	-	-	-	3,133,773	4,273,178
Taxes receivable (net of allowance of \$14,472,962)	4,884,453	-	-	-	296,290	8,394,642
Due from other funds	809,490	8,361,537	3,213,899	-	1,350,935	21,606,226
Due from other governments	20,864,490	2,084,415	11,083,994	270	759,683	50,389,829
Due from component units (net of allowance of \$5,345,221)	233,259	88,000	25,703,545	977,696	-	886,273
Other assets	-	2,260	418,796	565,014	-	421,056
<b>TOTAL ASSETS</b>	<b>\$ 36,922,733</b>	<b>\$ 34,229,068</b>	<b>\$ 40,420,234</b>	<b>\$ 12,900,917</b>	<b>\$ 7,756,453</b>	<b>\$ 132,229,405</b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 8,800,775	\$ 7,050,744	\$ 15,417,052	\$ 2,347,465	\$ 1,007,514	\$ 34,623,550
Revenue anticipation notes payable	3,700,000	-	14,300,000	-	-	18,000,000
Tax anticipation notes	-	-	3,300,000	-	-	3,300,000
Bond anticipation notes payable	-	3,200,000	-	-	-	3,200,000
Due to other funds	270	817,250	-	59,551	54,451	931,522
Due to other governments	65,098	-	-	73,057	-	138,155
Due to component units	-	-	-	23,880	8,177	32,057
Deferred revenues	4,865,006	88,000	-	9,214,933	4,406,747	18,574,686
Amounts due to retirement systems	-	-	1,410,905	-	-	1,410,905
Accrued compensated absences	221,227	-	383,292	-	-	604,519
Self-insurance claims	2,141,721	-	-	-	-	2,141,721
Other liabilities	-	-	-	1,182,031	-	1,182,031
<b>Total liabilities</b>	<b>19,794,097</b>	<b>11,155,994</b>	<b>34,811,249</b>	<b>12,900,917</b>	<b>5,476,889</b>	<b>84,139,146</b>
<b>Fund Balances:</b>						
Reserved for encumbrances	48,690	5,502,682	940,357	-	92,295	6,584,024
Reserved for bonded capital projects	-	16,897,304	-	-	-	16,897,304
Reserved for Fire Training Center	6,039	-	-	-	-	6,039
Reserved for Project Orange	177,130	-	-	-	-	177,130
Reserved for EMS Training	51,269	-	-	-	-	51,269
Reserved for bonded debt	-	673,088	-	-	1,585,295	2,258,383
Reserved for trusts and permanent funds	-	-	-	-	475,309	475,309
Unreserved:						
Designated	1,275,464	-	4,668,628	-	-	5,944,092
Undesignated	15,570,044	-	-	-	126,665	15,696,709
<b>Total fund balances</b>	<b>17,128,636</b>	<b>23,073,074</b>	<b>5,608,985</b>	<b>-</b>	<b>2,279,564</b>	<b>48,090,259</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 36,922,733</b>	<b>\$ 34,229,068</b>	<b>\$ 40,420,234</b>	<b>\$ 12,900,917</b>	<b>\$ 7,756,453</b>	<b>\$ 132,229,405</b>

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

**CITY OF SYRACUSE, NEW YORK**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2004**

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Total fund balances for governmental funds	\$ 48,090,259
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.	332,164,239
Accounts receivable not reported in funds	415,509
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.	(268,673,121)
Certain deferred revenue items.	4,693,368
Accrued interest is not reported in the funds.	<u>(5,774,916)</u>
Total net assets of governmental activities	<u>\$ 110,915,338</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, 2004**

	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	\$ 34,324,797	-	\$ 46,104,387	\$ -	\$ 2,014,853	\$ 82,444,037
Sales and use taxes	49,337,952	-	-	-	-	49,337,952
Other local taxes	3,574,033	-	3,527,595	-	369,118	7,470,746
Departmental revenues	8,965,185	-	-	-	47,483	9,012,668
Fees and service charges	3,159,990	-	155,781	-	175,346	3,491,117
Use of money and property	59,355	61,936	865,087	-	263,630	1,250,008
Federal and state aid and other grants	51,244,060	5,564,723	249,706,292	16,500,382	1,851,035	324,866,492
Other revenues	1,803,588	133,010	1,586,628	-	718,835	4,242,061
<b>Total revenues</b>	<b>152,468,960</b>	<b>5,759,669</b>	<b>301,945,770</b>	<b>16,500,382</b>	<b>5,440,300</b>	<b>482,115,081</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government support	19,457,317	-	40,250,125	1,668,299	845,607	62,221,348
Public safety	91,922,264	-	-	-	1,495,678	93,417,942
Transportation	17,773,512	-	-	-	1,812,189	19,585,701
Economic assistance and opportunity	-	-	-	662,522	59,643	722,165
Home and community services	9,233,639	-	1,121,632	14,169,561	315,228	24,840,060
Culture and recreation	7,550,762	-	242,855,434	-	343,502	7,894,264
Education	-	-	-	-	-	242,855,434
Debt service	-	-	916,611	-	21,130,208	21,130,208
Interest on debt	221,667	28,164,632	-	-	10,172,002	11,310,280
Capital outlays	-	28,164,632	285,143,802	-	-	28,164,632
<b>Total expenditures</b>	<b>146,159,161</b>	<b>28,164,632</b>	<b>285,143,802</b>	<b>16,500,382</b>	<b>36,174,057</b>	<b>512,142,034</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,309,799</b>	<b>(22,404,963)</b>	<b>16,801,968</b>	<b>-</b>	<b>(30,733,757)</b>	<b>(30,026,953)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Bond proceeds	1,012,147	18,213,500	498,805	-	330,000	20,054,452
Operating transfers in	2,540,000	2,375,321	2,225,271	-	30,267,163	37,407,755
Operating transfers out	(16,369,849)	(874,673)	(17,557,374)	-	(65,859)	(34,867,755)
<b>Total other financing sources (uses) - net</b>	<b>(12,817,702)</b>	<b>19,714,148</b>	<b>(14,833,298)</b>	<b>-</b>	<b>30,531,304</b>	<b>22,594,452</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(6,507,903)</b>	<b>(2,690,815)</b>	<b>1,968,670</b>	<b>-</b>	<b>(202,453)</b>	<b>(7,432,501)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED FOR GENERAL FUND</b>	<b>23,636,539</b>	<b>25,763,889</b>	<b>3,640,315</b>	<b>-</b>	<b>2,482,017</b>	<b>55,522,760</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 17,128,636</b>	<b>\$ 23,073,074</b>	<b>\$ 5,608,985</b>	<b>\$ -</b>	<b>\$ 2,279,564</b>	<b>\$ 48,090,259</b>

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

**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, 2004**

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Net change in fund balances - total governmental funds \$ (7,432,501)

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. (2,684,929)

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	(20,054,452)		
Repayments:			
Bond principal	21,130,208		1,075,756

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 191,605

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. 9,589,129

Governmental funds only report the disposal of capital 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 difference between the proceeds received and the loss on the disposal of fixed assets. (39,591)

Revenues in the Statement of Activities that do not provide current financial resources are not reported in the governmental funds. (392,335)

Net change in net assets of governmental activities \$ 307,134

CITY OF SYRACUSE, NEW YORK  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004

