

CITY OF SYRACUSE, NEW YORK

**Financial Statements as of
June 30, 2014
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

City of Syracuse, New York

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City of Syracuse, New York

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INDEPENDENT AUDITOR'S REPORT

March 27, 2015

To the Honorable Mayor, Stephanie Miner
and the Members of the Common Council
City of Syracuse, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (nonmajor governmental funds and fiduciary funds) of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of Syracuse Industrial Development Agency, Syracuse Economic Development Corporation and Syracuse Regional Airport Authority, which represent 98% of the assets, 97% of the net position and 94% of the revenues of the discretely presented component units. The financial statements of the City School District, a blended component unit, and the Greater Syracuse Property Development Corporation, a discretely presented component unit, were audited by Testone, Marshall & Discenza, LLP, who merged with Bonadio & Co., LLP as of January 1, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Syracuse Industrial Development Agency, Syracuse Economic Development Corporation and Syracuse Regional Airport Authority, which represent 98% of the assets, 97% of the net position and 94% of the revenues of the discretely presented component units. Those 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 discretely presented component units, is based solely on the reports of the other auditors. As noted above, the financial statements of the City School District and the Greater Syracuse Property Development Corporation were audited by Testone, Marshall & Discenza, LLP, who merged with Bonadio & Co., LLP as of January 1, 2015. The City School District's report was dated November 25, 2014 and the Greater Syracuse Property Development Corporation's report was dated March 18, 2014. Both reports expressed unmodified opinions on those statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, 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 (nonmajor governmental funds and the fiduciary funds) of the City of Syracuse, New York, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Notes 2 and 15 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2013. Adoption of this guidance resulted in deferred outflows and inflows of resources in the Statement of Net Position and a deferred inflow of resources in the Balance Sheet of the governmental funds at June 30, 2014. In addition, Statement No. 65 required expensing of bond issuance costs. This change in accounting principle resulted in a restatement of beginning net position in the proprietary funds and business type activities. Our opinions are not modified with respect to this matter.

As described in Note 15 to the financial statements, a change in the substance of transactions within the School Food Service Fund has resulted in the reclassification of the School Food Service Fund from an enterprise fund to a nonmajor governmental fund as of July 1, 2013. Our opinions are not modified with respect to this matter.

As described in Note 11 to the financial statements, the City disposed of and transferred operations of the Hancock International Airport on February 28, 2014. A special item has been recognized for the eight month period ending February 28, 2014 in accordance with Governmental Accounting Standards Board Statement No. 69, *Government Combinations and Disposals of Government Operations*. Our opinions are not modified with respect to this matter.

INDEPENDENT AUDITOR'S REPORT

(Concluded)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other postemployment benefits on pages 4 through 16 and pages 67 through 69, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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. The combining fund financial statements listed in the table of contents on pages 70 through 79 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed and the reports of the other auditors, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015, 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 or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Syracuse, New York's internal control over financial reporting and compliance.

City of Syracuse, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2014

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, 2014.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 31. In this discussion and analysis all amounts are expressed in millions of dollars, unless otherwise indicated.

FINANCIAL HIGHLIGHTS

The City's total net assets decreased by approximately \$69.4 as a result of this year's operations. Net assets of our governmental activities decreased by \$31.0, while business-type activities decreased by approximately \$38.4. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$69.4 less than the \$801.3 in total program expenses. Last year expenses exceeded revenues by \$62.7.

In the City's business-type activities, revenues decreased to \$59.7, a 9.5% decrease from last year's revenues of \$66.0. Expenses for this year (before transfers) decreased to \$55.8, a 5% decrease from last year's \$59.0. Note that the School District Lunch Fund which was a business-type fund was reclassified to a non-major governmental fund during the year ended June 30, 2014.

In the City's governmental activities, revenues before transfers increased to \$711.6 versus last year's revenues of \$694.0, a 2.5% increase. Expenses decreased this year to \$745.5 versus last year at \$763.7, a 2.4% decrease.

Of the City's total net assets reported at June 30, 2014, \$333.2 was net investment in capital assets versus \$312.9 the previous year. Unrestricted net position this year was a deficit balance of \$674.2 versus last year's deficit of \$624.0.

The City's General Fund reported a deficit for this year of \$3.6, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$0.2 more than the revised budget. Expenditures, including transfers out, were approximately \$15.5 under the revised budget. The revised budget had assumed an overall deficit of \$19.4. At the end of the current fiscal year, unassigned fund balance of the City's General Fund was \$48.5 and 20.5% of total General Fund actual expenditures (including transfers out).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities and Changes in Net Position on pages 17 and 18 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 19. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

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.

Changes to Financial Reporting

During the year, it was determined that the School District Food Service Fund could no longer be self-sufficient due to the nature of its funding. The fund was moved from the proprietary fund statements to the non-major governmental fund group for reporting purposes.

In March, 2014, the City transferred responsibility for the operation of Hancock International Airport to the Syracuse Regional Airport Authority. While the City will maintain a servicing function to the Authority, the day-to-day operations of the Airport will be reported discretely as a component unit of the City. A special item has been noted in the City's financial statements to note the transfer of certain Airport assets and liabilities to the Authority.

Also in the year ended June 30, 2014, the City adjusted several funds to recognize the expense for bond issuance costs that were previously deferred. These adjustments were made per GASB Statement No. 65 as restatements of prior year's net position. All bond issuance costs incurred in the current fiscal year ended June 30, 2014 have been expensed.

These changes are also discussed in items 11 and 15 of the notes to the financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 7. This section attempts to illustrate whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about the City as a whole and about its activities in a way that allows the user to determine if the City's financial condition has improved or deteriorated in comparison with the previous fiscal year. 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 position* and changes to it. You can think of the City's net position, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure the City's financial health. Over time, *increases* or *decreases* in the City's net position 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 Position and the Statement of Activities and Changes to Net Position, 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, urban 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- 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. Charges for these services are intended to allow the service to be self-supporting. The City's water and sewer systems, as well as support services to the Syracuse Regional Airport Authority, are reported here.
- Component units --- The City includes four separate legal entities in its report --- the Syracuse Industrial Development Agency, the Syracuse Economic Development Corporation, the Syracuse Regional Airport Authority and the Greater Syracuse Property Development Corporation.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 19 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 the use of 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 Position and the Statement of Activities and Changes in Net Position) 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 Position and the Statement of Activities and Changes in Net Position. 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 27 and 28. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

THE CITY AS A WHOLE

The City's combined net position decreased from \$(234.1) at June 30, 2013 to \$(303.5) at June 30, 2014. The following analysis focuses on the net position (Table 1) and changes to net position (Table 2) of the City's governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 294.0	\$ 275.9	\$ 29.5	\$ 90.7	\$ 323.5	\$ 366.6
Capital assets	<u>446.6</u>	<u>437.1</u>	<u>263.1</u>	<u>256.5</u>	<u>709.7</u>	<u>693.6</u>
Total assets	<u>740.6</u>	<u>713.0</u>	<u>292.6</u>	<u>347.2</u>	<u>1,033.2</u>	<u>1,060.2</u>
Deferred Outflows of Resources	1.6	-	-	-	1.6	-
General obligation & School Facility bonds	289.4	298.7	128.3	135.5	417.7	434.2
Other long-term liabilities	818.8	733.5	31.3	32.3	850.1	765.8
Other liabilities	<u>62.1</u>	<u>82.3</u>	<u>4.0</u>	<u>12.0</u>	<u>66.1</u>	<u>94.3</u>
Total liabilities	<u>1,107.3</u>	<u>1,114.5</u>	<u>163.6</u>	<u>179.8</u>	<u>1,333.9</u>	<u>1,294.3</u>
Deferred Inflows of Resources	4.4	-	-	-	4.4	-
Net position:						
Net investment in capital assets	197.2	185.0	136.0	127.9	333.2	312.9
Restricted	32.3	39.2	5.2	37.8	37.5	77.0
Unrestricted (deficit)	<u>(662.0)</u>	<u>(625.7)</u>	<u>(12.2)</u>	<u>1.7</u>	<u>(674.2)</u>	<u>(624.0)</u>
Total net position	<u>\$ (432.5)</u>	<u>\$ (401.5)</u>	<u>\$ 129.0</u>	<u>\$ 167.4</u>	<u>\$ (303.5)</u>	<u>\$ (234.1)</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far, the largest positive portion of the City's total net position 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. At June 30, 2014, this balance was \$333.2 versus \$312.9 at June 30, 2013. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

An additional portion of the City's total net position, \$37.5 at June 30, 2014, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net assets. The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, the amount of unrestricted net assets as of June 30, 2014 was a *deficit* of \$674.2, versus a *deficit* at June 30, 2013 of \$624.0.

Governmental Activities

Total net position of the City's governmental activities decreased from a *deficit* balance of \$401.5 at June 30, 2013 to a *deficit* balance of \$432.5 as of June 30, 2014, a decrease of \$31.0. The primary cause for this decline, as was the case in previous fiscal years, is the requirement that municipalities report a liability for the unfunded cost of providing post-employment benefits to employees. For the City of Syracuse, this represents the probable cost of providing subsidized health insurance for retirees combined with the potential for currently active employees to receive this benefit. This calculation was performed by an independent actuarial firm to arrive at a potential total liability for the potential benefit to be paid out based on the life expectancy of the present retired and active employee pool. Though this figure represents the total estimated cost of providing the benefit to all employees over many years, only a portion of this liability is required to be reported in the government-wide portion of the City's financial statements. This additional liability is reflected in the Statement of Net Position and the Statement of Activities and Changes to Net Position. The amount reported for this liability at June 30, 2014 is \$661.7, as compared with \$582.5 at the end of the fiscal year ended June 30, 2013, an increase of \$79.2. This increase was partially offset by increased operating grants and State aid, but the effect of the increased liability still resulted in a large decrease to net position.

The *deficit* in *unrestricted* net position also increased substantially, increasing to a *deficit* of \$662.0 at June 30, 2014 compared to the previous year *deficit* of \$625.7. This was a negative change of \$36.3 in the unrestricted net position of the City's governmental activities. This decrease is primarily a reflection of the change in liabilities and revenues noted above.

Business-Type Activities

The total net position of the City's business-type activities decreased by 22.9 % for the fiscal year ended June 30, 2014 (\$129.0 compared to a previous fiscal year balance of \$167.4). Several factors contributed to this drop. On March 1, 2014, control of the City's airport was transferred to the Syracuse Regional Airport Authority. Pursuant to the agreement governing this transfer, the Authority assumed the bulk of the airports assets and liabilities. The City retained ownership of the Airport's real property, unspent bond proceeds and bonds payable. A special item in the amount of (\$39.5) was noted in the Proprietary Fund Statements and the Statement of Activities to reflect the transfer of airport operating assets and liabilities to the Authority. The Authority is reported as a discretely presented component unit in this financial report.

The remaining Enterprise Funds had nominal surpluses. The Water Fund reported a \$1.6 surplus and the Sewer Fund had a \$0.1 surplus.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

The change in net position during the most recent fiscal year is reported in the Statement of Activities and Changes in Net Position found on page 18. Key elements of this change are illustrated in Table 2.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 20.8	\$ 23.4	\$ 50.1	\$ 58.0	\$ 70.9	\$ 81.4
Grants and contributions	115.2	111.5	7.5	7.8	122.7	119.3
General revenues:						
Property taxes and tax items	89.5	95.2	-	-	89.5	95.2
Other taxes	4.8	4.3	-	-	4.8	4.3
Sales and use taxes	79.0	77.4	-	-	79.0	77.4
Unallocated State Aid	391.0	370.1	-	-	391.0	370.1
Unallocated Federal Aid	4.8	5.0	-	-	4.8	5.0
Investment earnings	0.7	0.9	0.1	0.2	0.8	1.1
Other general revenues	<u>5.9</u>	<u>6.2</u>	<u>2.0</u>	<u>-</u>	<u>7.9</u>	<u>6.2</u>
Total revenues	<u>711.7</u>	<u>694.0</u>	<u>59.7</u>	<u>66.0</u>	<u>771.4</u>	<u>760.0</u>
Program expenses						
Total governmental	745.5	763.7	-	-	745.5	763.7
Aviation	-	-	32.8	34.9	32.8	34.9
Water	-	-	17.4	18.9	17.4	18.9
Sewer	<u>-</u>	<u>-</u>	<u>5.6</u>	<u>5.2</u>	<u>5.6</u>	<u>5.2</u>
Total expenses	<u>745.5</u>	<u>763.7</u>	<u>55.8</u>	<u>59.0</u>	<u>801.3</u>	<u>822.7</u>
Excess (deficiency) before transfers	(33.8)	(69.7)	3.9	7.0	(29.9)	(62.7)
Transfers	2.8	2.8	(2.8)	(2.8)	-	-
Airport Assets/Liabilities to Authority	<u>-</u>	<u>-</u>	<u>(39.5)</u>	<u>-</u>	<u>(39.5)</u>	<u>-</u>
Increase (decrease) in net assets	<u>\$ (31.0)</u>	<u>\$ (66.9)</u>	<u>\$ (38.4)</u>	<u>\$ 4.2</u>	<u>\$ (69.4)</u>	<u>\$ (62.7)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City's total revenues for the fiscal year ended June 30, 2014 (excluding capital contributions) increased by 1.5% (\$771.4 compared to the previous year of \$760.0), an \$11.4 increase. Most notably, unallocated state aid to the City governmental funds increased by \$20.9 offset by a decrease in property tax collections of \$5.7. Minor increases and decreases in other areas comprised the balance of the change.

