

CITY OF SYRACUSE, NEW YORK

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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, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Syracuse, New York's management. Our responsibility is to express opinions on these 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 98.4% and 98.9%, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

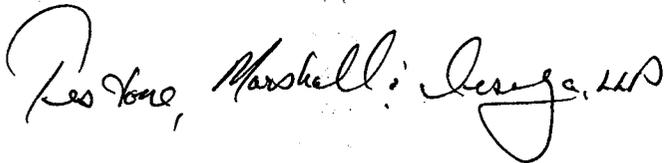
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In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, 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, 2005, 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.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 15 and page 63, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion 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 January 27, 2006, 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 "Robert Marshall, CPA". The signature is written in dark ink and is positioned above the typed date and location.

January 27, 2006
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

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, 2005.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 30. 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 \$27.1 as a result of this year's operations. Net assets of our governmental activities increased by \$18.5 and business-type activities increased by \$8.6.

During the year, the City had expenses that were \$21.9 less than the \$608.1 generated in tax and other revenues (excluding capital contributions). Last year expenses exceeded revenues by \$1.2 before capital contributions.

In the City's business-type activities, revenues increased to \$65.2, a 20.7% increase over last year's revenues of \$54.0. Expenses for this year increased to \$58.8, a 10.9% increase over last year's \$53.0.

In the City's governmental activities, revenues increased to \$542.9, a 12.7% increase over last year's revenues of \$481.7. Expenses also increased this year (before transfers) to \$527.4 versus last year at \$483.9, a 9.0% increase.

Of the City's total governmental net assets reported at June 30, 2005, \$185.1 was invested in capital assets (net of related debt) versus \$177.4 the previous year. Unrestricted net assets this year were (\$58.4) versus last year's (\$69.5).

The City's general fund reported a surplus for this year of \$13.7, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$16.2 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 \$19.7 and 10.9% 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, 2005**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 16 and 17) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 18, and 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.

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**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

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 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 on pages 26 and 27. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

THE CITY AS A WHOLE

The City's combined net assets increased from \$209.3 at June 30, 2004 to \$236.4 at June 30, 2005. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 185.5	\$ 132.0	\$ 55.5	\$ 46.5	\$ 241.0	\$ 178.5
Capital assets	<u>357.5</u>	<u>332.2</u>	<u>128.2</u>	<u>119.5</u>	<u>485.7</u>	<u>451.7</u>
Total assets	<u>\$ 543.0</u>	<u>\$ 464.2</u>	<u>\$ 183.7</u>	<u>\$ 166.0</u>	<u>\$ 726.7</u>	<u>\$ 630.2</u>
General obligation bonds outstanding	\$ 237.8	\$ 215.4	\$ 59.2	\$ 50.9	\$ 297.0	\$ 266.3
Other long-term liabilities	113.7	79.6	3.8	4.0	117.5	83.6
Other liabilities	<u>62.0</u>	<u>58.3</u>	<u>13.8</u>	<u>12.7</u>	<u>75.8</u>	<u>71.0</u>
Total liabilities	<u>\$ 413.5</u>	<u>\$ 353.3</u>	<u>\$ 76.8</u>	<u>\$ 67.6</u>	<u>\$ 490.3</u>	<u>\$ 420.9</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 185.1	\$ 177.4	\$ 79.7	\$ 66.7	\$ 264.8	\$ 244.1
Restricted	2.8	3.0	.4	-	3.2	3.0
Unrestricted (deficit)	<u>(58.4)</u>	<u>(69.5)</u>	<u>26.8</u>	<u>31.7</u>	<u>(31.6)</u>	<u>(37.8)</u>
Total net assets	<u>\$ 129.5</u>	<u>\$ 110.9</u>	<u>\$ 106.9</u>	<u>\$ 98.4</u>	<u>\$ 236.4</u>	<u>\$ 209.3</u>

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, \$264.8 at June 30, 2005, 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, \$3.2, 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. Total unrestricted net assets as June 30, 2005 were a deficit of \$31.6.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

THE CITY AS A WHOLE (CONT'D)

Governmental activities

Total net assets of the City's governmental activities increased by 16.7%, \$129.4 at June 30, 2005 compared to \$110.9 at June 30, 2004.

The *deficit* in *unrestricted* net assets decreased to \$58.4 at June 30, 2005 compared to the previous year *deficit* of \$69.5. This change in the unrestricted net assets of the City's governmental activities, an increase of \$11.1, was primarily related to an unanticipated extra \$10.6 in spin-up State aid.

Business-type activities

The net assets of the City's business-type activities increased by 8.7%, \$106.9 at June 30, 2005 compared to \$98.4 at June 30, 2004. 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.

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	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services	\$ 14.7	\$ 14.5	\$ 58.8	\$ 50.5	\$ 73.5	\$ 65.0
Grants	118.4	115.9	5.9	3.3	124.3	119.2
General revenues:						
Property taxes	84.9	79.6	-	-	84.9	79.6
Other taxes	3.5	3.6	-	-	3.5	3.6
Sales tax	68.1	52.9	-	-	68.1	52.9
Unallocated State Aid	237.2	205.7	-	-	237.2	205.7
Unallocated Federal Aid	13.2	6.4	-	-	13.2	6.4
Investment earnings	2.5	.3	0.5	0.2	3.0	.5
Other general revenues	.4	2.8	-	-	.4	2.8
Total revenues	<u>542.9</u>	<u>481.7</u>	<u>65.2</u>	<u>54.0</u>	<u>608.1</u>	<u>535.7</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

THE CITY AS A WHOLE (CONT'D)

Business-type activities (Cont'd)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2005	2004	2005	2004	2005	2004
Program expenses						
Total governmental	527.4	483.9	-	-	527.4	483.9
School District Food Service	-	-	8.5	8.4	8.5	8.4
Aviation	-	-	34.5	29.3	34.5	29.3
Water	-	-	12.0	11.8	12.0	11.8
Sewer	-	-	3.8	3.5	3.8	3.5
Total expenses	<u>527.4</u>	<u>483.9</u>	<u>58.8</u>	<u>53.0</u>	<u>586.2</u>	<u>536.9</u>
Excess (deficiency) before transfers	15.5	(2.2)	6.4	1.0	21.9	(1.2)
Transfers	3.0	2.5	(3.0)	(2.5)	-	-
Capital contributions	-	-	5.2	3.5	5.2	3.5
Increase in net assets	<u>\$ 18.5</u>	<u>\$.3</u>	<u>\$ 8.6</u>	<u>\$ 2.0</u>	<u>\$ 27.1</u>	<u>\$ 2.3</u>

Changes in net assets

The City's total revenues increased by 13.5% or \$72.4 (\$608.1 compared to the previous year of \$535.7). The total cost of all programs and services increased by 9.2% or \$49.3 (\$586.2 compared to \$536.9). The increase in revenues was more than sufficient to cover this year's costs, exceeding costs by \$21.9. This increase, combined with capital contributions of \$5.2, increased the net assets of the City by \$27.1 for fiscal year 2005 versus an increase of \$2.3 for fiscal year 2004. 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 \$481.7 in 2004 to \$542.9 in 2005, an increase of \$61.2 or 12.7%. Program expenses also increased in 2005, going from \$483.9 in 2004 to \$527.4 in 2005, a 9% or \$43.5 increase.

The \$61.3 increase in revenues was primarily related to increases in Unallocated State Aid amounting to \$31.5 and Sales Tax revenue amounting to \$18.8 (see Table 2).

Program expenses were \$43.5 higher in 2005; \$527.4 in 2005 as compared to \$483.9 in 2004. The combination of a significant increase in revenues coupled with increases in program expenses, as discussed above, resulted in an increase in net assets for 2005 of \$18.5, versus 2004, which was only a slight increase of \$0.3.

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**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

THE CITY AS A WHOLE (CONT'D)

Business-type activities

Revenues in the City's business-type activities (See Table 2) increased by 20.7%, or \$11.2 (\$65.2 in 2005 as compared to \$54.0 in 2004). This increase, as compared to 2004, was primarily related to the following: Airport grants - \$2.2; Airport terminal rents - \$2.2; Airport landing fees - \$2.0; Airport parking fees - \$0.7; Airport concessions - \$0.5; Water fees - \$1.8 and School District Food Services - \$0.5. In fact, revenues in all categories of the business-type activities increased, except for fees and permits issued by the Water department.

Expenses of the City's business type activities increased by 10.9%, or \$5.8 (\$58.8 versus \$53.0 last year). Substantially all of this increase was related to the airport operations (\$5.2) 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.

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 \$83.8, which is significantly above last year's total of \$48.1. Approximately \$48.1 this year, versus \$21.6 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 \$30.5, while total fund balance was \$30.9. Last year unreserved fund balance was \$16.8 and total fund balance was \$17.1. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For the current year ended June 30, 2005, unreserved fund balances represent 16.8% of total fund expenditures (including transfers out), while total fund balance represents 17.0% of that same amount. The fund balance of the City's general fund increased by \$13.7 during the current fiscal year. The budget for 2005 included appropriated fund balance of \$1.2 as budget revenue to balance the budget with expenditures. Thus, from a financial statement presentation view, it would

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**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

THE CITY'S FUNDS (CONT'D)

have been expected that actual expenditures would have exceeded revenues by \$1.2, if actual performance mirrored original budget expectations. However, as discussed earlier, the general fund actually had a surplus of \$13.7 due mostly to the receipt of additional state aid. Actual revenues exceeded the final, revised budget by \$16.7; and expenditures were only \$24 thousand dollars 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 \$28.3. Of this amount \$2.6 was encumbered for contracts underway and \$25.7 was reserved for bonded capital projects and bonded debt.
- *School district special revenue fund* --- The School District special revenue fund is comprised of the School District's general operating fund and the special aid fund. The combined total fund balance at the end of the current fiscal year was \$20.2; last year it was \$5.6. The increase of \$14.6 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 \$255.4 and expenditures (including transfers out) were \$240.8.
- *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 \$15.0 in both revenues and expenditures. For fiscal year 2004, the fund recorded revenues and expenditures of \$16.5. At June 30, 2005, total assets were \$10.9 and total liabilities were \$10.9. At the end of the previous fiscal year, total assets were \$12.9 and liabilities were \$12.9.