	Business-type Activities					Total
	Enterprise Funds					
	Aviation	Water	Sewer	Total City	City School District-Food Service	
<b>ASSETS:</b>						
<b>Current:</b>						
Pooled cash and cash equivalents	\$ -	\$ 1,089,600	\$ 435,564	\$ 1,525,164	\$ -	\$ 1,525,164
Cash	10,335,496	-	-	10,335,496	-	10,335,496
Accounts receivable	2,292,924	3,080,163	963,005	6,336,092	-	6,336,092
Due from other governments	2,721,932	14,077	-	2,736,009	526,826	3,262,835
Due from other funds	60,500	-	-	60,500	933,941	994,441
Inventories	-	-	-	-	315,241	315,241
Prepaid expenses	333,997	-	-	333,997	-	333,997
Total current assets	<u>15,744,849</u>	<u>4,183,840</u>	<u>1,398,569</u>	<u>21,327,258</u>	<u>1,776,008</u>	<u>23,103,266</u>
<b>Noncurrent:</b>						
Pooled restricted cash	-	2,945,263	1,408,113	4,353,376	-	4,353,376
Restricted cash and cash equivalents	15,910,576	759,476	-	16,670,052	-	16,670,052
Deferred charges	1,586,064	10,902	3,244	1,600,210	-	1,600,210
Due from other funds	756,750	-	-	756,750	-	756,750
Capital assets (net)	99,775,800	15,991,217	3,247,706	119,014,723	517,307	119,532,030
Total noncurrent assets	<u>118,029,190</u>	<u>19,706,858</u>	<u>4,659,063</u>	<u>142,395,111</u>	<u>517,307</u>	<u>142,912,418</u>
<b>TOTAL ASSETS</b>	<u>\$ 133,774,039</u>	<u>\$ 23,890,698</u>	<u>\$ 6,057,632</u>	<u>\$ 163,722,369</u>	<u>\$ 2,293,315</u>	<u>\$ 166,015,684</u>
<b>LIABILITIES</b>						
<b>Current:</b>						
Accounts payable and accrued expenses	\$ 3,226,968	\$ 1,474,861	\$ 249,718	\$ 4,951,547	\$ 630,588	\$ 5,582,135
Bond anticipation notes payable	1,632,000	-	-	1,632,000	-	1,632,000
Accrued interest	951,669	117,168	21,950	1,090,787	-	1,090,787
Due to other funds	695,488	-	-	695,488	-	695,488
Due to component unit	-	8,131	-	8,131	-	8,131
Current portion of bonds payable	2,875,528	850,162	511,591	4,237,281	-	4,237,281
Amounts due to retirement systems	848	805	292	1,945	101,416	103,361
Accrued compensated absences	169,277	22,074	13,315	204,666	105,637	310,303
Self-insurance claims	175,672	257,330	97,513	530,515	221,050	751,565
Deferred revenue	60,500	35,758	59,420	155,678	-	155,678
Other liabilities	-	-	-	-	424	424
Total current liabilities	<u>9,787,950</u>	<u>2,766,289</u>	<u>953,799</u>	<u>13,508,038</u>	<u>1,059,115</u>	<u>14,567,153</u>
<b>Noncurrent:</b>						
Bonds - net of current portion	33,940,352	13,059,028	2,524,921	49,524,301	-	49,524,301
Accrued interest	1,065,031	-	-	1,065,031	-	1,065,031
Amounts due to retirement systems	3,001	2,850	1,033	6,884	44,283	51,167
Accrued compensated absences	-	258,744	87,064	345,808	-	345,808
Self-insurance claims	429,818	663,105	250,110	1,343,033	-	1,343,033
Deferred revenue	756,750	-	-	756,750	-	756,750
Total noncurrent liabilities	<u>36,194,952</u>	<u>13,983,727</u>	<u>2,863,128</u>	<u>53,041,807</u>	<u>44,283</u>	<u>53,086,090</u>
Total liabilities	<u>45,982,902</u>	<u>16,750,016</u>	<u>3,816,927</u>	<u>66,549,845</u>	<u>1,103,398</u>	<u>67,653,243</u>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	61,346,407	2,596,338	1,555,528	65,498,273	517,307	66,015,580
Unrestricted:						
Designated	-	1,000,000	-	1,000,000	-	1,000,000
Undesignated	26,444,730	3,544,344	685,177	30,674,251	672,610	31,346,861
Total net assets	<u>87,791,137</u>	<u>7,140,682</u>	<u>2,240,705</u>	<u>97,172,524</u>	<u>1,189,917</u>	<u>98,362,441</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 133,774,039</u>	<u>\$ 23,890,698</u>	<u>\$ 6,057,632</u>	<u>\$ 163,722,369</u>	<u>\$ 2,293,315</u>	<u>\$ 166,015,684</u>

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2004**

Business-type Activities

	Enterprise Funds					Total
	Aviation	Water	Sewer	Total City	City School District - Food Service	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ -	\$ 13,140,445	\$ 4,171,404	\$ 17,311,849	\$ 7,129,062	\$ 24,440,911
Landing fees	3,484,059	-	-	3,484,059	-	3,484,059
Parking rents	5,330,330	-	-	5,330,330	-	5,330,330
Terminal rents	7,236,203	-	-	7,236,203	-	7,236,203
Concession	5,313,690	-	-	5,313,690	-	5,313,690
Fees and permits	-	314,958	-	314,958	-	314,958
Miscellaneous	1,908	94,730	14,185	110,823	-	110,823
Total operating revenues	<u>21,366,190</u>	<u>13,550,133</u>	<u>4,185,589</u>	<u>39,101,912</u>	<u>7,129,062</u>	<u>46,230,974</u>
<b>OPERATING EXPENSES:</b>						
Cost of sales and services	7,707,911	9,663,636	2,696,046	20,067,593	3,418,179	23,485,772
Administration	7,939,326	455,553	668	8,395,547	4,866,867	13,262,414
Depreciation	8,769,178	477,915	242,284	9,489,377	146,628	9,636,005
Uncollectible accounts	69,045	975,123	345,417	1,389,585	-	1,389,585
Total operating expenses	<u>24,485,460</u>	<u>11,572,227</u>	<u>3,284,415</u>	<u>39,342,102</u>	<u>8,431,674</u>	<u>47,773,776</u>
NET OPERATING INCOME (LOSS)	<u>(3,119,270)</u>	<u>1,977,906</u>	<u>901,174</u>	<u>(240,190)</u>	<u>(1,302,612)</u>	<u>(1,542,802)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Grants received	2,508,177	98,378	106,250	2,712,805	-	2,712,805
Grant programs	(2,508,177)	(98,378)	(106,250)	(2,712,805)	-	(2,712,805)
Passenger facility charges	4,284,468	-	-	4,284,468	-	4,284,468
Donated commodities	-	-	-	-	608,023	608,023
Investment income	120,402	13,292	12,721	146,415	204	146,619
Interest expense	(2,275,401)	(105,194)	(68,930)	(2,449,525)	-	(2,449,525)
Total nonoperating revenues (expenses)	<u>2,129,469</u>	<u>(91,902)</u>	<u>(56,209)</u>	<u>1,981,358</u>	<u>608,227</u>	<u>2,589,585</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	<u>(989,801)</u>	<u>1,886,004</u>	<u>844,965</u>	<u>1,741,168</u>	<u>(694,385)</u>	<u>1,046,783</u>
CAPITAL CONTRIBUTIONS	3,484,361	-	-	3,484,361	-	3,484,361
OPERATING TRANSFERS OUT	<u>-</u>	<u>(2,100,000)</u>	<u>(440,000)</u>	<u>(2,540,000)</u>	<u>-</u>	<u>(2,540,000)</u>
CHANGE IN NET ASSETS	2,494,560	(213,996)	404,965	2,685,529	(694,385)	1,991,144
NET ASSETS AT BEGINNING OF YEAR, AS RESTATE FOR SEWER FUND	<u>85,296,577</u>	<u>7,354,678</u>	<u>1,835,740</u>	<u>94,486,995</u>	<u>1,884,302</u>	<u>96,371,297</u>
NET ASSETS AT END OF YEAR	<u>\$ 87,791,137</u>	<u>\$ 7,140,682</u>	<u>\$ 2,240,705</u>	<u>\$ 97,172,524</u>	<u>\$ 1,189,917</u>	<u>\$ 98,362,441</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, 2004**