The total cost of all programs and services decreased by approximately 2.7% (\$801.3 compared to \$822.7 in the prior year). This decrease (\$21.4) is primarily due to a \$10.8 decrease in police department costs and a \$7.9 decrease in fire department costs for the year with offsetting minor increases and decreases in other expense functions.

Total revenues were not sufficient to cover this year's total costs. This deficit decreased the net position of the City by \$69.4 for fiscal year ended June 30, 2014 versus a decrease of \$62.7 for fiscal year ended June 30, 2013. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

As mentioned previously in the FINANCIAL HIGHLIGHTS section at the beginning of this document, revenues for the City's governmental activities increased from \$694.0 during the fiscal year ended June 30, 2013 to \$711.7 for the year ended June 30, 2014, an increase of \$17.7. The primary reasons for the increase were partially discussed earlier. In summary, the City realized an increase of \$20.9 in unallocated state aid and an increase in operating grants of \$19.1 offset by decreases in property tax collections (\$5.6) and capital grants (\$3.1) with small variances throughout the rest of the revenue categories.

Program expenses decreased in for the year ended June 30, 2014, falling from \$763.7 in in the fiscal year ended June 30, 2013 to \$745.5 for the year ended June 30, 2014, a 2.4 % or \$18.2 decrease. Savings in the police and fire departments (\$18.7) combined with increased expenses for transportation (\$5.5) and educational costs (\$8.2) and numerous minor variances produced the difference.

The decrease in program expenses together with the increase in governmental revenues, as discussed above, resulted in a reduced but still significant decrease in governmental net position for the year ended June 30, 2014 of \$31.0 after transfers, versus a decrease in net position for the year ended June 30, 2013 of \$66.9.

Business-Type Activities

Total revenues in the City's business-type activities (See Table 2) decreased by \$6.3 or 10.0% for the year ended June 30, 2014 (\$59.7 in the current year as compared to \$66.0 in the prior year).

Expenses of the City's business type activities before transfers decreased by 5.0%, or \$3.2 (\$55.8 versus \$59.0 last year). This resulted from a decrease of \$2.0 in the Aviation Fund and a \$1.4 decrease in the Water Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

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 \$171.6, which is a 5.5% increase from last year's total of \$162.6. This increase (\$14.5) reflects the addition of the School District Food Service Fund to the City's governmental funds. Food Service provided \$7.8 of fund balance to the City governmental funds. There was an operational deficit in the City General Fund of \$3.6; however, there was a surplus in the School District Special Revenue Fund of \$15.9. The Capital Projects Fund had a \$4.9 surplus. These surpluses were offset by a fund balance reduction in the Joint Schools Construction Board of \$10.7 as bond proceeds were used to finance ongoing school building renovations.

Approximately \$47.1 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$32.2 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$90.7 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$1.6) is non-spendable. This includes inventories, prepaid items and bequests that must remain intact.

- **General Fund** --- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$48.5, while total fund balance was \$69.3. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For the current year ending June 30, 2014, unassigned fund balance represents 20.5% of total fund expenditures (including transfers out) totaling \$237.0, while total fund balance represents 29.2% of that same amount. The fund balance of the City's General Fund decreased by \$3.6 during the current fiscal year. The adopted budget for the year ended June 30, 2014 included the use of fund balance (\$18.0) to balance budget revenues to budget expenditures. An analysis of the variance is presented in the section following titled **General Fund Budgetary Highlights**.
- **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 \$28.4. The entire balance of the fund is required to be used in the completion of City and School District capital projects.
- **Joint School Construction Board Fund** --- The Joint School Construction Board Fund is a School District Fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The Joint School Construction Board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. At the end of the current fiscal year, the fund had a balance of \$5.7. The entire balance is reserved for the purposes of this project and is not available for

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- appropriation for any other purpose. The revenue for this fund is provided by bond proceeds and interest paid on the unspent proceeds. A decline in fund balance simply reflects the spending of bond proceeds to repair schools and conversely, an increase indicates that bond proceeds exceeded amounts spent.
- *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 \$51.4, last year it was \$35.5. The increase of \$15.9 reflects that revenues recorded exceeded the expenditures of the current fiscal year. Revenues in the School District's General Fund for the year (including transfers in) were \$436.3 and expenditures (including transfers out) were \$420.4.
- *Neighborhood and Business Development Special Revenue Fund* --- The Neighborhood and Business 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 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 \$8.6 in both revenues and expenditures. For the prior fiscal year the fund recorded revenues and expenditures of \$12.6. At June 30, 2014, total assets of the fund were \$12.5 and total liabilities were \$12.5. At the end of the previous fiscal year, total assets were \$ 11.7 and liabilities were \$11.7.

Proprietary Funds --- The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the Airport, Water and Sewer Funds. The net assets of the proprietary funds at the end of the current fiscal year totaled \$129.0. The decrease of \$38.4 in total net assets of the proprietary funds from resulted from the following activity: the Aviation fund decreased by \$40.1 due to the transfer of control to the Syracuse Regional Airport Authority and a small operating loss, the Water Fund increased by \$1.6, and the Sewer Fund increased by \$0.1.

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 for the fiscal year ended June 30, 2014, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$242.6.

During the course of the year, the City's General Fund budget was amended to reflect additional revenues and additional appropriations for various small items, resulting in a final, revised budget of \$252.7, utilizing \$19.4 of fund balance. Please refer to page 67 [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 deficit for the current year of \$3.6, as compared to a final adopted budget with a projected *deficit* of \$19.4. This positive variance from the projected deficit was primarily the result of positive fluctuations in the expenditure projections.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

On the revenue side, the City experienced no major variances between actual revenues and the final budget.

Expenditures varied positively from budgeted amounts in every departmental category. Unspent funds were reported in general government support (\$2.6), public safety (\$7.6), transportation (\$1.8), home and community services (\$0.6) and culture and recreation (\$1.7). These variances combined to produce a \$14.3 overall favorable expenditure variance, reducing the need to use fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In accordance with GASBS No. 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounted to \$709.7 (net of accumulated depreciation). The previous year's amount was \$693.6. 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 \$446.6 (net of accumulated depreciation) this year as compared to a \$437.2 balance last year. For the City's business-type activities, the balance at the end of this year was \$263.1 (net of accumulated depreciation) as compared to a balance of \$256.5 last year.

Please refer to Note 4 in the notes to the basic financial statements for more detailed information regarding capital assets and accumulated depreciation.

In accordance with GASBS No. 34, expenses related to capital assets which are constructed over more than one fiscal year are capitalized each fiscal year as "construction in progress" and are not depreciated. Upon accumulating all of the expenses for a capital asset in construction in progress, the total for the asset is reclassified to its proper depreciable category (i.e. buildings, machinery and equipment, improvements/infrastructure). Major capital asset additions affecting depreciable assets during the current fiscal year included the following:

- School District Building and Improvements -- \$7.7
- School District Machinery and Equipment -- \$1.0
- School District Software -- \$0.3
- DPW Equipment -- \$1.0
- City Infrastructure (Bridge Repairs, Traffic Signals, Sidewalks and Road Resurfacing) -- \$9.5
- Fire Department Equipment -- \$1.6
- Fire Department Improvements -- \$0.2
- Parks Improvements -- \$0.1
- Parks Equipment -- \$0.3
- Police Department Equipment -- \$0.4
- Oiling and Flushing Equipment -- \$0.2
- Sewer Department Equipment -- \$0.2
- Sewer Infrastructure -- \$3.3
- Water Improvements -- \$0.1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Continued)

- Water Department Equipment -- \$0.8
- Water System Infrastructure -- \$0.5
- Airport Buildings -- \$10.6
- Airport Improvements/Infrastructure -- \$2.7

Depreciation expense for the current fiscal year was \$21.6 for governmental activities and \$12.7 for business-type activities.

Long-Term Debt

At year end, the City had \$417.7 outstanding in bonds and notes versus \$434.2 last year, a decrease of 3.8 %. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds and school facility revenue bonds	\$ 289.4	\$ 298.7	\$ 94.2	\$ 100.2	\$ 383.6	\$ 398.9
Construction bonds payable	-	-	34.1	35.3	34.1	35.3
Bond anticipation notes	<u>2.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.0</u>	<u>-</u>
Total	<u>\$ 291.4</u>	<u>\$ 298.7</u>	<u>\$ 128.3</u>	<u>\$ 135.5</u>	<u>\$ 419.7</u>	<u>\$ 434.2</u>

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$20.7. Proceeds were used to finance capital expenditures, satisfy litigation settlements and to fund Water and Sewer Fund capital projects. Major projects and satisfactions funded with these proceeds are as follows:

- Road Reconstruction -- \$3.0
- Sidewalk Improvements -- \$1.0
- Minor Bridge Rehabilitation -- \$0.1
- Parks Improvements -- \$0.9
- Tax Software -- \$0.4
- DPW Equipment -- \$1.7
- Fire Department Vehicles and Apparatus -- \$2.3
- Water Fund UV Disinfectant -- \$2.0
- Litigation Settlements -- \$8.6
- Bank Alley Sewer Replacement -- \$0.2
- Bank Street Streetscape -- \$0.5

These issues are discussed further in Note 5 of the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City issued \$2.0 of bond anticipation notes for the Joint Schools Construction Board which were outstanding at June 30, 2014.

The City issued \$80.4 in revenue anticipation notes (RANs) during the fiscal year; \$53.8 on behalf of the School District and \$26.6 for the City for 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, the City needs cash flow borrowing to fund day-to-day operations. Both of these issues were paid off during the fiscal year leaving no revenue anticipation notes outstanding at June 30, 2014.

The City had a rating of A1 from Moody's Investors Service, an A rating from Standard & Poor's and an A from Fitch at June 30, 2014.

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 \$410.9, which is above the City's outstanding general obligation debt after exclusions.

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
- A declining population
- Significant increases in employee health care costs
- High retirement system costs (see notes to the financial statements for more information.)

In setting the June 30, 2015 fiscal year budget, the City portion of the property tax levy increased slightly from the prior fiscal year, rising \$0.7. The School District portion of the levy increased by \$0.5. The actual combined property tax levy of the City and School District for fiscal year 14/15 is \$88.4 (\$30.5 for the City and \$57.9 for the School District), compared with the previous year of \$87.2 (\$29.8 for the City and \$57.4 for the School District), exclusive of the State's STAR program. The City and School District combined property tax rate for 14/15 is \$26.6227 per \$1,000 of assessed property value (\$9.2672 for the City and \$17.3555 for the School District).

The City's June 30, 2015 budget includes a provision for use of fund balance for the City General Fund in the amount of \$20.2. Revenues for the 14/15 fiscal year are predicted to be approximately \$6.5 less than the previous year's budget and expenditures are projected to be \$4.3 less than the previous year. The School District budget includes a provision to use \$14.4 of fund balance.

The Airport Fund will remain self-sufficient and will not affect the City's General Fund operations for the June 30, 2015 fiscal year.

There were no changes to water and sewer rates. The rates were last increased by 9% on July 1, 2010. The last prior adjustment was on July 1, 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
(Concluded)

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City 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 Commissioner of Finance at City Hall, Room 128, 233 East 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), Syracuse Economic Development Corporation (SEDCO) and The Syracuse Regional Airport Authority are discretely presented component units with separately issued financial statements. To obtain reports for SIDA and SEDCO, contact the Department of Neighborhood and Business Development at City Hall Commons, Syracuse, New York 13202. To obtain the financial report for the Syracuse Regional Airport Authority, contact the Airport Authority at Syracuse International Airport, 1000 Colonel Eileen Collins Boulevard, Syracuse, New York, 13212.