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 airport, water, sewer and the School District's food service fund. The net assets of the proprietary funds at the end of the current fiscal year totaled \$106.9. The increase of \$8.6 in total net assets of the proprietary funds from 2004 to 2005, by fund, was comprised of the following: aviation fund increased by \$7.6; the water fund increased by \$1.0, the sewer fund increased by \$0.3, and the City School District food service fund decreased by \$0.3.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

THE CITY'S FUNDS (CONT'D)

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 \$176.8. Included in the estimated revenues was an appropriation of fund balance of \$1.2.

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 \$181.3, utilizing \$3.5 of fund balance. See page 63 [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 a surplus for the current year of \$13.7, as compared to a final adopted budget with a deficit of \$3.5.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In accordance with GASBS No. 34, the City has recorded depreciation expense associated with all of its depreciable capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounted to \$485.7 (net of accumulated depreciation). The previous year's amount was \$451.7. 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 \$357.5 (net of accumulated depreciation) this year as compared to \$332.2 last year. For the City's business-type activities, the balance at the end of this year was \$128.2 (net of accumulated depreciation) as compared to \$119.5 last year.

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

Major capital asset events during the current fiscal year included the following, including expenditure amounts:

- School District Wiring of Buildings for Technology -- \$19.2
- Various School Building Renovations -- \$3.4
- Street Reconstruction -- \$10.9
- Street Resurfacing -- \$1.0
- Police Vehicles & Equipment -- \$1.2
- Bridge Reconstruction -- \$1.1

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

- Sidewalk Replacements -- \$1.3
- General equipment & vehicles -- \$1.6
- Park Improvements -- \$0.8
- Parking Meter Replacements -- \$0.7
- Streetscape Improvements -- \$0.5
- Skaneateles Lake Watershed Protection Program -- \$1.1
- Various Water Infrastructure Renovations -- \$1.2
- Skaneateles Lake Conduits -- \$1.0
- Sewer Reconstruction -- \$0.6
- Airport Terminal Apron Rehab -- \$7.3
- Airport Sound Insulation Program -- \$3.7
- Airport Perimeter Security Road -- \$1.6
- Airport Fire Equipment -- \$0.9
- Airport Deicing Lagoon -- \$0.6

Depreciation expense for the current fiscal year was \$24.8 for governmental activities and \$9.9 for business-type activities.

Long-term Debt

At year-end the City had \$321.8 outstanding in bonds and notes versus \$295.2 last year, an increase of 9.0%. 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	
	2005	2004	2005	2004	2005	2004
General obligation bonds	\$ 237.8	\$ 215.3	\$ 59.2	\$ 53.8	\$ 297.0	\$ 269.1
Bond anticipation notes	1.8	3.2	1.0	1.6	2.8	4.8
Revenue anticipation notes	18.7	18.0	-	-	18.7	18.0
Tax anticipation notes	3.3	3.3	-	-	3.3	3.3
Total	\$ 261.6	\$ 239.8	\$ 60.2	\$ 55.4	\$ 321.8	\$ 295.2

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

With respect to general obligation bonds, new debt was issued during the year in the amount of approximately \$51.7 to finance capital projects and pension obligations. New general obligation bonds were issued during the year for the following major projects, including amounts:

Long-term Debt (Cont'd)

- Street Reconstruction -- \$10.6
- School District Technology Improvements -- \$8.5
- Renovate Athletic Fields at Schools -- \$4.1
- School Building Boiler & Chiller Replacements -- \$1.9
- Various School Building Renovations -- \$1.3
- Street Resurfacing -- \$1.2
- Parking Meter Replacements -- \$0.7
- Various Infrastructure Improvements -- \$3.0
- Energy Conservation Improvements -- \$1.3
- Water Lead Service Pipe Replacements -- \$5.3
- Sewer Drainage and Improvements -- \$3.6
- Pension Obligations -- \$8.5

Also, during the year the City issued \$1.8 of bond anticipation notes (BAN's) for the purpose of reimbursing the General Fund for moneys advanced to pay \$3.2 of notes originally issued in May 2004 that matured in May 2005. An additional \$1.0 in BAN's were issued on behalf of the airport to finance various infrastructure projects located at the City's airport.

The City issued \$19.0 and \$21.0 in revenue anticipation notes (RAN's) in July and November 2004, respectively, on behalf of the School District for cash flow purposes. In addition, the City issued \$34.0 in RAN's in August 2004 for its own cash flow purposes. 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 \$18.7 in revenue anticipation notes (\$14.3 for the School District and \$4.4 for the City) and \$3.3 in tax anticipation notes (TAN's) for the School District to finance day-to-day operations for the City and School District related to State and Federal aid, sales tax revenue and property tax revenue not yet received by year end.

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.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt (Cont'd)

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 \$313.0, 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
- A declining population
- Double-digit percentage increases in employee health care
- Retirement system costs significantly higher the last three years than in the past. (See notes to the financial statements for more information.)

In setting the 2006 fiscal year budget, the property tax levy was effectively held level with the previous fiscal year. The actual combined property tax levy of the City and School District for fiscal year 2006 is \$72.1 million (\$21.2 for the City and \$50.9 for the School District), compared with the previous year of \$72.0 million (\$21.1 for the City and \$50.9 for the School District), exclusive of the State's STAR program. The City and School District combined property tax rate for 2006 is \$24.1181 per \$1,000 of assessed property value (\$7.1896 for the City and \$16.9285 for the School District).

The City's 2006 budget included \$9.6 use of fund balance for the City General Fund and the School District included \$6.1 use of fund balance to balance appropriations. In addition, the City budgeted, and will receive, one-time additional State aid of \$6.0 that was enacted in the State's budget as part of a three-year program. As discussed previously, the City, as part of this State spin-up program, already received \$15.6 in fiscal year ending June 30, 2005 and will receive \$6.0 and \$3.4 in fiscal years 2006 and 2007, respectively. The School District has included in the 2006 budget an advance of State aid (\$4.5) associated with lottery aid funding. This advance, approved by the NY State Legislature and the Governor's office will have to be repaid, equally, over a thirty (30) year period, beginning the following year.

The Airport fund will remain self-sufficient and will not affect the City's general fund operations for 2006.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2005**

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 2006 as were in effect for 2005, and are expected to remain self-sufficient.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Syracuse's finances and to show 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.

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2005

	PRIMARY GOVERNMENT			Combined Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Pooled cash and cash equivalents	\$ 11,593,496	\$ 906,190	\$ 12,499,686	\$ -
Cash and cash equivalents	-	14,340,922	14,340,922	13,070,846
Receivables:				
Accounts	5,785,308	7,849,957	13,635,265	-
Taxes (net of allowance of \$14,401,371)	5,460,972	-	5,460,972	-
Other	7,766,801	-	7,766,801	843,641
Loans receivable - due within one year	-	-	-	2,735,901
Interest receivable	-	-	-	296,446
Due from other governments	82,901,570	3,717,345	86,618,915	42,437
Due from primary government	-	-	-	467,492
Due from component units (net of allowance of \$5,423,544)	631,653	-	631,653	17,153
Internal balances-due within one year	49,659,962	781,366	50,441,328	-
Inventories	-	223,760	223,760	-
Other assets	4,590	318,005	322,595	756,827
Restricted assets:				
Pooled cash and cash equivalents	19,896,700	10,327,391	30,224,091	-
Cash and cash equivalents	1,829,505	14,832,206	16,661,711	-
Deferred charges	-	1,475,595	1,475,595	-
Loan receivable - due in more than one year	-	-	-	15,334,622
Internal balances-due in more than one year	-	696,250	696,250	-
Capital assets:				
Nondepreciable	129,983,020	22,393,040	152,376,060	910,637
Depreciable, net	227,489,054	105,826,332	333,315,386	19,503,666
TOTAL ASSETS	\$ 543,002,631	\$ 183,688,359	\$ 726,690,990	\$ 53,979,668
LIABILITIES:				
Accounts payable and accrued expenses	32,099,276	9,164,465	41,263,741	1,788,473
Accrued interest expense	6,539,978	2,075,730	8,615,708	724,009
Due to other governments	9,183,394	-	9,183,394	13,588
Due to component units	55,095	19,729	74,824	-
Internal balances	720,861	1,247,569	1,968,430	-
Deferred revenues	12,573,571	1,274,379	13,847,950	5,191
Other liabilities	882,268	478	882,746	-
Long-term liabilities - due within one year	85,518,029	6,705,316	92,223,345	4,444,820
Due to primary government-due within one year	-	-	-	1,114,985
Long-term liabilities - due in more than one year	266,007,395	56,272,576	322,279,971	30,161,912
Due to primary government-due in more than one year	-	-	-	5,396,466
Total liabilities	413,579,867	76,760,242	490,340,109	43,649,444
NET ASSETS:				
Invested in capital assets, net of related debt	185,132,942	79,712,002	264,844,944	(187,919)
Restricted for:				
Debt service	1,076,978	-	1,076,978	-
Fire Training Center	23,388	-	23,388	-
Project Orange	195,986	-	195,986	-
Water project	-	453,676	453,676	-
EMS Training	89,949	-	89,949	-
Trusts and permanent funds	469,115	-	469,115	-
Special Grants	826,752	-	826,752	-
Loan programs	-	-	-	973,529
Unrestricted (deficit)	(58,392,346)	26,762,439	(31,629,907)	9,544,614
Total net assets	129,422,764	106,928,117	236,350,881	10,330,224
TOTAL LIABILITIES AND NET ASSETS	\$ 543,002,631	\$ 183,688,359	\$ 726,690,990	\$ 53,979,668