	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	\$ 21,335,075	\$ 12,540,219	\$ 4,046,527	\$ 37,921,821	\$ 7,209,140	\$ 45,130,961
Payments to vendors	(10,542,601)	(3,510,492)	(749,935)	(14,803,028)	(2,419,252)	(17,222,280)
Payments to employees	(4,667,660)	(5,257,803)	(1,631,597)	(11,557,060)	(5,141,433)	(16,698,493)
Internal activity-receipts and (payments) with other funds - net	118,590	-	-	118,590	381,352	499,942
Claims paid	(755,262)	(1,151,797)	(304,075)	(2,211,134)	-	(2,211,134)
Other payments	-	(205,838)	(68,903)	(274,741)	-	(274,741)
Net cash provided by operating activities	<u>5,488,142</u>	<u>2,414,289</u>	<u>1,292,017</u>	<u>9,194,448</u>	<u>29,807</u>	<u>9,224,255</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating subsidies and transfers to other funds	-	(2,100,000)	(440,000)	(2,540,000)	-	(2,540,000)
Payments to other governments	-	-	-	-	(93)	(93)
Net cash utilized in noncapital financing activities	<u>-</u>	<u>(2,100,000)</u>	<u>(440,000)</u>	<u>(2,540,000)</u>	<u>(93)</u>	<u>(2,540,093)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from capital debt	6,315,487	1,771,729	1,057,623	9,144,839	-	9,144,839
Capital contributions	1,213,676	-	-	1,213,676	-	1,213,676
Purchases of capital assets	(4,189,363)	(2,492,365)	(891,773)	(7,573,501)	(29,918)	(7,603,419)
Principal paid on capital debt	(9,120,619)	(885,283)	(651,830)	(10,657,732)	-	(10,657,732)
Interest paid on capital debt	(2,466,781)	(100,241)	(73,946)	(2,640,968)	-	(2,640,968)
Other receipts	4,172,658	-	-	4,172,658	-	4,172,658
Net cash utilized in capital and related financing activities	<u>(4,074,942)</u>	<u>(1,706,160)</u>	<u>(559,926)</u>	<u>(6,341,028)</u>	<u>(29,918)</u>	<u>(6,370,946)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest and dividends received/	-	-	-	-	-	-
Net cash provided by investing activities	<u>120,402</u>	<u>13,292</u>	<u>12,721</u>	<u>146,415</u>	<u>204</u>	<u>146,619</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,533,602</b>	<b>(1,378,579)</b>	<b>304,812</b>	<b>459,835</b>	<b>-</b>	<b>459,835</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>24,712,470</b>	<b>6,172,918</b>	<b>1,538,865</b>	<b>32,424,253</b>	<b>-</b>	<b>32,424,253</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 26,246,072</b>	<b>\$ 4,794,339</b>	<b>\$ 1,843,677</b>	<b>\$ 32,884,088</b>	<b>\$ -</b>	<b>\$ 32,884,088</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ (3,119,270)	\$ 1,977,906	\$ 901,174	\$ (240,190)	\$ (1,302,612)	\$ (1,542,802)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	8,769,178	477,915	242,284	9,489,377	146,628	9,636,005
Uncollectible accounts	69,045	975,123	345,417	1,389,585	-	1,389,585
Noncash collections of accounts receivable	(75,000)	-	-	(75,000)	-	(75,000)
Change in assets and liabilities:						
Accounts receivable	104,386	(1,008,478)	(206,381)	(1,110,473)	-	(1,110,473)
Deferred charges	75,988	66,443	-	142,431	-	142,431
Due from other funds	118,590	8,131	-	126,721	381,352	508,073
Due from other governments	-	(9,003)	-	(9,003)	80,078	71,075
Inventories	-	-	-	-	581,868	581,868
Prepaid expenses	(29,868)	-	-	(29,868)	-	(29,868)
Accounts payable and accrued expenses	(449,570)	554,596	100,321	205,347	89,899	295,246
Amounts due to retirement systems	(26,281)	(440,014)	(56,054)	(522,349)	(7,936)	(530,285)
Self-insurance claims	111,445	(169,481)	(83,947)	(141,983)	56,792	(85,191)
Accrued compensated absences	-	(26,416)	(18,116)	(44,532)	3,738	(40,794)
Deferred revenue	(60,501)	7,567	67,319	14,385	-	14,385
Net cash provided by operating activities	<u>\$ 5,488,142</u>	<u>\$ 2,414,289</u>	<u>\$ 1,292,017</u>	<u>\$ 9,194,448</u>	<u>\$ 29,807</u>	<u>\$ 9,224,255</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, 2004**

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

During the year ended June 30, 2004 the Aviation Fund incurred accretion of \$222,086 (included in interest expense) on capital appreciation bonds which are included in bonds payable.

The Aviation Fund agreed to accept machinery and equipment in lieu of cash for a \$75,000 payment on an account receivable.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning of Year:			
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 beginning of year	<u>\$ 12,739,782</u>	<u>\$ 19,684,471</u>	<u>\$ 32,424,253</u>
End of Year:			
Aviation Fund	\$ 10,335,496	\$ 15,910,576	\$ 26,246,072
Water Fund	1,089,600	3,704,739	4,794,339
Sewer Fund	435,564	1,408,113	1,843,677
Total end of year	<u>\$ 11,860,660</u>	<u>\$ 21,023,428</u>	<u>\$ 32,884,088</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, 2004**

	City						Total
	Pension Trust Funds		Private Purpose Funds		Agency Funds	Total City	
	Local Fire Pension Fund	Local Police Pension Fund	Coca Cola & Mayor's Round Ball	Funds			
<b>ASSETS:</b>							
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ 415,699	\$ -	\$ 415,699	\$ 415,699
Pooled restricted cash and cash equivalents	-	-	7,418	23,186,592	-	23,194,010	23,194,010
Restricted cash	-	-	-	-	-	768,179	768,179
Taxes receivable	-	-	-	47,018,659	-	47,018,659	47,018,659
<b>TOTAL ASSETS</b>	-	-	7,418	70,620,950	-	70,628,368	71,396,547
<b>LIABILITIES:</b>							
Accounts payable and accrued expenditures	-	-	-	-	-	-	6,084
Due to other funds	-	-	-	21,721,844	-	21,721,844	21,730,407
Due to other governments	-	-	-	1,171,791	-	1,171,791	1,171,791
Deferred revenue	-	-	-	47,018,659	-	47,018,659	47,018,659
Extraclassroom activity balances	-	-	-	-	-	-	668,129
Other liabilities	-	-	-	708,656	-	708,656	708,656
<b>TOTAL LIABILITIES</b>	-	-	-	70,620,950	-	70,620,950	71,303,726
<b>NET ASSETS:</b>							
Held in trust	\$ -	\$ -	\$ 7,418	\$ -	\$ -	\$ 7,418	\$ 92,821