To obtain a financial report for the Greater Syracuse Property Development Corporation contact the Greater Syracuse Property Development Corporation at 333 Washington Street, Suite 130, Syracuse, New York 13202.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
ASSETS				
Pooled cash and cash equivalents	\$ 56,312,446	\$ 20,210,460	\$ 76,522,906	\$ -
Cash and cash equivalents	773,019	-	773,019	25,353,602
Receivables:				
Accounts	7,928,947	3,554,554	11,483,501	7,672,174
Taxes (net of allowance of \$26,325,098)	16,421,085	-	16,421,085	-
Other	2,813,097	-	2,813,097	8,677
Notes and loans receivable - due within one year	8,635,291	-	8,635,291	481,222
Due from primary government	-	-	-	878,917
Due from other governments	108,723,169	479,033	109,202,202	
Due from component units - current portion (net of allowance of \$5,597,841)	410,341	1,378,340	1,788,681	151,834
Internal balances	1,396,398	(1,396,398)	-	-
Due from fiduciary funds	58,871,470	-	58,871,470	-
Inventories	1,310,953	-	1,310,953	-
Prepaid expenses and other assets	269,412	-	269,412	1,265,392
Restricted assets:				
Pooled cash and cash equivalents	17,127,678	1,207,571	18,335,249	-
Cash and cash equivalents	12,963,317	3,991,922	16,955,239	20,811,484
Notes and loans receivable - due in more than one year	-	-	-	10,540,933
Due from component units - long-term portion	-	-	-	5,144,929
Capital assets:				
Nondepreciable	179,059,123	33,632,727	212,691,850	50,000
Depreciable, net	<u>267,521,746</u>	<u>229,513,077</u>	<u>497,034,823</u>	<u>5,643,569</u>
Total assets	<u>740,537,492</u>	<u>292,571,286</u>	<u>1,033,108,778</u>	<u>78,002,733</u>
DEFERRED OUTFLOW OF RESOURCES	<u>1,593,487</u>	<u>-</u>	<u>1,593,487</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	44,923,721	3,181,980	48,105,701	5,667,962
Accrued interest expense	1,739,363	834,550	2,573,913	11,838
Due to other governments	904,061	-	904,061	-
Unearned revenue	1,451,554	-	1,451,554	1,022,274
Loans payable	8,926,417	-	8,926,417	-
Other liabilities	1,759,120	-	1,759,120	735,368
Due to fiduciary funds	154,805	-	154,805	-
Bond anticipation notes payable	2,000,000	-	2,000,000	-
Long-term liabilities - due within one year	86,701,402	10,838,122	97,539,524	498,991
Due to primary government - due within one year	-	-	-	1,607,412
Due to component units - due within one year	225,309	-	225,309	131,916
Long-term liabilities - due in more than one year	1,021,487,148	148,702,079	1,170,189,227	1,743,064
Due to primary government - due in more than one year	-	-	-	5,849,080
Due to component units - due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,116,775</u>
Total liabilities	<u>1,170,272,900</u>	<u>163,556,731</u>	<u>1,333,829,631</u>	<u>22,384,680</u>
DEFERRED INFLOW OF RESOURCES/UNAVAILABLE REVENUE	<u>4,370,556</u>	<u>-</u>	<u>4,370,556</u>	<u>295,584</u>
NET POSITION:				
Net investment in capital assets	197,200,140	136,030,459	333,230,599	4,893,569
Restricted	32,270,244	5,199,493	37,469,737	21,947,614
Unrestricted	<u>(661,982,861)</u>	<u>(12,215,397)</u>	<u>(674,198,258)</u>	<u>28,481,286</u>
Total net position	<u>\$ (432,512,477)</u>	<u>\$ 129,014,555</u>	<u>\$ (303,497,922)</u>	<u>\$ 55,322,469</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General government support	\$ 90,081,251	\$ 3,640,608	\$ 3,549,301	\$ 965,806	\$ (81,925,536)	\$ -	\$ (81,925,536)	\$ -
Police department	93,481,113	4,453,960	2,836,206	653,141	(85,537,806)	-	(85,537,806)	-
Fire department	58,618,387	78,062	145,202	-	(58,395,123)	-	(58,395,123)	-
Other public safety	5,818,584	2,988,985	-	-	(2,829,599)	-	(2,829,599)	-
Transportation	45,302,135	6,601,011	480,562	10,341,587	(27,878,975)	-	(27,878,975)	-
Economic opportunity and development	1,614,995	-	192,927	-	(1,422,068)	-	(1,422,068)	-
Home and community services	23,700,537	2,003,159	8,860,681	196,342	(12,640,355)	-	(12,640,355)	-
Culture and recreation	12,738,965	487,345	698,180	234,900	(11,318,540)	-	(11,318,540)	-
Food service	12,054,500	262,950	13,514,719	-	1,723,169	-	1,723,169	-
Education	368,411,041	200,719	72,141,585	-	(296,068,737)	-	(296,068,737)	-
Pupil transportation	20,640,677	-	346,476	-	(20,294,201)	-	(20,294,201)	-
Interest on long-term debt	12,995,511	-	-	-	(12,995,511)	-	(12,995,511)	-
Total governmental activities	745,457,696	20,716,799	102,765,839	12,391,776	(609,583,282)	-	(609,583,282)	-
Business-Type Activities:								
Aviation	32,827,514	23,109,156	-	7,011,946	-	(2,706,412)	(2,706,412)	-
Water	17,427,323	21,271,210	-	-	-	3,843,887	3,843,887	-
Sewer	5,595,517	5,679,757	-	534,764	-	619,004	619,004	-
Total business-type activities	55,850,354	50,060,123	-	7,546,710	-	1,756,479	1,756,479	-
TOTAL PRIMARY GOVERNMENT	\$ 801,308,050	\$ 70,776,922	\$ 102,765,839	\$ 19,938,486	(609,583,282)	1,756,479	(607,826,803)	-
COMPONENT UNITS:								
Syracuse Industrial Development Agency	5,565,419	4,529,913	887,500	-	-	-	-	(148,006)
Syracuse Economic Development Corporation	420,529	146,745	7,675	-	-	-	-	(266,109)
Greater Syracuse Property Development Corporation	165,967	-	1,679,667	-	-	-	-	1,513,700
Syracuse Regional Airport Authority	13,865,227	10,202,596	5,334,435	3,068,878	-	-	-	4,740,682
TOTAL COMPONENT UNITS	\$ 20,017,142	\$ 14,879,254	\$ 7,909,277	\$ 3,068,878	-	-	-	5,840,267
General revenues:								
Property taxes and tax items					89,537,144	-	89,537,144	133,215
Sales and use taxes					78,953,739	-	78,953,739	-
Other taxes					4,805,851	-	4,805,851	-
Unallocated state aid					391,027,020	-	391,027,020	-
Unallocated federal aid					4,752,457	-	4,752,457	-
Investment earnings					718,554	66,984	785,538	546,769
Miscellaneous					5,914,005	2,134,190	8,048,195	410,467
Transfers					2,825,000	(2,825,000)	-	-
Total general revenues and transfers					578,533,770	(623,826)	577,909,944	1,090,451
Special item (Note 11)					-	(39,518,017)	(39,518,017)	39,288,017
Changes in net position					(31,049,512)	(38,385,364)	(69,434,876)	46,218,735
NET POSITION - beginning of year as previously reported					(400,135,057)	167,504,514	(232,630,543)	9,103,734
PRIOR PERIOD ADJUSTMENT (Note 15)					(1,327,908)	1,327,908	-	-
PRIOR PERIOD ADJUSTMENT (Note 15)					-	(1,432,503)	(1,432,503)	-
NET POSITION - beginning of year as restated					(401,462,965)	167,399,919	(234,063,046)	9,103,734
NET POSITION - end of year					\$ (432,512,477)	\$ 129,014,555	\$ (303,497,922)	\$ 55,322,469

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Capital Projects Fund	Special Revenue City School District	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 42,014,782	\$ 13,821,425	\$ -	\$ 476,239	\$ 56,312,446
Pooled restricted cash and cash equivalents	-	11,162,455	-	5,965,223	17,127,678
Cash and cash equivalents	-	-	-	773,019	773,019
Restricted cash and cash equivalents	-	-	-	12,963,317	12,963,317
Loans receivable	-	-	-	8,635,291	8,635,291
Accounts receivable	2,760,925	725,644	-	4,442,378	7,928,947
Other receivable	-	-	2,813,097	-	2,813,097
Taxes receivable (net of allowance of \$26,325,098)	13,606,235	-	3,629,985	51,283	17,287,503
Due from other funds	3,230,162	3,216,463	57,198,948	11,618,999	75,264,572
Due from other governments	44,501,185	6,214,165	53,747,804	4,073,758	108,536,912
Due from component units (net of allowance of \$ 5,597,841)	10,117	-	-	400,224	410,341
Inventory	-	-	1,070,434	240,519	1,310,953
Prepaid expenses and other assets	-	-	246,459	22,953	269,412
Total assets	<u>\$ 106,123,406</u>	<u>\$ 35,140,152</u>	<u>\$ 118,706,727</u>	<u>\$ 49,663,203</u>	<u>\$ 309,633,488</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 9,525,257	\$ 5,037,505	\$ 23,135,490	\$ 7,225,469	\$ 44,923,721
Due to other funds	-	-	12,097,129	3,054,380	15,151,509
Due to component units	-	212,250	-	13,059	225,309
Due to other governments	21,494	-	825,459	57,108	904,061
Amounts due to retirement systems	5,658,919	-	28,482,402	-	34,141,321
Accrued compensated absences	200,000	-	1,444,276	-	1,644,276
Self-insurance claims	7,582,756	-	1,346,244	-	8,929,000
Bond anticipation note	-	-	-	2,000,000	2,000,000
Unearned revenue	-	-	-	1,451,554	1,451,554
Loans payable	-	-	-	8,926,417	8,926,417
Other liabilities	422,674	1,486,689	-	-	1,909,363
Total liabilities	<u>23,411,100</u>	<u>6,736,444</u>	<u>67,331,000</u>	<u>22,727,987</u>	<u>120,206,531</u>
DEFERRED INFLOW OF RESOURCES/UNAVAILABLE REVENUE	<u>13,391,222</u>	<u>-</u>	<u>-</u>	<u>4,410,841</u>	<u>17,802,063</u>
Fund Balances:					
Nonspendable	-	-	1,316,893	267,489	1,584,382
Restricted	365,058	14,324,545	180,055	17,373,616	32,243,274
Committed	-	14,079,163	-	490,375	14,569,538
Assigned	20,446,567	-	49,878,779	5,761,885	76,087,231
Unassigned	48,509,459	-	-	(1,368,990)	47,140,469
Total fund balances	<u>69,321,084</u>	<u>28,403,708</u>	<u>51,375,727</u>	<u>22,524,375</u>	<u>171,624,894</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 106,123,406</u>	<u>\$ 35,140,152</u>	<u>\$ 118,706,727</u>	<u>\$ 49,663,203</u>	<u>\$ 309,633,488</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