CITY OF SYRACUSE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005

	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	Governmental Activities	Primary Government Business-type Activities		Total
PRIMARY GOVERNMENT:								
Governmental Activities:								
General government support	\$ 62,670,219	\$ 3,371,994	\$ 4,908,633	\$ 446,618	\$ (53,942,974)	\$ -	\$ -	
Police department	65,179,580	2,969,303	2,005,064	-	(60,205,213)	-	(60,205,213)	
Fire department	41,060,772	73,978	737,086	-	(40,249,708)	-	(40,249,708)	
Other public safety	4,531,455	-	2,604,575	-	(1,926,880)	-	(1,926,880)	
Transportation	33,336,703	6,395,189	391,541	6,651,168	(19,898,805)	-	(19,898,805)	
Economic development	64,291	-	-	-	(64,291)	-	(64,291)	
Home and community services	27,374,320	1,311,905	17,908,548	-	(8,153,867)	-	(8,153,867)	
Culture and recreation	9,863,341	395,858	526,107	18,452	(8,922,924)	-	(8,922,924)	
Education	258,604,834	213,211	81,662,860	-	(176,728,763)	-	(176,728,763)	
Pupil transportation	12,027,153	-	538,661	-	(11,488,492)	-	(11,488,492)	
Interest on long-term debt	12,713,768	-	-	-	(12,713,768)	-	(12,713,768)	
Total governmental activities	527,426,436	14,731,438	111,283,075	7,116,238	(394,293,685)	-	(394,293,685)	
Business-type Activities:								
Aviation	34,507,988	31,691,689	-	4,752,531	-	1,936,232	1,936,232	
Water	12,016,995	15,287,248	-	254,121	-	3,524,374	3,524,374	
Sewer	3,804,283	4,191,369	-	233,593	-	620,679	620,679	
Food Service	8,515,462	7,644,084	576,845	-	(294,533)	(294,533)	(294,533)	
Total business-type activities	58,844,728	58,814,390	576,845	5,240,245	-	5,786,752	5,786,752	
TOTAL PRIMARY GOVERNMENT	\$ 586,271,164	\$ 73,545,828	\$ 111,859,920	\$ 12,356,483	(394,293,685)	5,786,752	(388,508,933)	
Component units:								
Syracuse Industrial Development Agency	2,048,123	6,045,484	7,014	-	-	-	4,004,375	
Syracuse Economic Development Corporation	2,590,569	2,037,573	23,400	-	-	-	(529,596)	
Syracuse Urban Renewal Agency	974	-	-	-	-	-	(974)	
TOTAL COMPONENT UNITS	\$ 4,639,666	\$ 8,083,057	\$ 30,414	\$ -	-	-	\$ 3,473,805	
General revenues:								
Property taxes and tax items					84,862,373		84,862,373	
Sales and use taxes					68,128,687	25,000	68,153,687	
Other taxes					3,526,824	-	3,526,824	
Unallocated state aid					237,203,434	-	237,203,434	
Unallocated federal aid					13,203,693	-	13,203,693	
Investment earnings					2,530,266	519,937	3,050,203	
Capital contributions					2,957,341	5,191,328	5,191,328	
Transfers					390,493	(2,957,341)	-	
Miscellaneous					412,803,111	2,778,924	390,493	
Total general revenues, transfers and special items					18,507,426	8,565,676	412,803,111	
Change in net assets					110,915,338	98,362,441	27,073,102	
Net assets at beginning of year					\$ 129,422,764	\$ 106,928,117	\$ 209,277,779	
Net assets at end of year							\$ 236,350,881	

CITY OF SYRACUSE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005

	General Fund	Capital Projects Fund	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
			City School District	Community Development		
ASSETS:						
Pooled cash and cash equivalents	\$ 6,765,559	\$ 4,594,695	\$ -	\$ -	\$ 233,242	\$ 11,593,496
Pooled restricted cash and cash equivalents	-	17,523,855	-	-	2,372,845	19,896,700
Restricted cash and cash equivalents	-	-	-	1,797,439	32,066	1,829,505
Loans receivable	-	-	-	7,766,801	-	7,766,801
Accounts receivable	1,160,988	-	-	-	3,569,465	4,730,453
Taxes receivable (net of allowance of \$14,401,371)	5,674,972	-	3,496,978	-	223,662	9,395,612
Due from other funds	2,097,975	11,159,456	34,313,710	240	2,977,115	50,548,496
Due from other governments	37,006,163	3,500,116	37,025,468	818,246	1,054,599	79,404,592
Due from component units (net of allowance of \$5,423,544)	96,095	-	-	535,558	-	631,653
Other assets	-	-	811,874	-	-	811,874
TOTAL ASSETS	\$ 52,801,752	\$ 36,778,122	\$ 75,648,030	\$ 10,918,284	\$ 10,462,994	\$ 186,609,182
LIABILITIES AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued expenses	\$ 5,947,646	\$ 5,825,796	\$ 17,837,529	\$ 1,847,515	\$ 640,792	\$ 32,099,278
Revenue anticipation notes payable	4,400,000	-	14,300,000	-	-	18,700,000
Tax anticipation notes	-	-	3,300,000	-	-	3,300,000
Bond anticipation notes payable	-	1,800,000	-	-	-	1,800,000
Due to other funds	240	755,857	-	95,829	756,470	1,608,396
Due to other governments	270,980	100,000	8,812,414	-	-	9,183,394
Due to component units	-	-	-	35,873	19,222	55,095
Deferred revenues	5,554,904	-	-	8,056,799	4,605,743	18,217,446
Amounts due to retirement systems	3,726,886	-	10,718,333	-	-	14,445,219
Accrued compensated absences	200,000	-	463,388	-	-	663,388
Self-insurance claims	1,849,755	-	-	-	-	1,849,755
Other liabilities	-	-	-	882,268	-	882,268
Total liabilities	21,950,411	8,481,653	55,431,664	10,918,284	6,022,227	102,804,239
Fund Balances:						
Reserved for encumbrances	33,124	2,638,999	2,404,685	-	98,692	5,175,500
Reserved for bonded capital projects	-	18,299,361	-	-	-	18,299,361
Reserved for Fire Training Center	23,388	-	-	-	-	23,388
Reserved for Project Orange	195,986	-	-	-	-	195,986
Reserved for EMS Training	89,949	-	-	-	-	89,949
Reserved for bonded debt	-	7,358,109	-	-	4,054,093	11,412,202
Reserved for trusts and permanent funds	-	-	-	-	482,790	482,790
Unreserved:						
Designated	10,821,966	-	17,811,681	-	-	28,633,647
Undesignated	19,686,928	-	-	-	(194,808)	19,492,120
Total fund balances	30,851,341	28,296,469	20,216,366	-	4,440,767	83,804,943
TOTAL LIABILITIES AND FUND BALANCES	\$ 52,801,752	\$ 36,778,122	\$ 75,648,030	\$ 10,918,284	\$ 10,462,994	\$ 186,609,182

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005

Total fund balances for governmental funds	\$ 83,804,943
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.	357,472,074
Accounts receivable not reported in funds	246,572
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.	(310,767,061)
Certain deferred revenue items.	5,206,214
Accrued interest is not reported in the funds.	<u>(6,539,978)</u>
Total net assets of governmental activities	<u>\$ 129,422,764</u>

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, 2005

	General Fund	Capital Projects Fund	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
			City School District	Community Development		
REVENUES:						
General property taxes and tax items	\$ 33,898,124	-	\$ 50,579,322	\$ -	\$ 2,334,137	\$ 86,811,583
Sales and use taxes	64,149,202	-	-	-	-	64,149,202
Other local taxes	3,526,824	-	3,979,485	-	441,618	7,947,927
Departmental revenues	10,561,907	2,190	-	-	52,625	10,616,722
Fees and service charges	3,390,392	-	213,211	-	8,161	3,611,764
Use of money and property	781,478	214,675	1,317,929	-	431,379	2,745,461
Federal and state aid and other grants	66,468,980	14,512,554	284,648,297	14,984,574	3,205,717	383,820,122
Other revenues	2,717,307	70,000	22,916	-	160,943	2,971,166
Total revenues	<u>185,494,214</u>	<u>14,799,419</u>	<u>340,761,160</u>	<u>14,984,574</u>	<u>6,634,580</u>	<u>562,673,947</u>
EXPENDITURES:						
Current:						
General government support	19,966,392	-	41,062,037	1,655,966	886,280	63,570,675
Public safety	106,399,093	-	-	-	2,147,586	108,546,679
Transportation	18,483,129	-	-	-	1,942,009	20,425,138
Economic assistance and opportunity	-	-	-	897,086	64,291	961,377
Home and community services	9,802,604	-	2,270,514	12,431,522	601,539	25,106,179
Culture and recreation	8,065,046	-	268,699,637	-	343,515	8,408,561
Education	-	-	-	-	-	268,699,637
Debt service	-	-	-	-	19,942,032	19,942,032
Interest on debt	879,657	44,440,129	1,038,749	-	9,901,214	11,819,620
Capital outlays	-	-	-	-	-	44,440,129
Total expenditures	<u>163,595,921</u>	<u>44,440,129</u>	<u>313,070,937</u>	<u>14,984,574</u>	<u>35,828,466</u>	<u>571,920,027</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>21,898,293</u>	<u>(29,640,710)</u>	<u>27,690,223</u>	<u>-</u>	<u>(29,193,886)</u>	<u>(9,246,080)</u>
OTHER FINANCING SOURCES (USES):						
Bond proceeds	6,660,331	34,015,500	1,327,592	-	-	42,003,423
Operating transfers in	2,957,341	3,296,648	3,363,880	-	31,433,547	41,051,416
Operating transfers out	(17,793,260)	(2,448,043)	(17,774,314)	-	(78,458)	(38,094,075)
Total other financing sources (uses) - net	<u>(8,175,588)</u>	<u>34,864,105</u>	<u>(13,082,842)</u>	<u>-</u>	<u>31,355,089</u>	<u>44,960,764</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>13,722,705</u>	<u>5,223,395</u>	<u>14,607,381</u>	<u>-</u>	<u>2,161,203</u>	<u>35,714,684</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>17,128,636</u>	<u>23,073,074</u>	<u>5,608,985</u>	<u>-</u>	<u>2,279,564</u>	<u>48,090,259</u>
FUND BALANCES AT END OF YEAR	<u>\$ 30,851,341</u>	<u>\$ 28,296,469</u>	<u>\$ 20,216,366</u>	<u>\$ -</u>	<u>\$ 4,440,767</u>	<u>\$ 83,804,943</u>

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, 2005

Net change in fund balances - total governmental funds \$ 35,714,684

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 capital outlays exceeded depreciation in the current period. 19,405,805

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	(42,003,423)		
Repayments:			
Bond principal	19,942,032		(22,061,391)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (804,355)