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, 2004

	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				
ADDITIONS:							
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,698	\$ 5,698
Local sources and other	352,590	39,003	37,754	-	429,347	8,884	438,231
Total additions	352,590	39,003	37,754	-	429,347	14,582	443,929
DEDUCTIONS:							
Payments to pensioners	352,590	43,866	-	-	396,456	-	396,456
Scholarships and awards	-	-	-	-	-	4,900	4,900
Other expenses	-	-	32,336	-	32,336	-	32,336
Total deductions	352,590	43,866	32,336	-	428,792	4,900	433,692
CHANGE IN NET ASSETS	-	(4,863)	5,418	-	555	9,682	10,237
NET ASSETS AT BEGINNING OF YEAR	-	4,863	2,000	-	6,863	75,721	82,584
NET ASSETS AT END OF YEAR	\$ -	\$ -	\$ 7,418	\$ -	\$ 7,418	\$ 85,403	\$ 92,821

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

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2004**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 4,261,474	\$ 3,510,136	\$ 261,741	\$ 8,033,351
Other receivables	699,204	24,728	41,405	765,337
Loans receivable-current portion	2,679,965	331,937	-	3,011,902
Interest receivable	293,791	5,133	-	298,924
Due from other governments	-	-	72,446	72,446
Due from primary government	340,000	-	40,188	380,188
Due from other component units	-	-	13,441	13,441
Other assets	980,883	-	-	980,883
Loans receivable - long-term portion	14,027,181	2,007,292	-	16,034,473
Capital assets:				
Nondepreciable	50,000	770,145	93,000	913,145
Depreciable, net	1,689,192	18,246,902	35,962	19,972,056
<b>TOTAL ASSETS</b>	<b>\$ 25,021,690</b>	<b>\$ 24,896,273</b>	<b>\$ 558,183</b>	<b>\$ 50,476,146</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 1,718,441	\$ 138,351	\$ -	\$ 1,856,792
Accrued interest expense	456,673	317,368	-	774,041
Due to other governments	-	-	9,305	9,305
Deferred revenue	2,205	-	-	2,205
Due to primary government	421,239	92,620	282,695	796,554
Non-current liabilities:				
Due within one year	2,073,000	2,546,355	-	4,619,355
Due within more than one year	18,562,000	13,281,844	-	31,843,844
Due to primary government - long-term portion	1,678,645	3,636,285	-	5,314,930
<b>Total liabilities</b>	<b>24,912,203</b>	<b>20,012,823</b>	<b>292,000</b>	<b>45,217,026</b>
<b>NET ASSETS:</b>				
Invested in capital assets	-	-	128,962	128,962
Restricted for loan programs	302,302	674,018	-	976,320
Unrestricted	(192,815)	4,209,432	137,221	4,153,838
<b>Total net assets</b>	<b>109,487</b>	<b>4,883,450</b>	<b>266,183</b>	<b>5,259,120</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 25,021,690</b>	<b>\$ 24,896,273</b>	<b>\$ 558,183</b>	<b>\$ 50,476,146</b>

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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 policies 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 Common 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 ten 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 five 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)**

**B. Basis of Presentation (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.

(Continued)

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

**B. Basis of Presentation (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)**

**B. Basis of Presentation (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 within 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)

**B. Basis of Presentation (Cont'd)**

**Major and Nonmajor Funds (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 Funds:
  - Francis Hendrick's
  - The Ed Smith School Fund
- 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.

(Continued)

**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)**

**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 Common Council are presented to the Mayor for his consideration. Should the Mayor object to any amendment, the Common 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 money market accounts and 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 and an estimated useful life of two or more years. 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, 2004 amounted to \$517,530.

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
Furniture	10 years
Vehicles	3-5 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 liability is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable and 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 \$3,123,577 at June 30, 2004 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, 2004, 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, 2004 were \$14,472,962 and \$5,086,336, 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 12% of the agreements are currently in negotiation. The remaining 88% 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 2004/2005 City School District budget specifically designates the use of \$4,668,628 for future years use and technology. The City's 2004/2005 budget specifically designates \$1,275,464 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 \$94,595,244 and the bank balance was \$98,617,765. As of June 30, 2004 all deposits were insured or collateralized.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**3. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance at June 30, 2003	Increases	Decreases	Balance at June 30, 2004
Governmental activities:				
Not being depreciated:				
Land	\$ 16,190,934	\$ -	\$ -	\$ 16,190,934
Construction in progress	<u>75,462,028</u>	<u>20,158,283</u>	<u>5,561,076</u>	<u>90,059,235</u>
Subtotal	<u>91,652,962</u>	<u>20,158,283</u>	<u>5,561,076</u>	<u>106,250,169</u>
Other capital assets:				
Buildings	284,469,108	-	-	284,469,108
Machinery and equipment	70,030,704	5,067,654	2,531,574	72,566,784
Improvements/infrastructure	<u>246,047,759</u>	<u>4,825,855</u>	<u>-</u>	<u>250,873,614</u>
Subtotal	<u>600,547,571</u>	<u>9,893,509</u>	<u>2,531,574</u>	<u>607,909,506</u>
 Total capital assets	 <u>692,200,533</u>	 <u>30,051,792</u>	 <u>8,092,650</u>	 <u>714,159,675</u>
Accumulated depreciation:				
Buildings	189,490,890	9,716,803	-	199,207,693
Machinery and equipment	48,416,317	5,134,904	2,463,100	51,088,121
Improvements/infrastructure	<u>121,075,730</u>	<u>10,623,892</u>	<u>-</u>	<u>131,699,622</u>
Total	<u>358,982,937</u>	<u>25,475,599</u>	<u>2,463,100</u>	<u>381,995,436</u>
Net capital assets - governmental activities	<u>\$333,217,596</u>	<u>\$ 4,576,193</u>	<u>\$ 5,629,550</u>	<u>\$332,164,239</u>

Depreciation was charged to activities as follows:

Governmental activities:

General government support	\$ 1,733,837
Police department	622,636
Fire department	1,342,397
Other public safety	9,404
Transportation	12,659,839
Culture and recreation	1,313,103
Home and community services	227,014
Education	<u>7,357,792</u>
Total governmental activities depreciation expense	<u>\$ 25,266,022</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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

	Balance at June 30, 2003	Increases	Decreases	Balance at June 30, 2004
Business-type activities:				
Not being depreciated:				
Land	\$ 1,824,468	\$ 35,237	\$ -	\$ 1,859,705
Construction in progress	<u>8,980,417</u>	<u>8,370,575</u>	<u>7,496,274</u>	<u>9,854,718</u>
Subtotal	<u>10,804,885</u>	<u>8,405,812</u>	<u>7,496,274</u>	<u>11,714,423</u>
Other capital assets:				
Buildings	102,794,727	713,683	-	103,508,410
Machinery and equipment	16,820,954	1,204,623	82,062	17,943,515
Improvements/infrastructure	<u>107,165,831</u>	<u>6,584,438</u>	<u>-</u>	<u>113,750,269</u>
Subtotal	<u>226,781,512</u>	<u>8,502,744</u>	<u>82,062</u>	<u>235,202,194</u>
Total capital assets	<u>237,586,397</u>	<u>16,908,556</u>	<u>7,578,336</u>	<u>246,916,617</u>
Accumulated depreciation:				
Buildings	53,155,928	4,300,998	-	57,456,926
Machinery and equipment	12,874,298	997,968	79,582	13,792,684
Improvements/infrastructure	<u>51,797,938</u>	<u>4,337,039</u>	<u>-</u>	<u>56,134,977</u>
Total	<u>117,828,164</u>	<u>9,636,005</u>	<u>79,582</u>	<u>127,384,587</u>
Net capital assets - business-type activities	<u>\$119,758,233</u>	<u>\$ 7,272,551</u>	<u>\$ 7,498,754</u>	<u>\$119,532,030</u>

Depreciation was charged to activities as follows:

Business-type activities:

Aviation	\$ 8,769,178
Water	477,915
Sewer	242,284
Food Service	<u>146,628</u>
Total business-type activities depreciation expense	<u>\$ 9,636,005</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**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 2022.