Total fund balances for governmental funds	\$	171,624,894
Total net assets reported for governmental activities in the Statement of Net Position 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.		446,580,869
Receivables not received within 60 days and therefore not reported in the funds.		186,257
Revenue collected after year end and not available to pay for current year expenditures and deferred in funds.		12,715,333
Long-term liabilities, including bonds payable, compensated absences, capital lease obligations, due to retirement systems, judgments and claims, environmental remediation, postemployment benefits and other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(1,063,473,954)
Deferred charges expensed as incurred in funds.		1,593,487
Accrued interest not reported in the funds.		<u>(1,739,363)</u>
Total net position for governmental activities	\$	<u><u>(432,512,477)</u></u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Capital Projects Fund	Special Revenue City School District	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes and tax items	\$ 37,031,099	\$ -	\$ 56,860,124	\$ 3,149,364	\$ 97,040,587
Sales and use taxes	78,953,739	-	1,226,514	-	80,180,253
Other local taxes	3,579,337	-	-	960,501	4,539,838
Departmental revenues	10,681,000	-	-	-	10,681,000
Intergovernmental charges	367,788	-	-	-	367,788
Licenses and permits	2,343,925	-	-	-	2,343,925
Fines and forfeitures	3,128,441	-	-	-	3,128,441
Sale of property and compensation for loss	550,616	-	61,123	13,800	625,539
Use of money and property	213,681	13,649	234,291	309,116	770,737
Federal and state aid and other grants	78,859,170	8,340,313	370,304,555	26,147,654	483,651,692
Pass-through New York State funding from District	-	-	-	11,119,581	11,119,581
Surplus food	-	-	-	786,873	786,873
Sales-School Food Service program	-	-	-	262,950	262,950
Other revenues	<u>6,256,145</u>	<u>2,461,897</u>	<u>745,779</u>	<u>800,467</u>	<u>10,264,288</u>
Total revenues	<u>221,964,941</u>	<u>10,815,859</u>	<u>429,432,386</u>	<u>43,550,306</u>	<u>705,763,492</u>
CURRENT EXPENDITURES:					
General government support	28,121,592	-	48,027,874	8,282,396	84,431,862
Public safety	136,079,518	-	-	2,552,600	138,632,118
Transportation	29,931,436	-	-	2,002,243	31,933,679
Economic opportunity and development	-	-	-	1,614,995	1,614,995
Home and community services	12,874,259	-	1,828,758	7,160,391	21,863,408
Culture and recreation	10,067,562	-	-	388,808	10,456,370
Education	-	-	341,465,473	-	341,465,473
Principal debt payments	-	-	-	28,222,966	28,222,966
Interest on debt	110,733	-	309,395	12,794,715	13,214,843
Capital outlays	-	19,380,452	-	10,861,083	30,241,535
Cost of sales - Food Service program	-	-	-	5,206,587	5,206,587
Pass-through New York State funding to JSCB	-	-	11,119,581	-	11,119,581
Total expenditures	<u>217,185,100</u>	<u>19,380,452</u>	<u>402,751,081</u>	<u>79,086,784</u>	<u>718,403,417</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,779,841</u>	<u>(8,564,593)</u>	<u>26,681,305</u>	<u>(35,536,478)</u>	<u>(12,639,925)</u>
OTHER FINANCING SOURCES (USES):					
Bond proceeds	8,644,110	9,903,000	-	-	18,547,110
Premium on issuance of bond anticipation note	-	-	-	11,340	11,340
Premium on refunding bonds	-	-	-	1,771,715	1,771,715
Proceeds of refunding bonds	-	-	-	19,834,575	19,834,575
Payments to escrow agent	-	-	-	(21,279,514)	(21,279,514)
Operating transfers in	2,825,000	4,604,395	6,856,642	27,743,677	42,029,714
Operating transfers out	<u>(19,848,056)</u>	<u>(1,040,825)</u>	<u>(17,641,855)</u>	<u>(673,978)</u>	<u>(39,204,714)</u>
Total other financing sources (uses) - net	<u>(8,378,946)</u>	<u>13,466,570</u>	<u>(10,785,213)</u>	<u>27,407,815</u>	<u>21,710,226</u>
CHANGES IN FUND BALANCE	(3,599,105)	4,901,977	15,896,092	(8,128,663)	9,070,301
FUND BALANCES - beginning of year (as restated)	<u>72,920,189</u>	<u>23,501,731</u>	<u>35,479,635</u>	<u>30,653,038</u>	<u>162,554,593</u>
FUND BALANCES - end of year	<u>\$ 69,321,084</u>	<u>\$ 28,403,708</u>	<u>\$ 51,375,727</u>	<u>\$ 22,524,375</u>	<u>\$ 171,624,894</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds	\$ 9,070,301
The change in net position reported for governmental activities in the Statement of Activities and Changes in Net Position 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 expense in the current period.	9,432,984
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal or a capital lease obligation is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	9,493,623
Revenues recorded in the Statement of Activities that were recorded in the funds in a previous year.	20,885,777
Disposal of capital assets recorded as a loss in the statement of activities.	(13,227)
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.	(80,212,031)
In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>293,061</u>
Net change in net position of governmental activities	<u>\$ (31,049,512)</u>

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2014**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Aviation</u>	<u>Water</u>	<u>NonMajor/Sewer</u>	
ASSETS				
CURRENT ASSETS:				
Pooled cash and cash equivalents	\$ -	\$ 12,836,332	\$ 7,374,128	\$ 20,210,460
Accounts receivable	-	2,787,064	767,490	3,554,554
Due from other governments	-	-	479,033	479,033
Due from component unit	<u>1,378,340</u>	<u>-</u>	<u>-</u>	<u>1,378,340</u>
Total current assets	<u>1,378,340</u>	<u>15,623,396</u>	<u>8,620,651</u>	<u>25,622,387</u>
NONCURRENT ASSETS:				
Pooled restricted cash and cash equivalents	-	1,207,571	-	1,207,571
Restricted cash and cash equivalents	2,656,906	1,335,016	-	3,991,922
Capital assets (net)	<u>150,504,142</u>	<u>98,660,042</u>	<u>13,981,620</u>	<u>263,145,804</u>
Total noncurrent assets	<u>153,161,048</u>	<u>101,202,629</u>	<u>13,981,620</u>	<u>268,345,297</u>
Total assets	<u>\$ 154,539,388</u>	<u>\$ 116,826,025</u>	<u>\$ 22,602,271</u>	<u>\$ 293,967,684</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	\$ 316,811	\$ 2,623,008	\$ 242,161	\$ 3,181,980
Accrued interest	440,375	356,829	37,346	834,550
Due to other funds	1,378,340	14,896	3,162	1,396,398
Current portion of bonds payable	4,198,526	3,724,342	580,126	8,502,994
Amounts due to retirement systems	410,550	295,331	104,565	810,446
Accrued compensated absences	256,483	23,180	13,930	293,593
Self-insurance claims	<u>396,534</u>	<u>598,291</u>	<u>236,264</u>	<u>1,231,089</u>
Total current liabilities	<u>7,397,619</u>	<u>7,635,877</u>	<u>1,217,554</u>	<u>16,251,050</u>
NONCURRENT LIABILITIES:				
Bonds payable - net of current portion	48,202,844	66,099,059	5,479,001	119,780,904
Amounts due to retirement systems	195,327	121,955	43,130	360,412
Accrued compensated absences	-	271,691	91,081	362,772
Self-insurance claims	278,606	543,586	205,799	1,027,991
Other postemployment benefits	<u>7,647,700</u>	<u>13,829,300</u>	<u>5,693,000</u>	<u>27,170,000</u>
Total noncurrent liabilities	<u>56,324,477</u>	<u>80,865,591</u>	<u>11,512,011</u>	<u>148,702,079</u>
Total liabilities	<u>63,722,096</u>	<u>88,501,468</u>	<u>12,729,565</u>	<u>164,953,129</u>
NET POSITION:				
Net investment in capital assets	98,102,772	30,029,887	7,897,800	136,030,459
Restricted	2,656,906	2,542,587	-	5,199,493
Unrestricted	<u>(9,942,386)</u>	<u>(4,247,917)</u>	<u>1,974,906</u>	<u>(12,215,397)</u>
Total net position	<u>90,817,292</u>	<u>28,324,557</u>	<u>9,872,706</u>	<u>129,014,555</u>
Total liabilities and net position	<u>\$ 154,539,388</u>	<u>\$ 116,826,025</u>	<u>\$ 22,602,271</u>	<u>\$ 293,967,684</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>NonMajor/Sewer</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for services	\$ -	\$ 20,620,154	\$ 5,667,711	\$ 26,287,865
Landing fees	3,382,149	-	-	3,382,149
Parking rents	4,436,971	-	-	4,436,971
Terminal rents	5,707,163	-	-	5,707,163
Concession	4,360,730	-	-	4,360,730
Expense reimbursement income	2,521,917	-	-	2,521,917
Miscellaneous	<u>38,528</u>	<u>651,056</u>	<u>12,046</u>	<u>701,630</u>
Total operating revenues	<u>20,447,458</u>	<u>21,271,210</u>	<u>5,679,757</u>	<u>47,398,425</u>
OPERATING EXPENSES:				
Cost of sales and services	7,130,993	12,679,409	4,766,173	24,576,575
Administration	9,693,409	624,679	22,677	10,340,765
Depreciation	9,658,722	2,467,170	597,212	12,723,104
Contractual expense to SRAA	3,931,055	-	-	3,931,055
Uncollectible accounts	<u>258</u>	<u>129,787</u>	<u>-</u>	<u>130,045</u>
Total operating expenses	<u>30,414,437</u>	<u>15,901,045</u>	<u>5,386,062</u>	<u>51,701,544</u>
OPERATING INCOME (LOSS)	<u>(9,966,979)</u>	<u>5,370,165</u>	<u>293,695</u>	<u>(4,303,119)</u>
NONOPERATING REVENUES (EXPENSES):				
Capital grants	3,070,570	-	534,764	3,605,334
Capital contributions	3,941,376	-	-	3,941,376
Passenger facility charges	2,661,698	-	-	2,661,698
Lease income	2,134,190	-	-	2,134,190
Investment income	25,928	29,355	11,701	66,984
Interest expense	<u>(2,413,077)</u>	<u>(1,526,278)</u>	<u>(209,455)</u>	<u>(4,148,810)</u>
Total nonoperating revenues (expenses)	<u>9,420,685</u>	<u>(1,496,923)</u>	<u>337,010</u>	<u>8,260,772</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS AND SPECIAL ITEM	(546,294)	3,873,242	630,705	3,957,653
OPERATING TRANSFERS OUT	-	(2,300,000)	(525,000)	(2,825,000)
SPECIAL ITEM (Note 11)	<u>(39,518,017)</u>	<u>-</u>	<u>-</u>	<u>(39,518,017)</u>
CHANGES IN NET POSITION	(40,064,311)	1,573,242	105,705	(38,385,364)
NET POSITION - beginning of year (as restated)	<u>130,881,603</u>	<u>26,751,315</u>	<u>9,767,001</u>	<u>167,399,919</u>
NET POSITION - end of year	<u>\$ 90,817,292</u>	<u>\$ 28,324,557</u>	<u>\$ 9,872,706</u>	<u>\$ 129,014,555</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			<u>Total</u>
	<u>Aviation</u>	<u>Water</u>	<u>NonMajor Business-Type Fund/Sewer</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 17,657,678	\$ 21,095,159	\$ 5,633,081	\$ 44,385,918
Payments to vendors	(8,053,989)	(6,090,638)	(677,254)	(14,821,881)
Payments to employees	(4,510,306)	(4,786,437)	(2,115,593)	(11,412,336)
Internal activity with other funds - net	(2,893,480)	-	-	(2,893,480)
Claims paid	(1,726,948)	(1,709,231)	(737,962)	(4,174,141)
Net cash flow from operating activities	<u>472,955</u>	<u>8,508,853</u>	<u>2,102,272</u>	<u>11,084,080</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating subsidies and transfers to other funds	-	(2,300,000)	(525,000)	(2,825,000)
Payments from (to) other governments	(31,548,778)	-	55,731	(31,493,047)
Net cash flow from noncapital financing activities	<u>(31,548,778)</u>	<u>(2,300,000)</u>	<u>(469,269)</u>	<u>(34,318,047)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	-	2,739,500	530,925	3,270,425
Capital grants	7,857,486	-	-	7,857,486
Purchases of capital assets	(15,474,781)	(9,117,825)	(585,713)	(25,178,319)
Principal paid on capital debt	(5,674,225)	(3,963,906)	(883,471)	(10,521,602)
Interest paid on capital debt	(2,466,885)	(1,540,590)	(213,388)	(4,220,863)
Other receipts	2,641,779	-	-	2,641,779
Net cash flow from capital and related financing activities	<u>(13,116,626)</u>	<u>(11,882,821)</u>	<u>(1,151,647)</u>	<u>(26,151,094)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends received	25,928	29,355	11,701	66,984
Net cash flow from investing activities	<u>25,928</u>	<u>29,355</u>	<u>11,701</u>	<u>66,984</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(44,166,521)	(5,644,613)	493,057	(49,318,077)
CASH AND CASH EQUIVALENTS - beginning of year	46,823,427	21,023,532	6,881,071	74,728,030
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 2,656,906</u>	<u>\$ 15,378,919</u>	<u>\$ 7,374,128</u>	<u>\$ 25,409,953</u>
Reconciliation of operating income (loss) to net cash flow from operating activities:				
Operating income (loss)	\$ (9,966,979)	\$ 5,370,165	\$ 293,695	\$ (4,303,119)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities				
Depreciation expense	9,658,722	2,467,170	597,212	12,723,104
Amortization expense	81,667	-	-	81,667
Gain on sale of capital assets	-	(7,342)	-	(7,342)
Uncollectible accounts	258	129,787	-	130,045
Change in assets and liabilities:				
Accounts receivable	(267,863)	(298,496)	(46,675)	(613,034)
Due to other funds	(1,072,746)	-	-	(1,072,746)
Due to component units	(1,383,814)	(2,824)	987	(1,385,651)
Prepaid expenses and other	164,247	-	-	164,247
Accounts payable and accrued expenses	2,704,781	(143,300)	(66,130)	2,495,351
Amounts due to retirement systems	(25,969)	(69,813)	(29,113)	(124,895)
Other Postemployment Benefits	379,500	818,500	1,257,000	2,455,000
Self-insurance claims	188,950	249,515	89,366	527,831
Accrued compensated absences	12,201	(4,509)	5,930	13,622
Net cash flow from operating activities	<u>\$ 472,955</u>	<u>\$ 8,508,853</u>	<u>\$ 2,102,272</u>	<u>\$ 11,084,080</u>

CITY OF SYRACUSE, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

(Continued)

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

The Aviation Fund recognized additions to its capital assets related to a capital contribution from the Syracuse Regional Airport Authority of \$3,941,376.