School aid is shown as revenue in the governmental funds; however, in the Statement of Activities, this is considered an advance and is not recorded as revenue. (20,000,000)

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. 5,950,109

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. (41,336)

Revenues in the Statement of Activities that do not provide current financial resources are not reported in the governmental funds. 343,910

Net change in net assets of governmental activities \$ 18,507,426

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total City	City School District-Food Service	
ASSETS:						
Current:						
Pooled cash and cash equivalents	\$ -	\$ 361,620	\$ 544,570	\$ 906,190	\$ -	\$ 906,190
Cash	14,340,922	-	-	14,340,922	-	14,340,922
Accounts receivable	3,585,564	3,365,528	898,865	7,849,957	-	7,849,957
Due from other governments	3,135,364	38,536	622	3,174,522	542,823	3,717,345
Due from other funds	60,500	-	-	60,500	720,866	781,366
Inventories	-	-	-	-	223,760	223,760
Prepaid expenses	318,005	-	-	318,005	-	318,005
Total current assets	<u>21,440,355</u>	<u>3,765,684</u>	<u>1,444,057</u>	<u>26,650,096</u>	<u>1,487,449</u>	<u>28,137,545</u>
Noncurrent:						
Pooled restricted cash	-	6,114,301	4,213,090	10,327,391	-	10,327,391
Restricted cash and cash equivalents	14,072,730	759,476	-	14,832,206	-	14,832,206
Deferred charges	1,442,790	22,294	10,511	1,475,595	-	1,475,595
Due from other funds	696,250	-	-	696,250	-	696,250
Capital assets (net)	104,567,657	19,235,775	3,984,186	127,787,618	431,754	128,219,372
Total noncurrent assets	<u>120,779,427</u>	<u>26,131,846</u>	<u>8,207,787</u>	<u>155,119,060</u>	<u>431,754</u>	<u>155,550,814</u>
TOTAL ASSETS	<u>\$ 142,219,782</u>	<u>\$ 29,897,530</u>	<u>\$ 9,651,844</u>	<u>\$ 181,769,156</u>	<u>\$ 1,919,203</u>	<u>\$ 183,688,359</u>
LIABILITIES:						
Current:						
Accounts payable and accrued expenses	\$ 7,030,634	\$ 1,222,195	\$ 331,154	\$ 8,583,983	\$ 580,482	\$ 9,164,465
Bond anticipation notes payable	1,035,000	-	-	1,035,000	-	1,035,000
Accrued interest	1,044,217	142,649	41,129	1,227,995	-	1,227,995
Due to other funds	1,247,569	-	-	1,247,569	-	1,247,569
Due to component unit	-	19,729	-	19,729	-	19,729
Current portion of bonds payable	2,855,561	1,065,173	404,780	4,325,514	-	4,325,514
Amounts due to retirement systems	136,145	106,604	39,726	282,475	107,217	389,692
Accrued compensated absences	179,812	23,460	14,706	217,978	119,741	337,719
Self-insurance claims	108,398	203,548	89,819	401,765	215,626	617,391
Deferred revenue	60,500	454,235	63,394	578,129	-	578,129
Other liabilities	-	-	-	-	478	478
Total current liabilities	<u>13,697,836</u>	<u>3,237,593</u>	<u>984,708</u>	<u>17,920,137</u>	<u>1,023,544</u>	<u>18,943,681</u>
Noncurrent:						
Bonds - net of current portion	31,313,736	17,795,647	5,793,499	54,902,882	-	54,902,882
Accrued interest	847,735	-	-	847,735	-	847,735
Amounts due to retirement systems	99,184	2,037	759	101,980	-	101,980
Accrued compensated absences	-	274,984	96,158	371,142	-	371,142
Self-insurance claims	218,062	467,497	211,013	896,572	-	896,572
Deferred revenue	696,250	-	-	696,250	-	696,250
Total noncurrent liabilities	<u>33,174,967</u>	<u>18,540,165</u>	<u>6,101,429</u>	<u>57,816,561</u>	<u>-</u>	<u>57,816,561</u>
Total liabilities	<u>46,872,803</u>	<u>21,777,758</u>	<u>7,086,137</u>	<u>75,736,698</u>	<u>1,023,544</u>	<u>76,760,242</u>
NET ASSETS:						
Invested in capital assets, net of related debt	70,645,791	6,508,480	2,125,977	79,280,248	431,754	79,712,002
Restricted	-	453,676	-	453,676	-	453,676
Unrestricted:						
Designated	-	1,000,000	-	1,000,000	-	1,000,000
Undesignated	24,701,188	157,616	439,730	25,298,534	463,905	25,762,439
Total net assets	<u>95,346,979</u>	<u>8,119,772</u>	<u>2,565,707</u>	<u>106,032,458</u>	<u>895,659</u>	<u>106,928,117</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 142,219,782</u>	<u>\$ 29,897,530</u>	<u>\$ 9,651,844</u>	<u>\$ 181,769,156</u>	<u>\$ 1,919,203</u>	<u>\$ 183,688,359</u>

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Business-type Activities					Total
	Enterprise Funds				City School	
	Aviation	Water	Sewer	Total City	District - Food Service	
OPERATING REVENUES:						
Charges for services	\$ -	\$ 14,859,086	\$ 4,191,323	\$ 19,050,409	\$ 7,644,084	\$ 26,694,493
Landing fees	5,468,120	-	-	5,468,120	-	5,468,120
Parking rents	6,045,148	-	-	6,045,148	-	6,045,148
Terminal rents	9,420,011	-	-	9,420,011	-	9,420,011
Concession	5,774,950	-	-	5,774,950	-	5,774,950
Fees and permits	-	308,678	-	308,678	-	308,678
Miscellaneous	16,916	119,484	46	136,446	-	136,446
Total operating revenues	<u>26,725,145</u>	<u>15,287,248</u>	<u>4,191,369</u>	<u>46,203,762</u>	<u>7,644,084</u>	<u>53,847,846</u>
OPERATING EXPENSES:						
Cost of sales and services	8,135,178	10,104,223	3,199,308	21,438,709	3,413,646	24,852,355
Administration	10,265,740	453,941	826	10,720,507	4,995,891	15,716,398
Depreciation	8,831,178	613,451	337,547	9,782,176	105,925	9,888,101
Uncollectible accounts	674,281	508,680	214,177	1,397,138	-	1,397,138
Total operating expenses	<u>27,906,377</u>	<u>11,680,295</u>	<u>3,751,858</u>	<u>43,338,530</u>	<u>8,515,462</u>	<u>51,853,992</u>
NET OPERATING INCOME (LOSS)	<u>(1,181,232)</u>	<u>3,606,953</u>	<u>439,511</u>	<u>2,865,232</u>	<u>(871,378)</u>	<u>1,993,854</u>
NONOPERATING REVENUES (EXPENSES):						
Sales tax	-	25,000	-	25,000	-	25,000
Grants received	4,752,531	254,121	233,593	5,240,245	-	5,240,245
Grant programs	(4,752,531)	-	-	(4,752,531)	-	(4,752,531)
Passenger facility charges	4,966,544	-	-	4,966,544	-	4,966,544
Donated commodities	-	-	-	-	576,845	576,845
Investment income	428,282	62,057	29,323	519,662	275	519,937
Interest expense	(1,849,080)	(336,700)	(52,425)	(2,238,205)	-	(2,238,205)
Total nonoperating revenues (expenses)	<u>3,545,746</u>	<u>4,478</u>	<u>210,491</u>	<u>3,760,715</u>	<u>577,120</u>	<u>4,337,835</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	<u>2,364,514</u>	<u>3,611,431</u>	<u>650,002</u>	<u>6,625,947</u>	<u>(294,258)</u>	<u>6,331,689</u>
CAPITAL CONTRIBUTIONS	<u>5,191,328</u>	<u>-</u>	<u>-</u>	<u>5,191,328</u>	<u>-</u>	<u>5,191,328</u>
OPERATING TRANSFERS OUT	<u>-</u>	<u>(2,632,341)</u>	<u>(325,000)</u>	<u>(2,957,341)</u>	<u>-</u>	<u>(2,957,341)</u>
CHANGE IN NET ASSETS	<u>7,555,842</u>	<u>979,090</u>	<u>325,002</u>	<u>8,859,934</u>	<u>(294,258)</u>	<u>8,565,676</u>
NET ASSETS AT BEGINNING 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>
NET ASSETS AT END OF YEAR	<u>\$ 95,346,979</u>	<u>\$ 8,119,772</u>	<u>\$ 2,565,707</u>	<u>\$ 106,032,458</u>	<u>\$ 895,659</u>	<u>\$ 106,928,117</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, 2005