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2004:

	Balance at June 30, 2003	Additions	Reductions	Balance at June 30, 2004	Amount due within one year
<b>Governmental activities:</b>					
<b>Bonds and notes payable:</b>					
General obligation bonds payable	\$ 215,865,705	\$ 20,054,452	\$ 20,571,473	\$ 215,348,684	\$ 19,240,271
Bond anticipation notes payable	-	3,200,000	-	3,200,000	3,200,000
Revenue anticipation notes payable	27,305,000	53,000,000	62,305,000	18,000,000	18,000,000
Tax anticipation notes payable	3,800,000	3,300,000	3,800,000	3,300,000	3,300,000
Capital lease obligations	2,178,109	-	520,384	1,657,725	524,386
Installment debt	154,703	-	154,703	-	-
Total bonds and notes payable	<u>249,303,517</u>	<u>79,554,452</u>	<u>87,351,560</u>	<u>241,506,409</u>	<u>44,264,657</u>
<b>Other liabilities:</b>					
Amount due to retirement systems	14,803,897	12,044,700	14,155,039	12,693,558	6,869,956
Accrued compensated absences	16,266,082	9,687,929	10,715,969	15,238,042	5,722,117
Self-insurance claims	12,785,285	65,442,719	62,160,877	16,067,127	12,851,671
Due to New York State	623,036	-	591,622	31,414	31,414
Judgments and claims	3,000,000	1,033,497	1,033,497	3,000,000	-
Environmental remediation	8,295,140	477,756	-	8,772,896	-
Retroactive compensation liability	6,007,744	-	6,007,744	-	-
Other liabilities	271,694	-	250,874	20,820	-
Total other liabilities	<u>62,052,878</u>	<u>88,686,601</u>	<u>94,915,622</u>	<u>55,823,857</u>	<u>25,475,158</u>
Governmental activities long-term liabilities	<u>\$ 311,356,395</u>	<u>\$ 168,241,053</u>	<u>\$ 182,267,182</u>	<u>\$ 297,330,266</u>	<u>\$ 69,739,815</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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 will be liquidated by the City School District.

	Balance at June 30, 2003	Additions	Reductions	Balance at June 30, 2004	Amount due within one year
<b>Business-type activities:</b>					
<b>Bonds and note payable:</b>					
General obligation bonds payable	\$ 54,840,474	\$ 6,512,839	\$ 7,591,731	\$ 53,761,582	\$ 4,237,281
Bond anticipation notes payable	<u>3,066,000</u>	<u>1,632,000</u>	<u>3,066,000</u>	<u>1,632,000</u>	<u>1,632,000</u>
Total bonds and notes payable	<u>57,906,474</u>	<u>8,144,839</u>	<u>10,657,731</u>	<u>55,393,582</u>	<u>5,869,281</u>
<b>Other liabilities:</b>					
Amount due to retirement systems	684,813	569,673	1,099,958	154,528	103,361
Accrued compensated absences	710,507	485,967	540,363	656,111	310,303
Self-insurance claims	<u>2,179,789</u>	<u>3,126,851</u>	<u>3,212,042</u>	<u>2,094,598</u>	<u>751,565</u>
Total other liabilities	<u>3,575,109</u>	<u>4,182,491</u>	<u>4,852,363</u>	<u>2,905,237</u>	<u>1,165,229</u>
Business-type activities long term liabilities	<u>\$ 61,481,583</u>	<u>\$ 12,327,330</u>	<u>\$ 15,510,094</u>	<u>\$ 58,298,819</u>	<u>\$ 7,034,510</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.

**Advanced Refunding of Debt**

In June 2004, the City of Syracuse issued series 2004A bonds totaling \$3,730,000. These bonds were delivered on June 14, 2004 with an interest rate ranging from 2% to 4.5%. The net proceeds of approximately \$3,572,000 for series A after payment of approximately \$158,000 in underwriting fees, insurance, and other issuance costs were deposited into an escrow account to be used to pay off general obligation bonds.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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

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

The refunding reduced total debt service payments over the next 10 years by nearly \$160,000. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$116,000.

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

As of June 30, 2004, 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	
2005	\$ 19,240,271	\$ 9,818,442	\$ 4,237,281	\$ 2,278,381	\$ 35,574,375
2006	19,688,720	8,936,336	4,559,098	2,190,484	35,374,638
2007	19,650,545	7,982,087	4,665,751	2,021,882	34,320,265
2008	19,009,885	7,054,720	4,829,524	1,840,246	32,734,375
2009	19,305,611	6,181,624	4,909,979	1,653,268	32,050,482
2010-2014	75,640,597	19,098,385	21,979,395	5,328,457	122,046,834
2015-2019	38,043,055	5,561,385	8,318,132	1,097,380	53,019,952
2020-2022	4,770,000	400,213	262,422	8,281	5,440,916
TOTALS	<u>\$ 215,348,684</u>	<u>\$ 65,033,192</u>	<u>\$ 53,761,582</u>	<u>\$ 16,418,379</u>	<u>\$ 350,561,837</u>

**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, 2004**

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

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

Short-term debt activity for the year ended June 30, 2004:

	Balance at June 30, 2003	Additions	Reductions	Balance at June 30, 2004
Governmental Activities:				
Bond anticipation notes	\$ -	\$ 3,200,000	\$ -	3,200,000
Revenue anticipation notes	27,305,000	53,000,000	62,305,000	18,000,000
Tax anticipation notes	<u>3,800,000</u>	<u>3,300,000</u>	<u>3,800,000</u>	<u>3,300,000</u>
	<u>\$ 31,105,000</u>	<u>\$ 59,500,000</u>	<u>\$ 66,105,000</u>	<u>\$ 24,500,000</u>
	Balance at June 30, 2003	Additions	Reductions	Balance at June 30, 2004
Business-type Activities:				
Bond anticipation notes	<u>\$ 3,066,000</u>	<u>\$ 1,632,000</u>	<u>\$ 3,066,000</u>	<u>\$ 1,632,000</u>

**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, 2004 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2005	\$ 1,654,058
2006	992,275
2007	867,749
2008	805,133
2009	784,951
Thereafter	<u>10,398,602</u>
TOTAL	<u>\$ 15,502,768</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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, 2004 were approximately \$1,760,000. The minimum future non-cancelable operating lease payments were as follows as of June 30, 2004:

YEAR ENDING JUNE 30,	AMOUNT
2005	\$ 904,645
2006	733,206
2007	578,068
2008	406,986
2009	406,986
2010-2012	<u>761,994</u>
TOTAL	<u>\$ 3,791,885</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, 2004 were approximately \$1,430,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2004:

YEAR ENDING JUNE 30,	AMOUNT
2005	\$ 1,456,128
2006	1,451,138
2007	1,426,980
2008	1,429,342
2009	1,386,327
Thereafter	<u>15,663,848</u>
TOTAL	<u>\$ 22,813,763</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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 \$18,565,500 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2004 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2005	\$ 910,867
2006	882,982
2007	773,017
2008	701,889
2009	640,217
Thereafter	<u>5,712,727</u>
TOTAL	<u>\$ 9,621,699</u>

**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 \$1,404,605. 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, 2004.