The Aviation Fund transferred the following assets and liabilities to the Syracuse Regional Airport Authority effective March 1, 2014 as part of its transfer of Airport operations:

Accounts Receivable	(6,039,232)
Due from other funds	(273,000)
Net capital assets	(4,800,398)
Capital lease obligation	107,667
Deferred revenue	272,752
Accounts payable and accrued expenses	4,897,163

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	\$ 16,647,666	\$ 30,175,761	\$ 46,823,427
Water Fund	13,362,962	7,660,570	21,023,532
Sewer Fund	<u>6,881,071</u>	<u>-</u>	<u>6,881,071</u>
TOTAL - beginning of year	<u>\$ 36,891,699</u>	<u>\$ 37,836,331</u>	<u>\$ 74,728,030</u>
End of Year:			
Aviation Fund	\$ -	\$ 2,656,906	\$ 2,656,906
Water Fund	12,836,332	2,542,587	15,378,919
Sewer Fund	<u>7,374,128</u>	<u>-</u>	<u>7,374,128</u>
TOTAL - end of year	<u>\$ 20,210,460</u>	<u>\$ 5,199,493</u>	<u>\$ 25,409,953</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014**

	Private Purpose Funds			Combined City School District	Total
	Coca Cola & Mayor's Round Ball	Agency Funds	Total City		
ASSETS:					
Pooled restricted cash and cash equivalents	\$ 1,675	\$ 58,120,166	\$ 58,121,841	\$ -	\$ 58,121,841
Restricted cash	-	2,839,611	2,839,611	471,381	3,310,992
Taxes receivable	-	53,664,259	53,664,259	-	53,664,259
Due from other funds	-	-	-	154,805	154,805
Total assets	<u>1,675</u>	<u>114,624,036</u>	<u>114,625,711</u>	<u>626,186</u>	<u>115,251,897</u>
LIABILITIES:					
Accounts payable and accrued expenditures	-	6,810	6,810	-	6,810
Due to other funds	-	58,857,370	58,857,370	14,100	58,871,470
Due to other governments	-	54,408,941	54,408,941	-	54,408,941
Other liabilities	-	1,350,915	1,350,915	435,258	1,786,173
Total liabilities	-	<u>114,624,036</u>	<u>114,624,036</u>	<u>449,358</u>	<u>115,073,394</u>
NET POSITION:					
Held in trust	<u>\$ 1,675</u>	<u>\$ -</u>	<u>\$ 1,675</u>	<u>\$ 176,828</u>	<u>\$ 178,503</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	City Private Purpose <u>Funds</u> Coca Cola & <u>Mayor's Round Ball</u>	Combined City School <u>District</u>	<u>Total</u>
ADDITIONS:			
Contributions	\$ -	\$ 8,688	\$ 8,688
Investment income	<u>-</u>	<u>21,161</u>	<u>21,161</u>
Total additions	<u>-</u>	<u>29,849</u>	<u>29,849</u>
DEDUCTIONS:			
Scholarships and awards	<u>-</u>	<u>17,100</u>	<u>17,100</u>
Total deductions	<u>-</u>	<u>17,100</u>	<u>17,100</u>
CHANGES IN NET POSITION	-	12,749	12,749
NET POSITION - beginning of year	<u>1,675</u>	<u>164,079</u>	<u>165,754</u>
NET POSITION - end of year	<u>\$ 1,675</u>	<u>\$ 176,828</u>	<u>\$ 178,503</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
JUNE 30, 2014

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
ASSETS:					
Cash and cash equivalents	\$ 5,391,007	\$ 1,854,405	\$ 17,233,366	\$ 874,824	\$ 25,353,602
Restricted cash	582	15,053	20,795,849	-	20,811,484
Accounts receivable	-	-	7,672,174	-	7,672,174
Loans receivable - current portion	99,359	249,947	-	-	349,306
Notes receivable - current portion	-	131,916	-	-	131,916
Other receivables	-	8,677	-	-	8,677
Due from primary government	-	-	212,250	666,667	878,917
Due from other component units - current portion	151,834	-	-	-	151,834
Other assets	985,220	14,794	156,881	108,497	1,265,392
Loans receivable - long-term portion	131,869	5,264,134	-	-	5,396,003
Notes receivable - long-term portion	-	5,144,930	-	-	5,144,930
Due from other component units- long-term	5,144,929	-	-	-	5,144,929
Future Destiny USA fees receivable	19,000,000	-	-	-	19,000,000
Future Destiny USA fees payable to the City and County	(19,000,000)	-	-	-	(19,000,000)
Capital assets:					
Nondepreciable	50,000	-	-	-	50,000
Depreciable, net	563,065	-	5,055,827	24,677	5,643,569
Total assets	\$ 12,517,865	\$ 12,683,856	\$ 51,126,347	\$ 1,674,665	\$ 78,002,733
LIABILITIES:					
Accounts payable and accrued expenses	\$ 129,213	\$ 240,690	\$ 5,222,349	\$ 75,710	\$ 5,667,962
Accrued interest expense	11,838	-	-	-	11,838
Unearned revenue	-	1,022,274	-	-	1,022,274
Due to primary government	-	229,072	1,378,340	-	1,607,412
Due to other component units	-	131,916	-	-	131,916
Grant payable	735,368	-	-	-	735,368
Non-current liabilities:					
Due within one year	452,000	-	46,991	-	498,991
Due within more than one year	1,731,000	-	12,064	-	1,743,064
Due to primary government - long-term portion	2,020,387	3,828,693	-	-	5,849,080
Due to other component units - long-term portion	-	5,116,775	-	-	5,116,775
Total liabilities	5,079,806	10,569,420	6,659,744	75,710	22,384,680
DEFERRED INFLOW OF RESOURCES/UNEARNED REVENUE AND GOVERNMENT SUBSIDY	-	-	212,251	83,333	295,584
NET POSITION:					
Net investment in capital assets	(186,935)	-	5,055,827	24,677	4,893,569
Restricted for Lakefront Development Programs	384,103	-	-	-	384,103
Restricted for Urban Development Action Grant	-	674,018	-	-	674,018
Restricted for Airport Authority Projects	-	-	20,795,849	-	20,795,849
Restricted for Parking Mitigation	93,644	-	-	-	93,644
Unrestricted	7,147,247	1,440,418	18,402,676	1,490,945	28,481,286
Total net position	7,438,059	2,114,436	44,254,352	1,515,622	55,322,469
Total liabilities, deferred inflow of resources and net position	\$ 12,517,865	\$ 12,683,856	\$ 51,126,347	\$ 1,674,665	\$ 78,002,733

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2014**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
EXPENSES:					
Destiny USA Fee to City of Syracuse and Onondaga County	\$ 3,800,000	\$ -	\$ -	\$ -	\$ 3,800,000
Pilot Payments	-	-	-	-	-
Airport operating expenses	-	-	13,625,090	-	13,625,090
Greater Syracuse Property Development Corporation expenses	-	-	-	165,967	165,967
Public improvements	167,002	-	-	-	167,002
Development projects	1,009,861	-	-	-	1,009,861
Other costs	367,141	295,899	-	-	663,040
Interest	108,802	124,630	313	-	233,745
Depreciation	112,613	-	239,824	-	352,437
Total expenses	5,565,419	420,529	13,865,227	165,967	20,017,142
PROGRAM REVENUE:					
Financing fees	4,529,913	-	-	-	4,529,913
Appropriation from the City Aviation Fund	-	-	3,931,055	-	3,931,055
Grant, contributions and government subsidy revenue	887,500	7,675	3,068,878	1,679,667	5,643,720
Passenger facility charges	-	-	1,403,380	-	1,403,380
Landing fees	-	-	1,923,960	-	1,923,960
Parking rents	-	-	2,958,098	-	2,958,098
Concession and other	-	-	2,317,517	-	2,317,517
Terminal rents	-	-	3,003,021	-	3,003,021
Mortgage interest income	-	146,745	-	-	146,745
Miscellaneous income	364,819	91	43,635	1,922	410,467
Total program revenue	5,782,232	154,511	18,649,544	1,681,589	26,267,876
NET PROGRAM REVENUE (EXPENSE)	216,813	(266,018)	4,784,317	1,515,622	6,250,734
GENERAL REVENUE:					
Property taxes	133,215	-	-	-	133,215
Investment earnings	409,289	49,060	88,420	-	546,769
Total general revenue	542,504	49,060	88,420	-	679,984
SPECIAL ITEM- TRANSFER FROM CITY AVIATION FUND	-	-	39,288,017	-	39,288,017
CHANGES IN NET POSITION	759,317	(216,958)	44,160,754	1,515,622	46,218,735
NET POSITION- beginning of year	6,678,742	2,331,394	93,598	-	9,103,734
NET POSITION - end of year	\$ 7,438,059	\$ 2,114,436	\$ 44,254,352	\$ 1,515,622	\$ 55,322,469

The accompanying notes are an integral part of these statements.

City of Syracuse, New York

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2014

1. NATURE OF OPERATIONS

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government:	City of Syracuse, New York
Blended Component Units:	Syracuse City School District Syracuse Urban Renewal Agency Joint Schools Construction Board
Discretely Presented Component Units:	Syracuse Economic Development Corporation Syracuse Industrial Development Agency Syracuse Regional Airport Authority Greater Syracuse Property Development Corporation

The reporting entity of the City is based upon criteria set forth by GASB Statement 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*.

Blended Component Units

Blended component units are separate entities that meet the component unit criteria described in GASB Statement 61. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Separately issued financial statements may be obtained by contacting the Chief Financial Officer of the District at 725 Harrison Street, Syracuse, New York 13210.

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. SURA is included in the basic financial statements as a nonmajor governmental fund in the fund financial statements. In the government-wide statements SURA is included in the governmental activities. Separately issued financial statements may be obtained by contacting the Department of Neighborhood & Business Development at City Hall Commons, Syracuse, New York 13202.

Joint Schools Construction Board (JSCB) - The JSCB is a blended component unit of the District. The JSCB is a joint venture between the District and the City. The JSCB is authorized to act as an agent to enter into contracts on behalf of the District and the Common Council of the City of Syracuse, New York (the Council) for the design, construction, reconstruction and financing of educational facilities in the City in accordance with applicable state and local laws. Separate audited financial statements are prepared for JSCB and reports may be obtained by writing to Joint Schools Construction Board, City Hall, Syracuse, New York 13202.

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.

Syracuse Economic Development Corporation (SEDCO) - SEDCO is a not-for-profit corporation established by the City to foster development ventures in the City. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Syracuse Regional Airport Authority (the Authority) - The Authority is a public benefit corporation established in August 2011 to maintain and operate Syracuse Hancock International Airport. The Authority submitted a joint application to the Federal Aviation Administration (FAA), along with the City of Syracuse (the City), to transfer the Federal Aviation Regulation Part 139 Operating Certificate from the City to the Authority. The application included several exhibits, including a Lease Agreement, Services Agreement, Assignment and Assumption Agreement, and narratives regarding the Airport's bond amounts, obligation and indentures, and the enterprise fund. The three agreements were approved by the Authority on July 12, 2013, and approved by the Syracuse Common Council in November 2013. The application was submitted to the FAA for review with a request to issue the operating certificate and make the transfer in 2014. The FAA approved the transfer from the City to the Authority in February 2014. On March 1, 2014 the Authority assumed operational control over the Airport. See also footnotes 6 and 11. The oversight body is the Authority board of which seven of the eleven members are appointed by the Mayor of the City of Syracuse. The chairperson is designated by the Mayor of the City of Syracuse. Pursuant to a lease agreement, the Authority leases the properties comprising the Airport from the City. A separate legal entity, the Authority, is included as a discretely presented component unit within the City's basic financial statements due to the City's ability to impose its will. Pursuant to a service agreement, the Authority reimburses the City for certain services that have been rendered by employees of the City under the City's Department of Aviation and certain expenses incurred in the administration and operation of the Airport. Upon expiration or earlier termination of the lease term, the Airport reverts to the City and the City will be required to obtain the operating certificate from the FAA in order to continue to administer and operate the Airport. Separate audited financial statements are prepared for the Authority and reports may be obtained by writing to the Executive Director at 1000 Colonel Eileen Collins Boulevard, Syracuse, New York, 13212.