Business-type Activities

Enterprise Funds

	Aviation	Water	Sewer	Total - City	City School District - Food Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 25,347,621	\$ 14,887,221	\$ 4,037,407	\$ 44,272,249	\$ 7,628,087	\$ 51,900,336
Payments to vendors	(10,971,923)	(4,184,738)	(744,429)	(15,901,090)	(2,843,079)	(18,744,169)
Payments to employees	(4,593,217)	(4,793,119)	(1,761,684)	(11,148,020)	(4,978,040)	(16,126,060)
Internal activity-receipts and (payments) with other funds - net	612,581	-	-	612,581	213,075	825,656
Claims paid	(1,226,549)	(1,190,429)	(330,442)	(2,747,420)	-	(2,747,420)
Other payments	-	(769,116)	(279,282)	(1,048,398)	-	(1,048,398)
Net cash provided by operating activities	<u>9,168,513</u>	<u>3,949,819</u>	<u>921,570</u>	<u>14,039,902</u>	<u>20,043</u>	<u>14,059,945</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating subsidies and transfers to other funds	-	(2,632,341)	(325,000)	(2,957,341)	-	(2,957,341)
Payments to other governments	-	-	622	622	54	676
Net cash utilized in noncapital financing activities	<u>-</u>	<u>(2,632,341)</u>	<u>(324,378)</u>	<u>(2,956,719)</u>	<u>54</u>	<u>(2,956,665)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	1,264,184	5,793,120	3,673,357	10,730,661	-	10,730,661
Capital contributions	4,777,896	-	-	4,777,896	-	4,777,896
Purchases of capital assets	(11,952,034)	(3,578,888)	(841,056)	(16,371,978)	(20,372)	(16,392,350)
Principal paid on capital debt	(4,507,767)	(841,490)	(511,590)	(5,860,847)	-	(5,860,847)
Interest paid on capital debt	(1,973,828)	(311,219)	(33,243)	(2,318,290)	-	(2,318,290)
Other receipts	4,962,334	-	-	4,962,334	-	4,962,334
Net cash provided by (utilized in) capital and related financing activities	<u>(7,429,215)</u>	<u>1,061,523</u>	<u>2,287,468</u>	<u>(4,080,224)</u>	<u>(20,372)</u>	<u>(4,100,596)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and dividends received/						
Net cash provided by investing activities	<u>428,282</u>	<u>62,057</u>	<u>29,323</u>	<u>519,662</u>	<u>275</u>	<u>519,937</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,167,580	2,441,058	2,913,983	7,522,621	-	7,522,621
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	26,246,072	4,794,339	1,843,677	32,884,088	-	32,884,088
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 28,413,652</u>	<u>\$ 7,235,397</u>	<u>\$ 4,757,660</u>	<u>\$ 40,406,709</u>	<u>\$ -</u>	<u>\$ 40,406,709</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (1,181,232)	\$ 3,606,953	\$ 439,511	\$ 2,865,232	\$ (871,378)	\$ 1,993,854
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	8,831,178	613,451	337,547	9,782,176	105,925	9,888,101
Uncollectible accounts	674,281	508,680	214,177	1,397,138	-	1,397,138
Noncash collections of accounts receivable	(30,000)	-	-	(30,000)	-	(30,000)
Change in assets and liabilities:						
Accounts receivable	(874,998)	(794,045)	(150,037)	(1,819,080)	-	(1,819,080)
Deferred charges	143,274	(11,392)	(7,268)	124,614	-	124,614
Due from other funds	612,581	11,598	-	624,179	260,728	884,907
Due from other governments	(413,432)	(24,459)	(622)	(438,513)	(15,997)	(454,510)
Inventories	-	-	-	-	668,326	668,326
Prepaid expenses	15,992	-	-	15,992	-	15,992
Accounts payable and accrued expenses	1,488,384	(252,666)	89,333	1,325,051	(97,759)	1,227,292
Amounts due to retirement systems	231,480	104,986	39,160	375,626	(38,482)	337,144
Self-insurance claims	(279,030)	(249,390)	(46,791)	(575,211)	(5,424)	(580,635)
Accrued compensated absences	10,535	17,626	10,485	38,646	14,104	52,750
Deferred revenue	(60,500)	418,477	(3,925)	354,052	-	354,052
Net cash provided by operating activities	<u>\$ 9,168,513</u>	<u>\$ 3,949,819</u>	<u>\$ 921,570</u>	<u>\$ 14,039,902</u>	<u>\$ 20,043</u>	<u>\$ 14,059,945</u>

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During the year ended June 30, 2005 the Aviation Fund incurred accretion of \$339,472 (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 \$30,000 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	\$ 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 beginning of year	<u>\$ 11,860,660</u>	<u>\$ 21,023,428</u>	<u>\$ 32,884,088</u>
End of Year:			
Aviation Fund	\$ 14,340,922	\$ 14,072,730	\$ 28,413,652
Water Fund	361,620	6,873,777	7,235,397
Sewer Fund	544,570	4,213,090	4,757,660
Total end of year	<u>\$ 15,247,112</u>	<u>\$ 25,159,597</u>	<u>\$ 40,406,709</u>

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, 2005

	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	Coca Cola & Mayor's Round Ball	Agency Funds	Combined City School District			
ASSETS:									
Pooled cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 281,901	\$ -	\$ 281,901	\$ 281,901	
Pooled restricted cash and cash equivalents	-	10,277	11,178	-	50,424,520	-	50,445,975	50,445,975	
Restricted cash	-	-	-	-	-	844,218	844,218	844,218	
Taxes receivable	-	-	-	-	46,310,806	-	46,310,806	46,310,806	
Other assets	-	-	-	-	-	187,221	187,221	187,221	
TOTAL ASSETS	-	10,277	11,178	-	97,017,227	1,031,439	98,070,121	98,070,121	
LIABILITIES:									
Accounts payable and accrued expenditures	-	-	-	-	-	-	-	-	
Due to other funds	-	-	-	-	49,170,147	-	49,170,147	49,170,147	
Due to other governments	-	-	-	-	928,684	-	928,684	928,684	
Deferred revenue	-	-	-	-	46,310,806	-	46,310,806	46,310,806	
Extraclassroom activity balances	-	-	-	-	-	200,869	200,869	200,869	
Other liabilities	-	-	-	-	607,590	742,688	1,350,278	1,350,278	
TOTAL LIABILITIES	-	-	-	-	97,017,227	943,557	97,960,784	97,960,784	
NET ASSETS:									
Held in trust	-	10,277	11,178	-	-	21,455	87,882	109,337	

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, 2005

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,517	\$ 7,517
Local sources and other	357,022	46,223	22,064	-	425,309	6,169	431,478
Total additions	<u>357,022</u>	<u>46,223</u>	<u>22,064</u>	<u>-</u>	<u>425,309</u>	<u>13,686</u>	<u>438,995</u>
DEDUCTIONS:							
Payments to pensioners	357,022	35,946	-	-	392,968	-	392,968
Scholarships and awards	-	-	-	-	-	11,207	11,207
Other expenses	-	-	18,304	-	18,304	-	18,304
Total deductions	<u>357,022</u>	<u>35,946</u>	<u>18,304</u>	<u>-</u>	<u>411,272</u>	<u>11,207</u>	<u>422,479</u>
CHANGE IN NET ASSETS	-	10,277	3,760	-	14,037	2,479	16,516
NET ASSETS AT BEGINNING OF YEAR	-	-	7,418	-	7,418	85,403	92,821
NET ASSETS AT END OF YEAR	<u>\$ -</u>	<u>\$ 10,277</u>	<u>\$ 11,178</u>	<u>\$ -</u>	<u>\$ 21,455</u>	<u>\$ 87,882</u>	<u>\$ 109,337</u>

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2005

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
ASSETS:				
Cash and cash equivalents	\$ 9,010,929	\$ 3,870,548	\$ 189,369	\$ 13,070,846
Other receivables	821,106	22,535	-	843,641
Loans receivable-current portion	2,319,903	415,998	-	2,735,901
Interest receivable	291,313	5,133	-	296,446
Due from other governments	-	-	42,437	42,437
Due from primary government	-	-	467,492	467,492
Due from other component units	-	-	17,153	17,153
Other assets	756,827	-	-	756,827
Loans receivable - long-term portion	13,789,484	1,545,138	-	15,334,622
Capital assets:				
Nondepreciable	50,000	770,145	90,492	910,637
Depreciable, net	1,576,579	17,892,100	34,987	19,503,666
TOTAL ASSETS	\$ 28,616,141	\$ 24,521,597	\$ 841,930	\$ 53,979,668
LIABILITIES:				
Accounts payable and accrued expenses	\$ 1,688,607	\$ 99,866	\$ -	\$ 1,788,473
Accrued interest expense	420,489	303,520	-	724,009
Due to other governments	-	-	13,588	13,588
Deferred revenue	5,191	-	-	5,191
Due to primary government	416,280	238,255	460,450	1,114,985
Non-current liabilities:				
Due within one year	1,306,000	3,138,820	-	4,444,820
Due within more than one year	17,951,000	12,210,912	-	30,161,912
Due to primary government - long-term portion	1,704,933	3,691,533	-	5,396,466
Total liabilities	23,492,500	19,682,906	474,038	43,649,444
NET ASSETS:				
Invested in capital assets	(313,398)	-	125,479	(187,919)
Restricted for loan programs	299,511	674,018	-	973,529
Unrestricted	5,137,528	4,164,673	242,413	9,544,614
Total net assets	5,123,641	4,838,691	367,892	10,330,224
TOTAL LIABILITIES AND NET ASSETS	\$ 28,616,141	\$ 24,521,597	\$ 841,930	\$ 53,979,668

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2005

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
EXPENSES:				
Economic Development	\$ 384,721	\$ 497,848	\$ 974	\$ 883,543
Development projects	295,100	-	-	295,100
Loan programs	1,101,441	-	-	1,101,441
Parking garage	266,861	-	-	266,861
Rental of real property	-	2,092,721	-	2,092,721
Total expenses	\$ 2,048,123	\$ 2,590,569	\$ 974	\$ 4,639,666
PROGRAM REVENUE:				
Charges for services	\$ 6,045,484	\$ 2,037,573	\$ -	\$ 8,083,057
Operating grants	7,014	23,400	-	30,414
Total program revenue	6,052,498	2,060,973	-	8,113,471
NET PROGRAM REVENUE	4,004,375	(529,596)	(974)	3,473,805
GENERAL REVENUE:				
Property taxes	334,507	459,887	-	794,394
Investment earnings	49,612	17,312	589	67,513
Miscellaneous	625,660	7,638	102,094	735,392
Total general revenue	1,009,779	484,837	102,683	1,597,299
CHANGES IN NET ASSETS	5,014,154	(44,759)	101,709	5,071,104
NET ASSETS AT BEGINNING OF YEAR	109,487	4,883,450	266,183	5,259,120
NET ASSETS AT END OF YEAR	\$ 5,123,641	\$ 4,838,691	\$ 367,892	\$ 10,330,224

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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 144,000 residents, and operates Syracuse - Hancock International Airport which serves approximately two million passengers annually from the region.

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

A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

(Continued)

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

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

Blended Component Units:

Blended component units are separate entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the 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)

21. 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)

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
City School District - 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 are 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 8th, 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 1st.
- Following a public hearing on the proposed budget, the Common Council must adopt the proposed or amended budget no later than May 10th.

(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, 2005 amounted to \$369,767.

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 \$3,569,465 at June 30, 2005 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, 2005 were \$14,401,371 and \$5,579,829, 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 66% of the agreements expire in one year or less. The remaining 34% 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, 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 2005/2006 City School District budget specifically designates the use of \$17,811,681 for future years use and technology. The City's 2005/2006 budget specifically designates \$10,821,966 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.