Year ending June 30:	
2005	\$ 524,386
2006	614,892
2007	467,753
2008	124,981
2009	<u>124,981</u>
Minimum lease payments - capital leases	1,856,993
Less: Amounts representing interest 8.5% per annum	<u>(199,268)</u>
Present value - minimum lease payments	<u>\$ 1,657,725</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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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, 2004:

	<u>AMOUNT RECEIVABLE</u>	<u>AMOUNT PAYABLE</u>
General Fund	\$ 809,490	\$ 270
City School District	11,083,994	-
Community Development	270	59,551
Capital Projects Fund	8,361,537	817,250
Proprietary Funds:		
Aviation	817,250	695,488
Food Service	933,941	-
Nonmajor governmental funds:		
Debt Service	1,350,935	-
Special Grants	-	54,451
Agency	-	21,730,407
Total	<u>\$ 23,357,417</u>	<u>\$ 23,357,417</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2004:

	<u>AMOUNT RECEIVABLE</u>	<u>AMOUNT PAYABLE</u>
General Fund	\$ 3,897,872	\$ -
Community Development	565,014	23,880
Capital Projects Fund	88,000	-
Proprietary Fund:		
Water Fund	-	8,131
Nonmajor governmental funds:		
Special Grants	-	8,177
Local Development	1,680,608	-
Component units:		
SURA	40,188	282,695
SIDA	-	2,191,566
SEDCO	-	3,757,233
Total	<u>\$ 6,271,682</u>	<u>\$ 6,271,682</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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

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

The amounts receivable and payable above are as of June 30, 2004. The amounts due to and due from primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2003. 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 collection of its HUD 108 loan payments of \$340,000. The difference in the payable is a result of \$88,000 in construction costs due for a capital project and loans of \$3,682.

**SEDCO:**

The difference in the payable resulted from \$28,328 of economic development loans by Community Development.

**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, 2004, which were routine in nature, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 2,540,000	\$ 16,369,849
Capital Projects Fund	2,375,321	874,673
Special revenue funds:		
City School District	2,225,271	17,557,374
Oil and Flushing	-	65,859
Debt Service Fund	30,267,163	-
Proprietary funds:		
Water	-	2,100,000
Sewer	-	440,000
Food Service		
Total	<u>\$ 37,407,755</u>	<u>\$ 37,407,755</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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**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 Systems.

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, 2004	\$ 6,657,007	\$ 5,046,463	\$ 4,503,591
June 30, 2003	3,844,061	1,153,056	1,450,584
June 30, 2002	3,381,218	1,095,458	1,430,500

(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, 2004, \$41,617 was paid by the City's General Fund and \$349,976 was paid by the City's Fiduciary Pension Trust Funds. On June 30, 2004, 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 on deposit for payment of health claims by a third-party administrator.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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**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, 2004, approximately 1,650 City retirees and survivors were eligible. Expenditures for retiree health costs are expensed when paid. Expenditures for the year ended June 30, 2004, net of retiree and survivor contributions of \$285,000, were approximately \$11,386,000.

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, 2004, 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, 2004, net of retiree contributions of \$871,000, were approximately \$9,950,000.

**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 accompanying 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 a liability. The District paid \$591,622 during 2004 and has a remaining balance of \$31,414 to be paid in the year ending June 30, 2005.

For the year ended June 30, 2004, the District recorded a long-term liability of \$8,772,896 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, 2004.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

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**13. SUBSEQUENT EVENTS**

On June 8, 2004, the District authorized a request for the issuance of Revenue Anticipation Notes (RANS) in an amount not to exceed \$21,000,000 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. The request was approved by the City of Syracuse, New York Common Council on June 28, 2004 and RANS of \$19,000,000 were issued on July 15, 2004.

On August 31, 2004 the City issued \$34,000,000 in Revenue Anticipation Notes (RANS) to cover an expected cash flow shortage due to the timing of cash receipts from various sources.

On September 8, 2004, the District authorized a request for the issuance of Revenue Anticipation Notes (RANS) in an amount not to exceed \$29,000,000 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. The request was approved by the City of Syracuse, New York Common Council on September 27, 2004 and RANS of \$21,000,000 were issued on October 28, 2004.

On October 13, 2004, the District requested the issuance of Public Improvement (Serial) Bonds Series 2004E in an amount of \$12,374,500 and Series 2004G in an amount of \$1,327,592. Series 2004E was issued to fund various capital projects of the District. Series 2004G was issued to fund a portion of the District's obligation to the New York State Employees Retirement System. The Bonds were issued October 21, 2004.

On October 21, 2004, the City issued \$8,264,000 Series 2004F Public Improvement Bonds and \$7,144,752 Series 2004G Bonds. Series 2004F was issued to fund various capital projects. Series 2004G was issued to fund a portion of the City's obligation to the New York State Employees Retirement System.

**14. RESTATEMENT**

The fund balance of the General Fund at July 1, 2003 has been decreased by \$1,000,000 to reflect the correct treatment of proceeds of general obligation bonds payable issued during the year ended June 30, 2003 which related to the Sewer Fund but were recorded in the General Fund. The net assets of the Sewer Fund at July 1, 2003 have been increased \$1,000,000 to reflect the correct treatment of proceeds of general obligation bonds payable issued during the year ended June 30, 2003, recorded, in error, in the General Fund. If the proceeds from serial bonds were recorded in the correct fund, they would have decreased the General Fund excess of revenues and other financing sources over expenditures and other financing uses and General Fund balance by \$1,000,000 for the year ended June 30, 2003.