Greater Syracuse Property Development Corporation - The City of Syracuse and County of Onondaga entered into an inter-municipal agreement on March 27, 2012 for the purpose of creating the Greater Syracuse Property Development Corporation, a not-for-profit corporation, operating as the Greater Syracuse Land Bank (Land Bank) under the New York Land Bank Act of 2011. The purpose of the Land Bank is to address problems regarding vacant and abandoned property in a coordinated manner and to further foster the development of such property and promote economic growth through the return of vacant, abandoned, and tax-delinquent properties to productive use. The City and County, while under no obligation, may contribute to the annual Land Bank budget in such manner agreed upon. In July 2013, the Common Council approved a funding agreement with the Land Bank for up to \$1,500,000. This was recorded as revenue by the Land Bank and an expenditure of the City in the current fiscal year. A new funding agreement was approved in September 2014 for the City's fiscal year ending June 30, 2015. The City agrees to provide up to \$1,500,000 to the Land Bank based on the anticipated and actual increase in delinquent real property tax revenue to the City during the fiscal year ending June 30, 2015. The measure by which such increase in delinquent real property revenues shall be calculated shall be any actual increase over and above the 2013-2014 amounts set forth in the City's budget for prior year's tax collection and tax fees and penalties. The Land Bank is a discretely presented component unit of the City as it is fiscally dependent upon it and there is a financial benefit/burden relationship. The Land Bank has a fiscal year which ends December 31. Separate audited financial statements and reports may be obtained by writing to The Greater Syracuse Property Development Corporation, 333 Washington Street, Suite 130, Syracuse, New York 13202.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Only footnote disclosures relating to the primary government are included in the basic financial statements. The footnote disclosures relating to SIDA, SEDCO, Syracuse Regional Airport Authority and the Greater Syracuse Property Development Corporation are not included.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities and Changes in Net Position present financial information about the reporting government as a whole. They include all funds of the reporting entity except those that are fiduciary. The City's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments and private parties, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. Eliminations have been made to minimize the double counting of internal transactions. 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.

The Statement of Activities and Changes in Net Position presents a comparison between program expenses and revenues for each function of the City's activities. Direct expenses are those that are specifically associated with and are clearly identified to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Amounts reported in the Statement of Activities and Changes in Net Position 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 provide information about the City's funds and blended component units, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major funds within the governmental and proprietary categories. Major funds are displayed in separate columns. 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 plus deferred outflows, or expenditures/expenses plus deferred inflows 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 plus deferred outflows, or expenditures/expenses plus deferred inflows of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The funds of the financial reporting entity are described as follows:

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, including the Special Aid and Food Service Funds, 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 of governmental activities. 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 revenue are from the sale of bonds, issuance of bond anticipation notes and federal, New York State and local funds. Both the City and the Syracuse City School District maintain capital projects funds.
- Joint Schools Construction Board (JSCB) Fund - The JSCB fund, which is a blended component unit of the District, is used to account for transactions associated with the design, construction, reconstruction, and financing of public educational facilities in the City. The JSCB is authorized to act as an agent to enter into contracts on behalf of the District and the Common Council of the City of Syracuse, New York (the Council) for the construction of new educational facilities in accordance with applicable state and local laws.
- Permanent Funds - The permanent funds account for assets held by the City and the District pursuant to trust agreements. The principal portion of these fund types must remain intact, but the earnings may be used to achieve the objectives of the funds.

Proprietary Fund Types

Proprietary funds focus on the determination of changes in net 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 the net income measurement similar to the private sector. The reporting entity includes the following enterprise funds:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

- 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 support services provided to the Syracuse Regional Airport Authority to operate the Syracuse - Hancock International Airport.

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

- Agency Funds

Agency funds account for assets held by the City and the District in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.

- Private Purpose Funds

Private Purpose Funds are trust arrangements under which the principal or interest benefit specific individuals, organizations or other governments, and are therefore not available to support the City's or the District's own programs.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

- Major Funds

- General Fund - See above for description.
- Capital Projects Fund - See above for description.
- Special Revenue Fund - 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.

- Proprietary Funds

- Aviation - See above for description.
- Water - See above for description.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

- Nonmajor Funds
 - Special Revenue Funds:
 - Special Grants
 - Special Assessment Districts
 - Local Development
 - Oil and Flushing
 - Syracuse Urban Renewal Agency
 - Miscellaneous Trust Funds
 - Neighborhood and Business Development
 - School Food Service Fund
 - Joint Schools Construction Board (JSCB)
 - Debt Service Fund
 - Permanent Funds:
 - Francis Hendrick's
 - The Ed Smith School Fund
 - Proprietary Funds:
 - Sewer

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

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. 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 position (or cost recovery), financial position, and cash flows. Proprietary and fiduciary fund equity are classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and Changes in Net Position, both governmental and business-type activities are presented using the accrual basis of accounting. All transactions and events that affect the total economic resources during the year are reported. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time an obligation (liability) is incurred, regardless of the timing of related cash inflows or outflows.

Governmental funds financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. Revenues are generally considered available if collected within 60 days of year-end. The City reports deferred inflows when the potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Property taxes, grant revenue, sales tax, and other taxes are the primary revenue sources subject to accrual. Property taxes are reported as receivable and a deferred inflow of resources when an enforceable lien on the property exists. The City bills and collects its own property taxes and County taxes. Collections and remittance of taxes for the County are accounted for in the Agency Fund.

Under modified accrual accounting, governmental fund liabilities (and expenses) should be accrued in the absence of applicable modification. Such modifications exist for long-term indebtedness, compensated absences, claims and judgments and other long-term liabilities. These liabilities are accrued in the governmental funds only to the extent they are due.

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is provided.

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

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. Formal budgetary integration is employed as a management control device during the year. For the Capital Projects Fund long-term budgets covering the anticipated life of the project 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 Encumbrances - Budget and Actual (Budgetary Basis).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

All unencumbered budget appropriations lapse at 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 8th.
- Any amendments approved by the Common Council are presented to the Mayor for consideration. Should the Mayor object to any amendment, the Common Council has an opportunity to override the Mayor's objection until June 2nd.
- 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 Common Council, they are submitted to the Mayor for final approval.

Cash and Cash Equivalents

Cash equivalents consist primarily of demand deposits, cash held by fiscal agents, money market accounts and certificate of deposits with original maturities of three months or less.

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 taxes, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories of food and/or supplies in the School Food Service 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. Purchases of inventoriable items in the other funds are recorded at cost on an average cost basis.

Prepaid Items

Prepaid items represent payments made by the City for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Capital Assets (Fixed Assets)

The accounting treatment of 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 Financial Statements

In the government-wide financial statements, capital assets are defined by the City as assets with an initial cost of more than \$5,000 and a 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.

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, are included as part of the capitalized value of the assets constructed. Interest capitalized for the year ended June 30, 2014 amounted to \$722,245.

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.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. 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	20-40 years
Parking garages	20 years
Machinery and equipment	3-10 years
Improvements - land and building	20-40 years
Improvements - parking garages	10 years
Infrastructure	20-100 years
Furniture	5-10 years
Vehicles	3-9 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Fixed Assets) (Continued)

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 financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for the deferred charges on refunded debt. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of net position also has a deferred inflow of resources which consists of unavailable revenue from sidewalk and sewer assessments.

In addition to liabilities, the balance sheet of the governmental funds includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and sidewalk and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. Vacation is granted in varying amounts based primarily on length of service and service position. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. 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.

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 financial statements. Material bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations (Continued)

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 an other 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance cost, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity Classifications

Government-wide Financial Statements

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

- a. Net investment in capital assets – 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 position – reports net position when constraints placed on the assets or deferred outflow of resources either by (1) external groups such as creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Restricted net position in the governmental activities include the following:

Nonspendable permanent funds	\$ <u>26,970</u>
Restricted:	
Capital projects	14,324,545
Debt service	6,978,323
Miscellaneous trusts	1,386,260
Joint Schools Construction Board	5,733,230
EMS training	271,817
Clinton Square maintenance	93,241
School District Special Aid Fund	180,055
School District Food Service Fund	1,845,141
Syracuse Urban Renewal Agency	<u>1,430,662</u>
Total restricted	<u>32,243,274</u>
Total restricted net position	<u>\$ 32,270,244</u>

Restricted net position in the business-type activities are for capital and grant related projects.

- c. Unrestricted net position – reports the balance of net position that does not meet the definition of “restricted” or “net investment in capital assets” and is deemed to be available for general use by the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Classification of fund balance reflects spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a governmental fund's net resources. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

In the fund basis statements there are five classifications of fund balance:

- a. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory, prepaid expenses and permanent funds.
- b. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All remaining fund balance not otherwise classified as nonspendable, committed or assigned in funds, other than the General Fund and School District Fund, are classified as restricted fund balance.
- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's and School District's highest level of decision making authority, i.e., the Common Council and Board of Education. The Common Council and Board of Education can adopt an ordinance to commit fund balance. The District has no committed fund balances at June 30, 2014. Committed Capital Projects Fund balance of \$14,079,163 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$490,375 for Special Assessment Districts.
- d. Assigned - Includes all amounts in the City School District Special Revenue Fund. Included in the District's assigned fund balance are encumbrances of \$5,260,593, \$14,427,000 of appropriations to fund fiscal year 2014-2015 operating expenditures and \$2,885,250 for the estimated expenditures necessary to implement the improvements mandated in the NYS Attorney General's Assurance of Discontinuance requirement. Assigned fund balance in the City's General Fund consists of encumbrances of \$246,567 and \$ 20,200,000 of appropriations to fund fiscal year 2014-2015 operating expenditures. Assigned fund balance in the nonmajor governmental funds consists of assigned School Food Service funds. Under the City's adopted policy, the Board of Education and the Common Council may assign amounts for specific purposes.
- e. Unassigned - Includes all other General Fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the City. In addition, unassigned fund balance includes any remaining negative fund balance for funds other than the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Order of Use of Fund Balance

The City's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted or assigned fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Retirement and Other Postemployment Benefits

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 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. See Note 8 for further information.

In addition to providing pension benefits, the City provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the City and the retired employee. See Note 10 for further information.

Revenue, Expenditures and Expenses

Property Taxes

The property tax levy is approved by the Common Council in May for the following year on the basis of the final assessment roll on July 1. The City bills and collects its own property taxes including school taxes and the property taxes levied by Onondaga County. City and District 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 deferred inflow of resources – unavailable revenue. This is 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessment Tax Revenue

In the fund financial statements, sidewalk and sewer assessments of \$4,370,556 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 are recorded as revenue in the funds when they are collected within 60 days of year-end. The amounts due but not collected within 60 days are recorded as a deferred inflow of resources. In the government-wide 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.

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 revenues and expenses not related to capital and related 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 revenue of the Aviation Fund is reimbursements from the Syracuse Regional Airport Authority. Operating expenses for the proprietary funds include the cost of sales and service, charges to the Airport Authority, 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.

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

Governmental Funds - By character:	Current (further classified by function)
	Debt service for principal payments
	Interest on debt
	Capital outlays
Proprietary Funds - By operating and nonoperating	

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures/Expenses (Continued)

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

The reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities and Changes in Net Position, 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 Position, 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.

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, 2014, the tax sale certificates are fully offset by an allowance for uncollectible delinquent taxes and deferred inflow of resources – unavailable revenue in the fund financial statements. The allowance and deferred inflow amounts at June 30, 2014 were \$26,325,098 and \$13,431,516, respectively.

Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 6% expire in one year or less and 70% have expired. The remaining 24% of these agreements extend beyond one year.

Economic Dependency

The City and the District receive significant funding from both New York State and the federal government. Curtailment of such revenue would have a significant impact on the City's and District's programs.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents include amounts restricted for future debt payments, amounts restricted for capital projects and Joint Schools Construction Board projects, cash to fund grant related programs, funds restricted for miscellaneous and permanent trusts and amounts collected on behalf of other governments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deficit Fund Balance

The Oil and Flushing Fund, a non-major special revenue fund, has a deficit fund balance of \$40,134. When revenue is not sufficient to cover expenditures, the portion of the tax levy related to the Oil and Flushing Fund is increased in the next fiscal year to cover the deficit.

Use of Estimates

The preparation of 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 reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in several areas, including the computation of compensated absences, potential contingent liabilities, self-insurance accruals and useful lives of long-lived assets.

New and Upcoming Accounting Pronouncements

New Accounting Standards

The City has adopted all current Statements of the GASB that are applicable. As of July 1, 2013, the City implemented the following new standards issued by GASB:

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective for the year ending June 30, 2014. This statement amends certain items previously reported as assets and liabilities and recognizes them as deferred outflows of resources or deferred inflows of resources. The implementation of this guidance resulted in deferred outflows and inflows of resources on both the Statement of Net Position and the balance sheet of the governmental funds at June 30, 2014. In addition, this statement requires that bond issuance cost be expensed when incurred. See Note 15 for further information.