The City is permitted to invest in special time deposits and certificates of deposit. In addition, the City may invest funds in direct obligations of the United States of America or obligations guaranteed by agencies of the United States of America where the payment of principal and interest are further guaranteed by the United States of America. Other eligible investments for the City include obligations of the State and repurchase agreements, subject to various conditions.

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 \$125,298,504 and the bank balance was \$128,729,647. As of June 30, 2005 all deposits were insured or collateralized.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2005 was as follows:

	Balance at June 30, 2004	Increases	Decreases	Balance at June 30, 2005
Governmental activities:				
Not being depreciated:				
Land	\$ 16,190,934	\$ -	\$ -	\$ 16,190,934
Construction in progress	<u>90,059,235</u>	<u>40,851,776</u>	<u>17,118,925</u>	<u>113,792,086</u>
Subtotal	<u>106,250,169</u>	<u>40,851,776</u>	<u>17,118,925</u>	<u>129,983,020</u>
Other capital assets:				
Buildings	284,469,108	6,968,343	150,000	291,287,451
Machinery and equipment	72,566,784	8,178,304	7,188,829	73,556,259
Improvements/infrastructure	<u>250,873,614</u>	<u>12,812,479</u>	<u>-</u>	<u>263,686,093</u>
Subtotal	<u>607,909,506</u>	<u>27,959,126</u>	<u>7,338,829</u>	<u>628,529,803</u>
Total capital assets	<u>714,159,675</u>	<u>68,810,902</u>	<u>24,457,754</u>	<u>758,512,823</u>
Accumulated depreciation:				
Buildings	199,207,693	9,210,885	41,249	208,377,329
Machinery and equipment	51,088,121	4,704,047	5,689,788	50,102,380
Improvements/infrastructure	<u>131,699,622</u>	<u>10,861,418</u>	<u>-</u>	<u>142,561,040</u>
Total	<u>381,995,436</u>	<u>24,776,350</u>	<u>5,731,037</u>	<u>401,040,749</u>
Net capital assets - governmental activities	<u>\$332,164,239</u>	<u>\$44,034,552</u>	<u>\$ 18,726,717</u>	<u>\$357,472,074</u>

Depreciation was charged to activities as follows:

Governmental activities:

General government support	\$ 1,676,354
Police department	700,124
Fire department	1,372,727
Other public safety	3,404
Transportation	12,682,915
Culture and recreation	1,325,249
Home and community services	280,820
Education	<u>6,734,757</u>
Total governmental activities depreciation expense	<u>\$ 24,776,350</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)

	Balance at June 30, 2004	Increases	Decreases	Balance at June 30, 2005
Business-type activities:				
Not being depreciated:				
Land	\$ 1,859,705	\$ 409,895	\$ -	\$ 2,269,600
Construction in progress	<u>9,854,718</u>	<u>16,083,246</u>	<u>5,814,524</u>	<u>20,123,440</u>
Subtotal	<u>11,714,423</u>	<u>16,493,141</u>	<u>5,814,524</u>	<u>22,393,040</u>
Other capital assets:				
Buildings	103,508,410	1,105,391	-	104,613,801
Machinery and equipment	17,943,515	2,726,434	338,169	20,331,780
Improvements/infrastructure	<u>113,750,269</u>	<u>4,115,666</u>	<u>-</u>	<u>117,865,935</u>
Subtotal	<u>235,202,194</u>	<u>7,947,491</u>	<u>338,169</u>	<u>242,811,516</u>
 Total capital assets	 <u>246,916,617</u>	 <u>24,440,632</u>	 <u>6,152,693</u>	 <u>265,204,556</u>
Accumulated depreciation:				
Buildings	57,456,926	4,324,578	-	61,781,504
Machinery and equipment	13,792,684	1,066,648	287,504	14,571,828
Improvements/infrastructure	<u>56,134,977</u>	<u>4,496,875</u>	<u>-</u>	<u>60,631,852</u>
Total	<u>127,384,587</u>	<u>9,888,101</u>	<u>287,504</u>	<u>136,985,184</u>
Net capital assets - business-type activities	<u>\$119,532,030</u>	<u>\$14,552,531</u>	<u>\$ 5,865,189</u>	<u>\$128,219,372</u>

Depreciation was charged to activities as follows:

Business-type activities:

Aviation	\$ 8,831,178
Water	613,451
Sewer	337,547
Food Service	<u>105,925</u>
Total business-type activities depreciation expense	<u>\$ 9,888,101</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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 2026.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2005:

	Balance at June 30, 2004	Additions	Reductions	Balance at June 30, 2005	Amount due within one year
Governmental activities:					
Bonds and notes payable:					
General obligation bonds payable	\$ 215,348,684	\$ 42,003,423	\$ 19,542,138	\$ 237,809,969	\$ 20,576,586
Bond anticipation notes payable	3,200,000	1,800,000	3,200,000	1,800,000	1,800,000
Revenue anticipation notes payable	18,000,000	92,700,000	92,000,000	18,700,000	18,700,000
Tax anticipation notes payable	3,300,000	3,300,000	3,300,000	3,300,000	3,300,000
Capital lease obligations	1,657,725	-	524,385	1,133,340	559,916
Total bonds and notes payable	<u>241,506,409</u>	<u>139,803,423</u>	<u>118,566,523</u>	<u>262,743,309</u>	<u>44,936,502</u>
Other liabilities:					
Amount due to retirement systems	12,693,239	42,519,365	31,430,970	23,781,634	20,006,467
Accrued compensated absences	15,238,042	12,430,067	10,708,871	16,959,238	6,874,264
Self-insurance claims	16,067,127	67,370,155	67,607,579	15,829,703	13,034,129
Due to New York State	31,414	-	31,414	-	-
Judgments and claims	3,000,000	290,750	290,750	3,000,000	-
Environmental remediation	8,772,896	438,644	-	9,211,540	-
Lottery Aid Payable	-	20,000,000	-	20,000,000	666,667
Other liabilities	20,820	-	20,820	-	-
Total other liabilities	<u>55,823,538</u>	<u>143,048,981</u>	<u>110,090,404</u>	<u>88,782,115</u>	<u>40,581,527</u>
Governmental activities long-term liabilities	<u>\$ 297,329,947</u>	<u>\$ 282,852,404</u>	<u>\$ 228,656,927</u>	<u>\$ 351,525,424</u>	<u>\$ 85,518,029</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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, 2004	Additions	Reductions	Balance at June 30, 2005	Amount due within one year
Business-type activities:					
Bonds and note payable:					
General obligation bonds payable	\$ 53,761,582	\$ 9,695,422	\$ 4,228,608	\$ 59,228,396	\$ 4,325,514
Bond anticipation notes payable	<u>1,632,000</u>	<u>1,035,000</u>	<u>1,632,000</u>	<u>1,035,000</u>	<u>1,035,000</u>
Total bonds and notes payable	<u>55,393,582</u>	<u>10,730,422</u>	<u>5,860,608</u>	<u>60,263,396</u>	<u>5,360,514</u>
Other liabilities:					
Amount due to retirement systems	154,529	2,296,424	1,959,281	491,672	389,693
Accrued compensated absences	656,111	747,213	694,463	708,861	337,719
Self-insurance claims	<u>2,094,597</u>	<u>2,891,014</u>	<u>3,471,648</u>	<u>1,513,963</u>	<u>617,390</u>
Total other liabilities	<u>2,905,237</u>	<u>5,934,651</u>	<u>6,125,392</u>	<u>2,714,496</u>	<u>1,344,802</u>
Business-type activities long term liabilities	<u>\$ 58,298,819</u>	<u>\$ 16,665,073</u>	<u>\$ 11,986,000</u>	<u>\$ 62,977,892</u>	<u>\$ 6,705,316</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

4. CAPITAL INDEBTEDNESS (CONT'D)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2005, 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	
2006	20,576,586	11,070,571	4,325,514	2,525,819	38,498,490
2007	21,865,387	9,634,399	5,335,828	2,442,770	39,278,384
2008	21,322,110	8,614,586	5,257,299	2,229,260	37,423,255
2009	21,703,257	7,649,068	5,352,334	2,012,468	36,717,127
2010	20,834,471	6,686,043	5,470,516	1,792,653	34,783,683
2011-2015	83,427,034	20,914,106	22,577,969	5,730,357	132,649,466
2016-2020	37,189,547	6,619,091	9,595,453	1,485,273	54,889,364
2021-2026	10,891,577	1,171,809	1,313,483	266,222	13,643,091
TOTALS	\$ 237,809,969	\$ 72,359,673	\$ 59,228,396	\$ 18,484,822	\$ 387,882,860

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, 2005

4. CAPITAL INDEBTEDNESS (CONT'D)

Short-term debt (Cont'd)

Short-term debt activity for the year ended June 30, 2005:

	Balance at June 30, 2004	Additions	Reductions	Balance at June 30, 2005
Governmental Activities:				
Bond anticipation notes	\$ 3,200,000	\$ 1,800,000	\$ 3,200,000	\$ 1,800,000
Revenue anticipation notes	18,000,000	92,700,000	92,000,000	18,700,000
Tax anticipation notes	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,300,000</u>
	<u>\$ 24,500,000</u>	<u>\$ 97,800,000</u>	<u>\$ 98,500,000</u>	<u>\$ 23,800,000</u>
	Balance at June 30, 2004	Additions	Reductions	Balance at June 30, 2005
Business-type Activities:				
Bond anticipation notes	<u>\$ 1,632,000</u>	<u>\$ 1,035,000</u>	<u>\$ 1,632,000</u>	<u>\$ 1,035,000</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, 2006 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2006	\$ 2,928,163
2007	2,788,597
2008	1,571,967
2009	887,796
2010	833,020
Thereafter	<u>10,274,583</u>
TOTAL	<u>\$ 19,284,126</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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, 2005 were approximately \$1,760,000. The minimum future non-cancelable operating lease payments were as follows as of June 30, 2005:

YEAR ENDING JUNE 30,	AMOUNT
2006	\$ 1,206,929
2007	714,649
2008	415,604
2009	406,986
2010	<u>110,410</u>
TOTAL	<u>\$ 2,854,578</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, 2005 were approximately \$1,456,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2005:

YEAR ENDING JUNE 30,	AMOUNT
2006	\$ 1,451,138
2007	1,426,980
2008	1,429,342
2009	1,386,327
2010	1,345,042
Thereafter	<u>14,318,806</u>
TOTAL	<u>\$ 21,357,635</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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 \$20,081,500 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2005 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2006	\$ 1,272,782
2007	1,164,517
2008	1,074,389
2009	917,717
2010	856,518
Thereafter	<u>6,612,008</u>
TOTAL	<u>\$ 11,897,931</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 \$ 1,500,061. 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, 2005.