(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, 2004**

	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	\$ 24,249,598	\$ 25,391,976	\$ 34,324,797	\$ 8,932,821	\$ 45,989,284	\$ 45,914,049	\$ 46,104,387	\$ 190,338
Sales tax and use tax	48,960,700	48,960,700	49,337,952	377,252	-	-	-	-
Other local taxes	3,340,800	3,340,800	3,574,033	233,233	3,645,000	3,522,414	3,527,595	5,181
Departmental revenues	9,831,590	9,831,590	8,965,185	(866,405)	-	-	-	-
Fees and service charges	2,470,120	2,470,120	3,159,990	689,870	114,900	33,965	155,781	121,816
Use of money and property	533,000	533,000	59,355	(473,645)	864,700	416,391	865,087	448,696
Federal and state aid and other grants	49,628,604	49,628,604	51,244,060	1,615,456	252,881,413	269,052,543	249,706,292	(19,346,231)
Other revenues	10,042,050	10,061,550	1,803,588	(8,257,962)	362,500	2,391,172	1,586,628	(804,544)
Total revenues	<u>149,056,462</u>	<u>150,218,340</u>	<u>152,468,960</u>	<u>2,250,620</u>	<u>303,857,797</u>	<u>321,330,534</u>	<u>301,945,770</u>	<u>(19,384,764)</u>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
General government support	20,213,178	19,032,870	19,431,310	(398,440)	42,549,392	43,816,308	40,422,489	3,393,819
Public safety	89,348,414	92,364,712	91,912,885	451,827	-	-	-	-
Transportation	17,229,386	17,574,913	17,756,492	(181,579)	-	-	-	-
Home and community services	9,537,606	9,132,732	9,238,073	(105,341)	2,020,125	2,043,837	1,121,632	922,205
Culture and recreation	7,885,104	7,434,837	7,537,762	(102,925)	-	-	-	-
Education	-	-	-	-	244,992,839	260,574,327	242,851,793	17,722,534
Interest on debt	500,000	221,667	221,667	-	961,400	916,611	916,611	-
Total expenditures	<u>144,713,688</u>	<u>145,761,731</u>	<u>146,098,189</u>	<u>(336,458)</u>	<u>290,523,756</u>	<u>307,351,083</u>	<u>285,312,525</u>	<u>22,038,558</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>4,342,774</u>	<u>4,456,609</u>	<u>6,370,771</u>	<u>1,914,162</u>	<u>13,334,041</u>	<u>13,979,451</u>	<u>16,633,245</u>	<u>2,653,794</u>
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond proceeds	-	-	1,012,147	1,012,147	-	-	498,805	498,805
Operating transfers in	2,540,000	2,540,000	2,540,000	-	2,480,855	2,121,870	2,225,271	103,401
Operating transfers out	(16,173,774)	(16,369,849)	(16,369,849)	-	(15,771,258)	(16,124,157)	(17,557,374)	(1,433,217)
Total other financing uses - net	<u>(13,633,774)</u>	<u>(13,829,849)</u>	<u>(12,817,702)</u>	<u>1,012,147</u>	<u>(13,290,403)</u>	<u>(14,002,287)</u>	<u>(14,833,298)</u>	<u>(831,011)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES</b>	<u>\$ (9,291,000)</u>	<u>\$ (9,373,240)</u>	<u>(6,446,931)</u>	<u>\$ 2,926,309</u>	<u>43,638</u>	<u>\$ (22,836)</u>	<u>1,799,947</u>	<u>\$ 1,822,783</u>
<b>EFFECT OF ENCUMBRANCES</b>			<u>(60,972)</u>				<u>168,723</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>			<u>\$ (6,507,903)</u>					<u>\$ 1,968,670</u>

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, 2004**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Pooled cash	\$ -	\$ 5,840,180	\$ 5,840,180
Pooled restricted cash	-	17,852,676	17,852,676
Due from agency funds	8,361,537	-	8,361,537
Due from other governments	-	2,084,415	2,084,415
Due from component units	-	88,000	88,000
Other asset	2,260	-	2,260
Total assets	<u>\$ 8,363,797</u>	<u>\$ 25,865,271</u>	<u>\$ 34,229,068</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 2,861,115	\$ 4,189,629	\$ 7,050,744
Bond anticipation notes payable	-	3,200,000	3,200,000
Due to other funds	-	817,250	817,250
Deferred revenues	-	88,000	88,000
Total liabilities	<u>2,861,115</u>	<u>8,294,879</u>	<u>11,155,994</u>
<b>FUND BALANCES:</b>			
Reserved for encumbrances	5,502,682	-	5,502,682
Reserved for bonded capital projects	-	16,897,304	16,897,304
Reserved for debt service	-	673,088	673,088
Total fund balance	<u>5,502,682</u>	<u>17,570,392</u>	<u>23,073,074</u>
Total liabilities and fund balance	<u>\$ 8,363,797</u>	<u>\$ 25,865,271</u>	<u>\$ 34,229,068</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, 2004**

	CITY SCHOOL DISTRICT	CITY	TOTAL
<b>REVENUES:</b>			
Use of money and property	\$ -	\$ 61,936	\$ 61,936
Federal and state aid and other grants	1,896,526	3,668,197	5,564,723
Other revenues	36,000	97,010	133,010
Total revenues	<u>1,932,526</u>	<u>3,827,143</u>	<u>5,759,669</u>
<b>EXPENDITURES:</b>			
Capital outlays	<u>12,201,359</u>	<u>15,963,273</u>	<u>28,164,632</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	<u>(10,268,833)</u>	<u>(12,136,130)</u>	<u>(22,404,963)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bond proceeds	7,000,000	11,213,500	18,213,500
Operating transfers in	920,650	1,454,671	2,375,321
Operating transfers out	(159,777)	(714,896)	(874,673)
Total other financing sources - net	<u>7,760,873</u>	<u>11,953,275</u>	<u>19,714,148</u>
<b>DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>(2,507,960)</u>	<u>(182,855)</u>	<u>(2,690,815)</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>8,010,642</u>	<u>17,753,247</u>	<u>25,763,889</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 5,502,682</u>	<u>\$ 17,570,392</u>	<u>\$ 23,073,074</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, 2004

	Debt Service (Combined)	Special Revenue					Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts		
ASSETS:								
Pooled cash	\$ 234,360	-	\$ 258,707	\$ -	\$ 257,725	\$ -	\$ 516,432	
Pooled restricted cash	-	994,290	-	-	-	445,492	1,684,142	
Restricted cash	3,123,577	-	-	-	-	15,198	15,198	
Accounts receivable	-	-	-	-	-	10,196	3,133,773	
Taxes receivable (net allowance of \$211,707)	1,350,935	-	296,290	-	-	-	296,290	
Due from other funds	-	-	-	-	-	-	1,350,935	
Due from other governments	-	711,600	-	-	48,083	-	759,683	
Due from component unit (net of allowance of \$1,680,608)	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 4,708,872</b>	<b>\$ 1,705,890</b>	<b>\$ 554,997</b>	<b>\$ -</b>	<b>\$ 305,808</b>	<b>\$ 455,688</b>	<b>\$ 7,756,453</b>	
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued expenses	\$ -	\$ 648,784	\$ 5,938	\$ -	\$ 347,215	\$ 5,577	\$ 1,007,514	
Due to other funds	-	54,451	-	-	-	-	54,451	
Due to component unit	-	8,177	-	-	-	-	8,177	
Deferred revenues	3,123,577	994,478	288,692	-	-	-	4,406,747	
Total liabilities	3,123,577	1,705,890	294,630	-	347,215	5,577	5,476,889	
Fund Balances:								
Reserved for encumbrances	-	-	-	-	92,295	-	92,295	
Reserved for bonded debt	1,585,295	-	-	-	-	-	1,585,295	
Reserved for trusts and permanent funds	-	-	-	-	-	450,111	475,309	
Unreserved	-	-	260,367	-	(133,702)	-	126,665	
Total fund balances	1,585,295	-	260,367	-	(41,407)	450,111	2,279,564	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,708,872</b>	<b>\$ 1,705,890</b>	<b>\$ 554,997</b>	<b>\$ -</b>	<b>\$ 305,808</b>	<b>\$ 455,688</b>	<b>\$ 7,756,453</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, 2004**