GASB Statement No. 66 – *Technical Corrections – 2012 – an Amendment of Statements 10 and 62*, effective for the year ending June 30, 2014. This statement clarifies and improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statement No. 54 and GASB Statement No. 62. The implementation of this guidance did not have a significant impact on the City's financial statements as of and for the year ended June 30, 2014.

GASB Statement No. 67 – *Financial Reporting for Pension Plans*, effective for the year ending June 30, 2014. This statement establishes accounting and reporting requirements related to governmental pensions. Actuaries for the State of New York have implemented this statement.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015. This statement was implemented for the current year ended June 30, 2014 as early implementation was permitted. See Note 11 for further information.

Future Changes in Accounting Standards

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending June 30, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB has issued Statement No 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, effective for the year ending June 30, 2015.

The City will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

3. 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, Joint Schools Construction Board, Neighborhood and Business Development Fund, Syracuse Urban Renewal Agency 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 equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end.

New York State governs the City's investment policies. The City is permitted to invest in special time deposits and certificate of deposits. 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, money market accounts and certificate 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 institution's trust department or by a third party custodial bank. At year end, the carrying amount of the City's deposits, including certificate of deposits, was \$174,019,246 and the bank balance was \$176,883,019. As of June 30, 2014 all deposits were insured or collateralized.

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014:

<u>Governmental activities</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at June 30, 2014</u>
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>154,300,896</u>	<u>26,015,479</u>	<u>17,527,053</u>	<u>162,789,322</u>
Subtotal	<u>170,570,697</u>	<u>26,015,479</u>	<u>17,527,053</u>	<u>179,059,123</u>
Other capital assets:				
Buildings	397,326,613	7,792,659	-	405,119,272
Machinery and equipment	85,106,200	4,849,910	3,722,881	86,233,229
Improvements/infrastructure	<u>361,070,038</u>	<u>9,888,443</u>	-	<u>370,958,481</u>
Subtotal	<u>843,502,851</u>	<u>22,531,012</u>	<u>3,722,881</u>	<u>862,310,982</u>
Total capital assets	<u>1,014,073,548</u>	<u>48,546,491</u>	<u>21,249,934</u>	<u>1,041,370,105</u>
Accumulated depreciation:				
Buildings	269,580,052	6,845,545	-	276,425,597
Machinery and equipment	66,797,822	5,351,392	3,719,857	68,429,357
Improvements/infrastructure	<u>240,534,921</u>	<u>9,399,361</u>	-	<u>249,934,282</u>
Total	<u>576,912,795</u>	<u>21,596,298</u>	<u>3,719,857</u>	<u>594,789,236</u>
Net capital assets – governmental activities	<u>\$437,160,753</u>	<u>\$ 26,950,193</u>	<u>\$ 17,530,077</u>	<u>\$ 446,580,869</u>

Depreciation was charged to governmental activities as follows:

General government support	\$ 1,377,850
Police department	906,494
Fire department	1,550,975
Other public safety	5,828
Transportation	10,526,086
Culture and recreation	1,338,362
Home and community services	644,887
Education	5,229,277
School food service	<u>16,539</u>
	<u>\$ 21,596,298</u>

4. CAPITAL ASSETS AND DEPRECIATION (Continued)

<u>Business-type activities</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at June 30, 2014</u>
Not being depreciated:				
Land	\$ 6,955,313	\$ 27,991	\$ -	\$ 6,983,304
Construction in progress	<u>23,275,235</u>	<u>21,345,914</u>	<u>17,971,726</u>	<u>26,649,423</u>
Subtotal	<u>30,230,548</u>	<u>21,373,905</u>	<u>17,971,726</u>	<u>33,632,727</u>
Other capital assets:				
Buildings	170,102,790	10,631,549	-	180,734,339
Machinery and equipment	24,810,104	1,036,927	17,421,077	8,425,954
Improvements/infrastructure	<u>261,171,109</u>	<u>6,477,679</u>	<u>-</u>	<u>267,648,788</u>
Subtotal	<u>456,084,003</u>	<u>18,146,155</u>	<u>17,421,077</u>	<u>456,809,081</u>
Total capital assets	<u>486,314,551</u>	<u>39,520,060</u>	<u>35,392,803</u>	<u>490,441,808</u>
Accumulated depreciation:				
Buildings	93,493,488	3,656,652	-	97,150,140
Machinery and equipment	20,803,216	1,033,490	15,293,560	6,543,146
Improvements/infrastructure	<u>115,569,756</u>	<u>8,032,962</u>	<u>-</u>	<u>123,602,718</u>
Total	<u>229,866,460</u>	<u>12,723,104</u>	<u>15,293,560</u>	<u>227,296,004</u>
Net capital assets – business-type activities	<u>\$256,448,091</u>	<u>\$ 26,796,956</u>	<u>\$ 20,099,243</u>	<u>\$ 263,145,804</u>

Depreciation was charged to business-type activities as follows:

Aviation	\$ 9,658,722
Water	2,467,170
Sewer	<u>597,212</u>
	<u>\$ 12,723,104</u>

5. 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 1.00% to 6.37% with maturity dates through June 30, 2040.

During the year ended June 30, 2014, the City issued general obligation bonds of \$20,767,110. Of this amount, \$9,903,000 was used for capital projects, \$2,220,000 was used to finance water and sewer fund projects, and \$8,644,110 was used to finance general fund expenditures, of which approximately \$8,300,000 was used to settle a lawsuit.

5. CAPITAL INDEBTEDNESS (Continued)

General Obligations Bonds Payable (Continued)

On May 15, 2014 the City issued \$20,885,000 in general obligation bonds with an average interest rate of 1.69% to advance refund \$22,285,000 of outstanding 2003A and 2004E series bonds with an average interest rate of 4.02%. The net proceeds of \$22,729,842 (including a premium of \$1,844,843) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the City's financial statements. This refunding decreases total debt service payments for the next 11 years by \$1,849,306 resulting in an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$1,640,655.

5. CAPITAL INDEBTEDNESS (Continued)

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2014:

<u>Governmental activities</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>	<u>Amount due within one year</u>
Bonds payable:					
General obligation and school facility revenue bonds payable	\$ 294,258,795	\$ 38,381,685	\$ 49,234,110	\$ 283,406,370	\$ 30,959,105
Premium on bonds payable	4,907,314	1,771,715	464,953	6,214,076	464,953
Discount on bonds payable	<u>(416,554)</u>	<u>-</u>	<u>(188,807)</u>	<u>(227,747)</u>	<u>(188,807)</u>
Total bonds payable	<u>298,749,555</u>	<u>40,153,400</u>	<u>49,510,256</u>	<u>289,392,699</u>	<u>31,235,251</u>
Other liabilities:					
Amount due to retirement systems	33,639,747	64,004,078	58,458,478	39,185,347	34,141,320
Accrued compensated absences	22,507,641	13,910,999	14,104,897	22,313,743	7,238,442
Self-insurance claims	45,336,022	104,875,214	101,277,158	48,934,078	13,069,722
Other postemployment benefits	582,505,232	118,873,893	39,708,989	661,670,136	-
Judgments and claims	10,068,000	8,789,170	8,789,170	10,068,000	-
Environmental remediation	16,187,116	-	1,662,569	14,524,547	-
Lottery aid payable	<u>23,116,667</u>	<u>-</u>	<u>1,016,667</u>	<u>22,100,000</u>	<u>1,016,667</u>
Total other liabilities	<u>733,360,425</u>	<u>310,453,354</u>	<u>225,017,928</u>	<u>818,795,851</u>	<u>55,466,151</u>
Governmental activities long- term liabilities	<u>\$1,032,109,980</u>	<u>\$ 350,606,754</u>	<u>\$ 274,528,184</u>	<u>\$1,108,188,550</u>	<u>\$ 86,701,402</u>

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the Debt Service Fund with the exception of the bonds issued for the JSCB projects which are paid by the JSCB.

5. CAPITAL INDEBTEDNESS (Continued)

Changes in Long-term Liabilities

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 liabilities for environmental remediation and lottery aid payable will be liquidated by the City School District.

Long-term liability activity for business-type activities for the year ended June 30, 2014:

<u>Business-type activities</u>	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>	<u>Amount due within one year</u>
Bonds payable:					
General obligation bonds payable	\$ 100,204,688	\$ 3,270,425	\$ 9,256,602	\$ 94,218,511	\$ 7,239,899
Construction bonds payable	35,320,000	-	1,265,000	34,055,000	1,290,000
Premium on bonds payable	310,142	328,191	27,631	610,702	49,877
Discount on bonds payable	<u>(716,440)</u>	<u>-</u>	<u>(116,125)</u>	<u>(600,315)</u>	<u>(76,782)</u>
Total bonds payable	<u>135,118,390</u>	<u>3,598,616</u>	<u>10,433,108</u>	<u>128,283,898</u>	<u>8,502,994</u>
Other liabilities:					
Capital lease obligation	107,667	-	107,667	-	-
Amount due to retirement systems	1,295,753	2,502,540	2,627,435	1,170,858	810,446
Accrued compensated absences	642,743	450,000	436,378	656,365	293,593
Self-insurance claims	1,731,249	4,701,969	4,174,138	2,259,080	1,231,089
Other postemployment benefits	<u>24,715,000</u>	<u>4,345,525</u>	<u>1,890,525</u>	<u>27,170,000</u>	<u>-</u>
Total other liabilities	<u>28,492,412</u>	<u>12,000,034</u>	<u>9,236,143</u>	<u>31,256,303</u>	<u>2,335,128</u>
Business-type activities long-term liabilities	<u>\$ 163,610,802</u>	<u>\$ 15,598,650</u>	<u>\$ 19,669,251</u>	<u>\$ 159,540,201</u>	<u>\$ 10,838,122</u>

Construction Bonds Payable

The State made available to the City subsidized bonds from the New York State Environmental Facilities Corporation in the amount of \$40,000,000. These bonds were issued to finance water fund projects. Interest rates range from .84% to 4.605% with maturity dates through October 2039. A portion of the interest is subsidized by the New York State Environmental Facilities Corporation.

5. CAPITAL INDEBTEDNESS (Continued)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2014, amounts due to service general obligation, school facility revenue bonds payable and construction bonds, principal and interest in future years, are as follows:

Year ending <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2015	\$ 30,959,105	\$ 11,455,477	\$ 8,529,899	\$ 4,676,368	\$ 55,620,849
2016	26,319,798	10,768,620	8,007,308	4,454,910	49,550,636
2017	26,849,923	9,788,835	7,765,074	4,201,154	48,604,986
2018	26,078,511	8,704,335	5,896,490	3,938,776	44,618,112
2019	23,860,702	7,588,868	5,614,301	3,744,284	40,808,155
2020-2024	96,611,090	24,437,939	28,028,907	15,823,863	164,901,799
2025-2029	49,107,843	7,201,577	24,216,158	11,276,714	91,802,292
2030-2034	3,619,398	242,573	23,240,374	6,676,878	33,779,223
2035-2039	-	-	15,520,000	1,800,649	17,320,649
2040	-	-	1,455,000	33,501	1,488,501
	<u>\$ 283,406,370</u>	<u>\$ 80,188,224</u>	<u>\$ 128,273,511</u>	<u>\$ 56,627,097</u>	<u>\$ 548,495,202</u>

Short-Term Debt

Revenue 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 notes represent a liability that will be extinguished by the use of expendable, available resources of the fund.

Bond Anticipation Notes Payable

For governmental and business-type funds, notes issued in anticipation of proceeds from the subsequent sale of serial bonds are recorded as a 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.

Short-term debt activity for the year ended June 30, 2014:

	<u>Balance at June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2014</u>
Governmental activities:				
Revenue anticipation notes	\$ -	\$ 80,400,000	\$ 80,400,000	\$ -
Bond anticipation notes	-	2,000,000	-	2,000,000
Total	<u>\$ -</u>	<u>\$ 82,400,000</u>	<u>\$ 80,400,000</u>	<u>\$ 2,000,000</u>

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2014 were approximately \$835,600. The minimum future non-cancelable operating lease payments as of June 30, 2014 were as follows:

2015	\$	705,404
2016		488,416
2017		350,830
2018		202,342
2019		<u>144,826</u>
	\$	<u>1,891,818</u>

The City leases a parking garage from a component unit. In addition, the City leases property from an unrelated entity. Total rental expenditures on these leases for the fiscal year ended June 30, 2014 were approximately \$407,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2014:

2015	\$	250,175
2016		242,825
2017		237,920
2018		<u>242,237</u>
	\$	<u>973,157</u>

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages, which are fully depreciated, cost approximately \$61,800,000 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2014 under non-cancelable operating leases were as follows:

2015	\$	735,300
2016		443,100
2017		328,260
2018		327,600
2019		327,600
2020-2024		1,638,000
2025-2029		1,638,000
2030-2031		<u>873,600</u>
	\$	<u>6,311,460</u>

The City entered into a lease agreement with the Syracuse Regional Airport Authority, a discretely presented component unit, commencing on March 1, 2014 which is effective for an initial term of forty (40) years. See Note 11 related to the transfer of operations of the Syracuse Hancock International Airport (the Airport).