Year ending June 30:	
2006	\$ 559,916
2007	394,280
2008	124,981
2009	<u>124,981</u>
Minimum lease payments - capital leases	1,204,158
Less: Amounts representing interest 8.5% per annum	<u>70,818</u>
Present value - minimum lease payments	<u>\$ 1,133,340</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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, 2005:

	<u>AMOUNT RECEIVABLE</u>	<u>AMOUNT PAYABLE</u>
General Fund	\$ 2,097,975	\$ 240
City School District	34,313,710	-
Community Development	240	95,829
Capital Projects Fund	11,159,456	755,857
Proprietary Funds:		
Aviation	756,750	1,247,569
Food Service	720,866	-
Nonmajor governmental funds:		
Debt Service	2,977,115	-
Special Grants	-	512,643
Oil and flushing	-	232,662
Miscellaneous trusts	-	11,165
Agency	-	49,170,147
Total	<u>\$ 52,026,112</u>	<u>\$ 52,026,112</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2005:

	<u>AMOUNT RECEIVABLE</u>	<u>AMOUNT PAYABLE</u>
General Fund	\$ 3,812,536	\$ -
Community Development	535,558	35,873
Nonmajor governmental funds:		
Special Grants	-	19,222
Local Development	1,707,103	-
Component units:		
SURA	467,492	460,450
SIDA	-	2,121,213
SEDCO	-	3,885,931
Total	<u>\$ 6,522,689</u>	<u>\$ 6,522,689</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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

Receivables and Payables (Cont'd)

The amounts receivable and payable above are as of June 30, 2005. The amounts due to and due from primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2004. The interfund receivables and payables differences relating to SIDA and SEDCO result from loan and other transactions in the normal course of business.

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, 2005, which were routine in nature, were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 2,957,341	\$ 17,793,260
Capital Projects Fund	3,296,648	2,448,043
Special revenue funds:		
City School District	3,363,880	17,774,314
Oil and Flushing	-	78,458
Debt Service Fund	31,433,547	-
Proprietary funds:		
Water	-	2,632,341
Sewer	-	325,000
Total	<u>\$ 41,051,416</u>	<u>\$ 41,051,416</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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, 2005	\$ 11,240,220	\$ 7,854,395	\$11,455,674
June 30, 2004	6,657,007	5,046,463	4,503,591
June 30, 2003	3,844,061	1,153,056	1,450,584

(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, 2005, \$6,336 was paid by the City's General Fund and \$386,632 was paid by the City's Fiduciary Pension Trust Funds. On June 30, 2005, there were 8 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.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

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, 2005, approximately 1,670 City retirees and survivors were eligible. Expenditures for retiree health costs are expensed when paid. Expenditures for the year ended June 30, 2005, net of retiree and survivor contributions of \$285,000, were approximately \$13,437,000.

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, 2005, approximately 2,000 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, 2005, net of retiree contributions of \$1,200,000 were approximately \$7,700,000.

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 \$31,414 and \$591,622 during 2005 and 2004, respectively, resulting in the balance paid in full as of June 30, 2005.

For the year ended June 30, 2005, the District recorded a long-term liability of \$9,211,540 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, 2005.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2005

13. SUBSEQUENT EVENTS

On September 14, 2005, the District authorized a request for the issuance of Revenue Anticipation Notes (RANS) in an amount not to exceed \$43,000,000 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 28, 2005 and RANS of \$43,000,000 were issued on October 5, 2005.

On October 27, 2005, Public Improvement (Serial) Bonds Series 2005C and 2005D were issued in an amount of \$7,661,532 and \$3,861,793, respectively. Series 2005C was issued to fund various capital projects of the District. Series 2005D was issued to fund pension obligations.

On October 5, 2005 the City issued \$38,500,000 in Revenue Anticipation Notes (RANS) to cover an expected cash flow shortage due to the timing of cash receipts from various sources.

In June 2005, the City authorized the refunding of serial bonds in an amount not to exceed \$88,000,000. The refunding has a present value savings of \$1,674,256 with an aggregate budget savings of \$2,130,812. The actual refunding occurred in July 2005 and the bonds are recorded in both the governmental and business fund types in the June 30, 2005 government-wide financial statements.

On September 1, 2005, Aviation entered into a capital lease for equipment for approximately \$400,000 payable over ten years.

14. DEFICIT FUND BALANCE

The Oil and Flushing Fund, which is a nonmajor governmental fund, has a deficit fund balance of \$341,987 at June 30, 2005.

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, 2005

	General Fund			Special Revenue Fund - City School District				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:								
General property taxes and tax items	\$ 27,645,203	\$ 29,180,463	\$ 33,898,124	\$ 4,717,661	\$ 50,997,976	\$ 50,997,976	\$ 50,579,322	\$ (418,654)
Sales tax and use tax	59,903,198	59,903,198	64,149,202	4,246,004	-	-	-	-
Other local taxes	3,623,647	3,623,647	3,526,824	(96,823)	3,633,973	3,633,973	3,979,485	345,512
Departmental revenues	9,474,064	9,494,064	10,561,907	1,067,843	-	-	-	-
Fees and service charges	3,638,625	3,638,625	3,390,392	(248,233)	112,650	112,650	213,211	100,561
Use of money and property	173,000	173,000	781,478	608,478	812,500	812,500	1,317,929	505,429
Federal and state aid and other grants	54,970,673	55,385,194	66,468,980	11,083,786	353,600	353,600	22,916	(330,684)
Other revenues	7,066,881	7,417,372	2,717,307	(4,700,065)	284,361,423	293,769,039	284,648,297	(9,120,742)
Total revenues	166,495,291	168,815,563	185,494,214	16,678,651	340,272,122	349,679,738	340,761,160	(8,918,578)
EXPENDITURES:								
Current:								
General government support	20,854,408	20,047,839	19,972,009	75,830	39,435,544	41,451,484	41,363,334	88,150
Public safety	102,366,775	106,379,934	106,397,245	(17,311)	-	-	-	-
Transportation	17,373,094	18,404,853	18,464,021	(59,168)	-	-	-	-
Home and community services	9,587,535	9,804,182	9,798,170	6,012	2,775,397	3,352,463	2,270,514	1,081,949
Culture and recreation	8,640,541	8,039,953	8,069,253	(29,500)	-	-	-	-
Education	-	-	-	-	281,010,068	288,590,895	269,862,668	18,728,227
Interest on debt	300,000	879,657	879,657	-	500,000	1,050,557	1,038,749	11,808
Total expenditures	159,122,353	163,556,418	163,580,355	(23,937)	323,721,009	334,445,399	314,535,265	19,910,134
EXCESS OF REVENUES OVER EXPENDITURES	7,372,938	5,259,145	21,913,859	16,654,714	16,551,113	15,234,339	26,225,895	10,991,556
OTHER FINANCING SOURCES (USES):								
Bond proceeds	7,144,752	7,144,752	6,660,331	(484,421)	-	-	1,327,592	1,327,592
Operating transfers in	1,925,000	1,925,000	2,957,341	1,032,341	1,939,092	2,226,510	3,363,880	1,137,370
Operating transfers out	(17,677,032)	(17,793,260)	(17,793,260)	-	(18,490,205)	(17,460,849)	(17,774,314)	(313,465)
Total other financing uses - net	(8,607,280)	(8,723,508)	(8,175,588)	547,920	(16,551,113)	(15,234,339)	(13,082,842)	2,151,497
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	\$ (1,234,342)	\$ (3,464,363)	13,738,271	\$ 17,202,634	\$ -	\$ -	13,143,053	\$ 13,143,053
EFFECT OF ENCUMBRANCES			(15,566)				1,464,328	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			\$ 13,722,705				\$ 14,607,381	

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, 2005

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled cash	\$ -	\$ 4,594,695	\$ 4,594,695
Pooled restricted cash	-	17,523,855	17,523,855
Due from agency funds	11,159,456	-	11,159,456
Due from other governments	-	3,500,116	3,500,116
Total assets	<u>\$ 11,159,456</u>	<u>\$ 25,618,666</u>	<u>\$ 36,778,122</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 2,692,382	\$ 3,133,414	\$ 5,825,796
Bond anticipation notes payable	-	1,800,000	1,800,000
Due to other funds	-	755,857	755,857
Due to other governments	-	100,000	100,000
Total liabilities	<u>2,692,382</u>	<u>5,789,271</u>	<u>8,481,653</u>
FUND BALANCES:			
Reserved for encumbrances	1,108,965	1,530,034	2,638,999
Reserved for bonded capital projects	-	18,299,361	18,299,361
Reserved for debt service	7,358,109	-	7,358,109
Total fund balance	<u>8,467,074</u>	<u>19,829,395</u>	<u>28,296,469</u>
Total liabilities and fund balance	<u>\$ 11,159,456</u>	<u>\$ 25,618,666</u>	<u>\$ 36,778,122</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, 2005

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES:			
Departmental revenues	\$ -	\$ 2,190	\$ 2,190
Use of money and property	-	214,675	214,675
Federal and state aid and other grants	9,752,692	4,759,862	14,512,554
Other revenues	-	70,000	70,000
Total revenues	<u>9,752,692</u>	<u>5,046,727</u>	<u>14,799,419</u>
EXPENDITURES:			
Capital outlays	<u>23,248,033</u>	<u>21,192,096</u>	<u>44,440,129</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES			
	<u>(13,495,341)</u>	<u>(16,145,369)</u>	<u>(29,640,710)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	17,024,500	16,991,000	34,015,500
Operating transfers in	848,853	2,447,795	3,296,648
Operating transfers out	(1,413,620)	(1,034,423)	(2,448,043)
Total other financing sources - net	<u>16,459,733</u>	<u>18,404,372</u>	<u>34,864,105</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)			
	2,964,392	2,259,003	5,223,395
FUND BALANCES AT BEGINNING OF YEAR			
	<u>5,502,682</u>	<u>17,570,392</u>	<u>23,073,074</u>
FUND BALANCES AT END OF YEAR			
	<u>\$ 8,467,074</u>	<u>\$ 19,829,395</u>	<u>\$ 28,296,469</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, 2005