	Debt Service (combined)	Special Revenue					Miscellaneous Trusts	Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing				
<b>REVENUES:</b>									
General property taxes and tax items	\$ -	\$ -	\$ 761,202	\$ -	\$ 1,253,651	\$ -	\$ -	\$ 2,014,853	
Other local taxes	369,118	-	-	-	-	-	-	369,118	
Departmental revenues	-	-	-	-	-	47,483	-	47,483	
Fees and service charges	-	2,447	-	-	172,899	-	-	175,346	
Use of money and property	262,760	-	-	-	-	681	189	263,630	
Federal and state aid and other grants	-	1,680,717	-	-	-	170,318	-	1,851,035	
Other revenues	-	195,514	700	-	-	522,621	-	718,835	
Total revenues	631,878	1,876,231	764,349	-	1,426,550	741,103	189	5,440,300	
<b>EXPENDITURES:</b>									
Current:									
General government support	6,197	34,125	800,513	-	-	4,772	-	845,607	
Public safety	-	1,154,498	-	-	-	341,180	-	1,495,678	
Transportation	-	32	-	-	1,812,157	-	-	1,812,189	
Economic assistance and opportunity	-	59,643	-	-	-	-	-	59,643	
Home and community services	-	315,228	-	-	-	-	-	315,228	
Culture and recreation	-	312,705	-	-	-	30,797	-	343,502	
Debt service	21,130,208	-	-	-	-	-	-	21,130,208	
Interest on debt	10,172,002	-	-	-	-	-	-	10,172,002	
Total expenditures	31,308,407	1,876,231	800,513	-	1,812,157	376,749	-	36,174,057	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(30,676,529)</b>	<b>-</b>	<b>(36,164)</b>	<b>-</b>	<b>(385,607)</b>	<b>364,354</b>	<b>189</b>	<b>(30,733,757)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>									
Bond proceeds	-	-	-	-	330,000	-	-	330,000	
Operating transfers in	30,267,163	-	-	-	-	-	-	30,267,163	
Operating transfers out	-	-	-	-	(65,859)	-	-	(65,859)	
Total other financing sources - net	30,267,163	-	-	-	264,141	-	-	30,531,304	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(409,366)</b>	<b>-</b>	<b>(36,164)</b>	<b>-</b>	<b>(121,466)</b>	<b>364,354</b>	<b>189</b>	<b>(202,453)</b>	
<b>FUND BALANCES AT BEGINNING OF YEAR</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>FUND BALANCES AT END OF YEAR</b>	<b>\$ 1,585,295</b>	<b>\$ -</b>	<b>\$ 260,367</b>	<b>\$ -</b>	<b>\$ (41,407)</b>	<b>\$ 450,111</b>	<b>\$ 25,198</b>	<b>\$ 2,279,564</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, 2004**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Pooled restricted cash	\$ -	\$ 234,360	\$ 234,360
Accounts receivable	-	3,123,577	3,123,577
Due from agency funds	1,350,935	-	1,350,935
Total assets	<u>\$ 1,350,935</u>	<u>\$ 3,357,937</u>	<u>\$ 4,708,872</u>
<b>LIABILITIES/Deferred Revenues</b>	<b>\$ -</b>	<b>\$ 3,123,577</b>	<b>\$ 3,123,577</b>
<b>FUND BALANCES/Reserved for Bonded Debt</b>	<u>1,350,935</u>	<u>234,360</u>	<u>1,585,295</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,350,935</u>	<u>\$ 3,357,937</u>	<u>\$ 4,708,872</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 - DEBT SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2004**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>REVENUES:</b>			
Other local taxes	\$ -	\$ 369,118	\$ 369,118
Use of money and property	73,088	189,672	262,760
Total revenues	<u>73,088</u>	<u>558,790</u>	<u>631,878</u>
<b>EXPENDITURES:</b>			
General government support	6,197	-	6,197
Debt service	9,746,135	11,384,073	21,130,208
Interest on debt	4,825,093	5,346,909	10,172,002
Total expenditures	<u>14,577,425</u>	<u>16,730,982</u>	<u>31,308,407</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(14,504,337)	(16,172,192)	(30,676,529)
<b>OTHER FINANCING SOURCES/ Operating transfers in</b>			
	<u>14,571,230</u>	<u>15,695,933</u>	<u>30,267,163</u>
<b>DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	66,893	(476,259)	(409,366)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,284,042</u>	<u>710,619</u>	<u>1,994,661</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,350,935</u>	<u>\$ 234,360</u>	<u>\$ 1,585,295</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, 2004

	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	\$ 28,323	\$ -	\$ 2,100	\$ 13,172	\$ 499	\$ 115,554	\$ 271,332	\$ 14,512	\$ 445,492
Accounts receivable	-	-	-	-	-	-	-	10,196	10,196
<b>TOTAL ASSETS</b>	<b>\$ 28,323</b>	<b>\$ -</b>	<b>\$ 2,100</b>	<b>\$ 13,172</b>	<b>\$ 499</b>	<b>\$ 115,554</b>	<b>\$ 271,332</b>	<b>\$ 24,708</b>	<b>\$ 455,688</b>
LIABILITIES AND FUND BALANCES:									
Liabilities/Accounts payable and accrued expenses	\$ 2,067	\$ -	\$ -	\$ 2,231	\$ -	\$ -	\$ 110	\$ 1,169	\$ 5,577
Fund balance/Reserved for trusts	26,256	-	2,100	10,941	499	115,554	271,222	23,539	450,111
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 28,323</b>	<b>\$ -</b>	<b>\$ 2,100</b>	<b>\$ 13,172</b>	<b>\$ 499</b>	<b>\$ 115,554</b>	<b>\$ 271,332</b>	<b>\$ 24,708</b>	<b>\$ 455,688</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, 2004**

	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	\$ 33,523	\$ -	\$ -	\$ 13,960	\$ -	\$ -	\$ -	\$ -	\$ 47,483
Use of money and property	-	-	-	-	77	75	529	-	681
Federal and state aid and other grants	-	-	-	-	-	-	-	170,318	170,318
Other revenues	-	-	-	-	-	109,778	412,843	-	522,621
Total revenues	<u>33,523</u>	<u>-</u>	<u>-</u>	<u>13,960</u>	<u>77</u>	<u>109,853</u>	<u>413,372</u>	<u>170,318</u>	<u>741,103</u>
<b>EXPENDITURES:</b>									
Current:									
General government support	-	-	-	4,772	-	-	-	-	4,772
Public safety	-	-	-	-	-	5,000	187,119	149,061	341,180
Culture and recreation	30,797	-	-	-	-	-	-	-	30,797
Total expenditures	<u>30,797</u>	<u>-</u>	<u>-</u>	<u>4,772</u>	<u>-</u>	<u>5,000</u>	<u>187,119</u>	<u>149,061</u>	<u>376,749</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	2,726	-	-	9,188	77	104,853	226,253	21,257	364,354
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	23,530	-	2,100	1,753	422	10,701	44,969	2,282	85,757
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 26,256</u>	<u>\$ -</u>	<u>\$ 2,100</u>	<u>\$ 10,941</u>	<u>\$ 499</u>	<u>\$ 115,554</u>	<u>\$ 271,222</u>	<u>\$ 23,539</u>	<u>\$ 450,111</u>

**CITY OF SYRACUSE, NEW YORK  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2004**

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	CITY SCHOOL DISTRICT	CITY	TOTAL
<b>ASSETS:</b>			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	15,198	-	15,198
Total assets	\$ 15,198	\$ 10,000	\$ 25,198
 <b>FUND BALANCES:</b>			
Reserved for permanent funds	\$ 15,198	\$ 10,000	\$ 25,198

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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, 2004**

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	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
REVENUES/Use of money and property	\$ 189	\$ -	\$ 189
EXPENDITURES/General government support	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES	189	-	189
FUND BALANCES AT BEGINNING OF YEAR	<u>15,009</u>	<u>10,000</u>	<u>25,009</u>
FUND BALANCES AT END OF YEAR	<u>\$ 15,198</u>	<u>\$ 10,000</u>	<u>\$ 25,198</u>

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