	Debt Service (Combined)	Special Revenue					Miscellaneous Trusts	Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing				
\$	\$ 1,076,978	\$ 826,752	\$ 233,242	\$ -	\$ -	\$ 459,115	\$ 10,000	\$ 2,372,845	
	3,569,465	-	-	-	-	16,961	15,105	32,066	
	2,977,115	-	223,662	-	-	-	-	3,569,465	
	-	1,054,599	-	-	-	-	-	2,977,115	
	-	-	-	-	-	-	-	1,054,599	
	-	-	-	-	-	-	-	-	
TOTAL ASSETS	\$ 7,623,558	\$ 1,881,351	\$ 456,904	\$ -	\$ -	\$ 476,076	\$ 25,105	\$ 10,462,994	
LIABILITIES AND FUND BALANCES:									
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 524,241	\$ -	\$ -	\$ 109,325	\$ 7,226	\$ -	\$ 640,792	
Due to other funds	-	512,643	-	-	232,662	11,165	-	756,470	
Due to component unit	-	19,222	-	-	-	-	-	19,222	
Deferred revenues	3,569,465	825,245	211,033	-	-	-	-	4,605,743	
Total liabilities	3,569,465	1,881,351	211,033	-	341,987	18,391	-	6,022,227	
Fund Balances:									
Reserved for encumbrances	-	-	-	-	98,692	-	-	98,692	
Reserved for bonded debt	4,054,093	-	-	-	-	-	-	4,054,093	
Reserved for trusts and permanent funds	-	-	-	-	(440,679)	457,685	25,105	482,790	
Unreserved	-	-	245,871	-	-	-	-	(194,808)	
Total fund balances	4,054,093	-	245,871	-	(341,987)	457,685	25,105	4,440,767	
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,623,558	\$ 1,881,351	\$ 456,904	\$ -	\$ -	\$ 476,076	\$ 25,105	\$ 10,462,994	

ASSETS:
Pooled cash
Pooled restricted cash
Restricted cash
Accounts receivable
Taxes receivable (net allowance of \$228,437)
Due from other funds
Due from other governments
Due from component unit (net of allowance of \$ 1,707,103)

LIABILITIES AND FUND BALANCES:
Liabilities:
Accounts payable and accrued expenses
Due to other funds
Due to component unit
Deferred revenues

Fund Balances:
Reserved for encumbrances
Reserved for bonded debt
Reserved for trusts and permanent funds
Unreserved

TOTAL LIABILITIES AND FUND BALANCES

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	Debt Service (combined)	Special Revenue					Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts		
REVENUES:								
General property taxes and tax items	\$ -	\$ -	\$ 831,103	\$ -	\$ 1,503,034	\$ -	\$ 2,334,137	
Other local taxes	441,618	-	-	-	-	-	441,618	
Departmental revenues	-	4,360	-	-	48,265	-	52,625	
Fees and service charges	-	-	8,161	-	-	-	8,161	
Use of money and property	429,009	-	-	-	2,052	318	431,379	
Federal and state aid and other grants	-	3,099,934	-	-	105,783	-	3,205,717	
Other revenues	7,870	76,927	-	-	76,146	-	160,943	
Total revenues	878,497	3,181,221	839,264	-	1,503,034	318	6,634,580	
EXPENDITURES:								
Current:								
General government support	-	22,473	853,760	-	-	411	886,280	
Public safety	-	1,960,652	-	-	9,636	-	2,147,586	
Transportation	-	216,853	-	1,725,156	186,934	-	1,942,009	
Economic assistance and opportunity	-	64,291	-	-	-	-	64,291	
Home and community services	-	601,539	-	-	-	-	601,539	
Culture and recreation	-	315,413	-	-	28,102	-	343,515	
Debt service	19,942,032	-	-	-	-	-	19,942,032	
Interest on debt	9,901,214	-	-	-	-	-	9,901,214	
Total expenditures	29,843,246	3,181,221	853,760	1,725,156	224,672	411	35,828,466	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,964,749)	-	(14,496)	(222,122)	7,574	(93)	(29,193,886)	
OTHER FINANCING SOURCES (USES):								
Operating transfers in	31,433,547	-	-	-	-	-	31,433,547	
Operating transfers out	-	-	-	(78,458)	-	-	(78,458)	
Total other financing sources - net	31,433,547	-	-	(78,458)	-	-	31,355,089	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,468,798	-	(14,496)	(300,580)	7,574	(93)	2,161,203	
FUND BALANCES AT BEGINNING OF YEAR	1,585,295	-	260,367	(41,407)	450,111	25,198	2,279,564	
FUND BALANCES AT END OF YEAR	\$ 4,054,093	\$ -	\$ 245,871	\$ (341,987)	\$ 457,685	\$ 25,105	\$ 4,440,767	

CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2005

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash	\$ -	\$ 1,076,978	\$ 1,076,978
Accounts receivable	-	3,569,465	3,569,465
Due from agency funds	2,977,115	-	2,977,115
Total assets	\$ 2,977,115	\$ 4,646,443	\$ 7,623,558
LIABILITIES/Deferred Revenues	\$ -	\$ 3,569,465	\$ 3,569,465
FUND BALANCES/Reserved for Bonded Debt	2,977,115	1,076,978	4,054,093
Total liabilities and fund balances	\$ 2,977,115	\$ 4,646,443	\$ 7,623,558

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, 2005

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
REVENUES:			
Other local taxes	\$ -	\$ 441,618	\$ 441,618
Use of money and property	212,560	216,449	429,009
Other revenues	-	7,870	7,870
Total revenues	<u>212,560</u>	<u>665,937</u>	<u>878,497</u>
EXPENDITURES:			
Debt service	8,969,959	10,972,073	19,942,032
Interest on debt	4,591,622	5,309,592	9,901,214
Total expenditures	<u>13,561,581</u>	<u>16,281,665</u>	<u>29,843,246</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,349,021)	(15,615,728)	(28,964,749)
OTHER FINANCING SOURCES/ Operating transfers in			
	<u>14,975,201</u>	<u>16,458,346</u>	<u>31,433,547</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,626,180	842,618	2,468,798
FUND BALANCES AT BEGINNING OF YEAR	<u>1,350,935</u>	<u>234,360</u>	<u>1,585,295</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,977,115</u>	<u>\$ 1,076,978</u>	<u>\$ 4,054,093</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, 2005

	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	\$ 44,385	\$ -	\$ 1,867	\$ 11,100	\$ 44	\$ 148,172	\$ 253,547	\$ -	\$ 459,115
Accounts receivable	-	-	-	-	-	-	-	16,961	16,961
TOTAL ASSETS	\$ 44,385	\$ -	\$ 1,867	\$ 11,100	\$ 44	\$ 148,172	\$ 253,547	\$ 16,961	\$ 476,076
LIABILITIES:									
Accounts payable and accrued expenses	\$ 5,331	\$ -	\$ -	\$ 1,895	\$ -	\$ -	\$ -	\$ -	\$ 7,226
Due to other funds	-	-	-	-	-	-	-	11,165	11,165
TOTAL LIABILITIES	5,331	-	-	1,895	-	-	-	11,165	18,391
Fund balance/Reserved for trusts	39,054	-	1,867	9,205	44	148,172	253,547	5,796	457,685
TOTAL LIABILITIES AND FUND BALANCES	\$ 44,385	\$ -	\$ 1,867	\$ 11,100	\$ 44	\$ 148,172	\$ 253,547	\$ 16,961	\$ 476,076

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2005

	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
REVENUES:									
Departmental revenues	\$ 40,900	\$ -	\$ -	\$ 7,365	\$ -	\$ -	\$ -	\$ -	\$ 48,265
Use of money and property	-	-	-	-	80	489	1,483	-	2,052
Federal and state aid and other grants	-	-	-	-	-	-	-	105,783	105,783
Other revenues	-	-	-	-	-	37,129	39,017	-	76,146
Total revenues	<u>40,900</u>	<u>-</u>	<u>-</u>	<u>7,365</u>	<u>80</u>	<u>37,618</u>	<u>40,500</u>	<u>105,783</u>	<u>232,246</u>
EXPENDITURES:									
Current:									
General government support	-	-	-	9,101	535	-	-	-	9,636
Public safety	-	-	233	-	-	5,000	58,175	123,526	186,934
Culture and recreation	28,102	-	-	-	-	-	-	-	28,102
Total expenditures	<u>28,102</u>	<u>-</u>	<u>233</u>	<u>9,101</u>	<u>535</u>	<u>5,000</u>	<u>58,175</u>	<u>123,526</u>	<u>224,672</u>
EXCESS OF REVENUES OVER EXPENDITURES	12,798	-	(233)	(1,736)	(455)	32,618	(17,675)	(17,743)	7,574
FUND BALANCES AT BEGINNING OF YEAR	26,256	-	2,100	10,941	499	115,554	271,222	23,539	450,111
FUND BALANCES AT END OF YEAR	<u>\$ 39,054</u>	<u>\$ -</u>	<u>\$ 1,867</u>	<u>\$ 9,205</u>	<u>\$ 44</u>	<u>\$ 148,172</u>	<u>\$ 253,547</u>	<u>\$ 5,796</u>	<u>\$ 457,685</u>

CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2005

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	15,105	-	15,105
Total assets	\$ 15,105	\$ 10,000	\$ 25,105
 FUND BALANCES:			
Reserved for permanent funds	\$ 15,105	\$ 10,000	\$ 25,105

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, 2005

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES/Use of money and property	\$ 318	\$ -	\$ 318
EXPENDITURES/General government support	411	-	411
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(93)	-	(93)
FUND BALANCES AT BEGINNING OF YEAR	15,198	10,000	25,198
FUND BALANCES AT END OF YEAR	<u>\$ 15,105</u>	<u>\$ 10,000</u>	<u>\$ 25,105</u>

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