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS (Continued)

The lease agreement gives the Authority the exclusive right to operate, maintain and improve the Airport subject to certain restrictions and conditions. The renewals of the lease term are automatic for additional ten year terms. The City retains physical ownership of the current and future land, buildings and improvements of the Airport made by or on behalf of the Authority. The City recorded approximately \$3.9 million in nonoperating revenue from capital contributions during the year ended June 30, 2014. Upon termination or expiration of the lease agreement, the City is required to take all necessary actions to secure an Airport Operating Certificate from the Federal Aviation Administration in a timely fashion to ensure there is no interruption in Airport operations.

The land, buildings and improvements cost approximately \$349,500,000 with accumulated depreciation of approximately \$199,500,000 and are included in the business-type activities. The Authority is required to make rental payments to the City equal to the principal and interest due on Airport-related debt issued by the City. These rental payments totaled \$2,134,190 during the year ended June 30, 2014. Future minimum lease payments due to the City as of June 30, 2014 under this operating lease are as follows:

2015	\$ 6,510,643
2016	6,079,185
2017	5,574,450
2018	3,464,050
2019	3,336,250
2020-2024	16,314,395
2025-2029	15,234,196
2030-2034	15,243,951
2035-2037	<u>9,146,375</u>
	<u>\$ 80,903,495</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, most 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, is 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 interfund receivables and payables at June 30, 2014:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,230,162	\$ -
Special Revenue City School District	57,198,948	12,097,129
Capital Projects Fund	3,216,463	-
Proprietary Funds:		
Aviation	-	1,378,340
Water	-	14,896
Sewer	-	3,162
Nonmajor Governmental Funds:		
Debt Service	2,611,687	-
Special Grants	-	1,172,077
Oil and Flushing	-	19,564
SURA	104,469	537,643
Neighborhood and Business Development	-	208,949
Joint Schools Construction Board	2,011,340	1,116,147
School Food Service	6,891,503	-
Fiduciary	<u>154,805</u>	<u>58,871,470</u>
	<u>\$ 75,419,377</u>	<u>\$ 75,419,377</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2014:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,935,600	\$ -
Capital Projects Fund	-	212,250
Nonmajor Governmental Funds:		
Local Development	1,672,358	-
SURA	52,342	-
Neighborhood and Business Development	347,882	13,059
Aviation Fund	1,378,340	-
Component Units:		
SIDA	5,178,467	2,064,592
SEDCO	13,059	9,122,057
Authority	<u>212,250</u>	<u>1,378,340</u>
	<u>\$ 12,790,298</u>	<u>\$ 12,790,298</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Receivables and Payables (Continued)

The amounts receivable and payable above are as of June 30, 2014. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2013. The interfund receivables and payables differences relating to the component units result from loans 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 are routine in nature. Transfers are as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 2,825,000	\$ 19,848,056
Capital Projects Fund	4,604,395	1,040,825
Special Revenue Funds:		
City School District	6,856,642	17,641,855
Oil and Flushing	-	192,885
School Food Service Fund	-	481,093
Debt Service Fund	27,743,677	-
Proprietary Funds:		
Water	-	2,300,000
Sewer	-	525,000
	<u>\$ 42,029,714</u>	<u>\$ 42,029,714</u>

8. RETIREMENT PLANS

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, 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.

8. RETIREMENT PLANS (Continued)

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 ERS after July 26, 1976, or the TRS after June 26, 1976, who contribute 3% of their salary during the first 10 years of service. For employees who joined after January 1, 2010, employees in NYSERS and PFRS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees who joined on or after April 1, 2012, employees contribute 3% to 6% of their salary depending on the amount of their salary throughout their active membership. 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, Office of the State Comptroller, 110 State Street, 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 at a rate determined actuarially by the retirement systems. The City contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and the two preceding years were:

	<u>TRS</u>		<u>ERS</u>		<u>PFRS</u>	
June 30, 2014	\$	27,028,214	\$	13,883,984	\$	19,485,404
June 30, 2013	\$	19,677,719	\$	14,391,433	\$	19,402,089
June 30, 2012	\$	21,252,794	\$	12,802,192	\$	14,560,983

9. 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. 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.

9. SELF INSURANCE (Continued)

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 5, 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.

10. OTHER POSTEMPLOYMENT BENEFITS

Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB) requires the City to calculate and record a net other postemployment benefit obligation at year-end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contribution made.

Plan Description

The City provides OPEB to its employees under a single-employer, self-insured benefit plan. The plan provides medical and prescription drug coverage to retirees and their covered dependents. Benefit provisions are established and amended through negotiations between the City and the respective unions. The financial information for the City's plan is contained solely within these basic financial statements.

Funding Policy

The contribution requirements of the plan members and the City are established on an annual premium equivalent rate calculated by a third party administrator based on a projected pay-as-you-go financing requirement. For the year ended June 30, 2014, the City contributed approximately \$19,200,000 for the total cost of the plan net of retiree contributions of approximately \$2,200,000. The District contributed approximately \$22,400,000 net of retiree contributions of approximately \$1,600,000.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the City's and District's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City and District's net OPEB obligation.

	<u>City</u>	<u>District</u>
Annual required contribution	\$ 50,509,921	\$ 83,536,185
Interest on net OPEB obligation	10,938,081	13,350,733
Adjustment to annual required contribution	<u>(15,813,646)</u>	<u>(19,301,856)</u>
Annual OPEB cost (expense)	45,634,356	77,585,062
Contributions made	<u>(19,188,056)</u>	<u>(22,411,458)</u>
Increase in net OPEB obligation	26,446,300	55,173,604
Net OPEB obligation - Beginning of Year	<u>273,451,900</u>	<u>333,768,332</u>
Net OPEB obligation - End of Year	<u>\$ 299,898,200</u>	<u>\$ 388,941,936</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 82,403,445	25.93%	\$ 268,899,451
June 30, 2013	\$ 86,321,574	24.85%	\$ 333,768,332
June 30, 2014	\$ 77,585,062	28.89%	\$ 388,941,936

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 74,982,712	28.7%	\$ 217,110,700
June 30, 2013	\$ 77,545,897	27.3%	\$ 273,451,900
June 30, 2014	\$ 45,634,356	42.05%	\$ 299,898,200

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$926,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$201,000,000 and the ratio of the liability to the covered payroll was 461%.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress (Continued)

As of July 1, 2013, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately \$567,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$111,000,000 and the ratio of the liability to the covered payroll was 509%.

Actuarial valuations of an ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statement, present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recent actuarial valuations the Projected Unit Credit Cost Method was used for both the City and the District. The actuarial assumptions include a 4% investment rate of return for both the City and the District, which is based on the portfolio of the City and District's general assets used to pay for these benefits. For the City, the annual prescription cost trend is 6.75%, decreasing to 5% for all benefits after 2024. The medical cost trend is 7.5% and 6% for pre-65 and post-65 individuals, respectively. Both rates decrease to 5% after 2024. For the District, the annual health care cost trend rate of 7.5% is used initially, decreasing to 5.00% after eight years for Pre-65 individuals and 6.75% initially, decreasing to 5.00% for Post-65 individuals after eight years. For the City, the prescription cost trend begins at 7.00% initially and decreases to 5.00% after ten years. For the District, the prescription cost trend begins at 6.75% initially and decreases to 5.00% after eight years. Both rates include an inflation assumption of 2.50% for the City and the District. The UAAL is being amortized based on a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2014 was thirty years.

11. DISPOSAL OF OPERATIONS

Effective March 1, 2014, the City transferred responsibility for the operation of the Syracuse Hancock International Airport to the Syracuse Regional Airport Authority, a discretely presented component unit, represented by the agreements discussed below. The United States Department of Transportation Federal Aviation Administration approved this transfer effective March 1, 2014. The Authority, as operator of the Airport, shall have the sole right and responsibility to establish Airport policies and plans, adopt all Airport budgets, determine levels of operational service, and set fees, rates and charges.

11. DISPOSAL OF OPERATIONS (Continued)

The City signed a non-cancellable lease agreement (lease agreement) with the Authority which is effective March 1, 2014, for an initial period of forty (40) years, and renewals of the lease term are automatic for additional ten year terms as discussed in Note 6. Per the lease agreement, the Authority will lease all premises that comprise the Airport, and will maintain, repair and operate the Airport, at its own cost and expense. All land acquired and improvements made by or on behalf of the Authority to the Airport during the term of the agreement shall be deemed property of the City, and title shall vest in the City upon acquisition or completion of the project in which improvements are made.

The City appropriated \$3,931,055 from the Aviation Enterprise Fund to the Syracuse Regional Airport Authority for the fiscal year ended June 30, 2014. This is included in the operating expenses of the Aviation Enterprise Fund as a contractual expense.

The City signed an assignment and assumption agreement with the Authority which is effective March 1, 2014, transferring the City's interests to the Authority all outstanding grant agreements related to the Airport with the United States Department of Transportation, the New York State Department of Transportation, the New York Air National Guard, the Department of Homeland Security Transportation Security Administration and the Federal Aviation Administration Passenger Facility Charge Records of Decision. The City also transferred substantially all of the assets and liabilities of its Aviation Enterprise Fund to the Authority which included cash, receivables, equipment and personal property and contractual liabilities payable by the Aviation Enterprise Fund. Excluded from the transfer is the real property that comprises the Airport, cash that represents unexpended bond proceeds and the bonds payable.

The City signed a services agreement with the Authority which is effective March 1, 2014, which allows the City to continue to perform services that have been rendered by employees of the City's Department of Aviation, most of whom are represented by a union for purpose of collective bargaining unit, for an initial period of ten (10) fiscal years beginning June 30, 2014 and two (2) successive five (5) fiscal years (July 1 to June 30). The services agreement also allows the City to continue to make certain expenditures that are necessary and appropriate for the operation of the Airport. The City recognized \$2,521,917 as expense reimbursement income included in operating revenues for the year ended June 30, 2014 related to this agreement.

The City's disposal of the Airport's operations is recorded in accordance with GASB Statement No. 69 - *Government Combinations and Disposals of Government Operations* and a special item has been recognized as of and for the year ended June 30, 2014.

As a result of the transfer of the Airport's operations, the City recognized a net loss of \$39,518,017 as a special item.

The City's expenditures related to its Airport operations prior to March 1, 2014 totaled approximately \$22,771,000. The City's revenues associated with the Airport operations prior to March 1, 2014, consisting of both operating and non-operating, totaled approximately \$23,684,000. Expenditures and revenues of the City's Airport operations are included in the Department of Aviation Fund.

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 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 potential liability relating to this contingency is not determinable at June 30, 2014.

The District has a potential liability for the overbilling of tuition to other districts for students in attendance at Elmcrest Children's Center. It is uncertain if the districts involved are entitled to or will seek restitution. As such any potential liability relating to this contingency cannot be determined at June 30, 2014.

The City and the District have received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the City's administration believes disallowances, if any, will either be immaterial or cannot be reasonably estimated.

SIDA has HUD-108 loans payable amounting to \$1,383,000. These loans bear interest at rates varying from .3 to 5.8%. The following is a schedule of annual principal payments due on the HUD-108 loans outstanding on SIDA's statement of net assets at December 31, 2013:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 277,000	\$ 16,177	\$ 293,177
2015	283,000	14,991	297,991
2016	324,000	13,605	337,605
2017	148,000	11,345	159,345
2018	154,000	8,911	162,911
2019-2021	<u>197,000</u>	<u>8,968</u>	<u>205,968</u>
	<u>\$ 1,383,000</u>	<u>\$ 73,997</u>	<u>\$ 1,456,997</u>

In 1996, 2000, 2001, 2002, 2004, 2006 and 2008 SIDA restructured its HUD-108 payments, resulting in the spreading of those payments to future years. In 1996, SIDA's HUD-108 program was restructured with JP Morgan Chase Bank. Under the terms of the restructuring, the bank received a guarantee from HUD, and SIDA and the City of Syracuse pledged current and future grants under Sections 106 or 108(q) of Title I of the Housing and Community Development Act of 1994 (as amended) as security for repayment of the loans. The primary grant available to meet this obligation is the annual Community Development Block Grant received by the City of Syracuse. SIDA's ability to repay the HUD-108 loans is dependent on future cash flows of SIDA and future allocations of Community Development Block Grant funds. For the years 2007 and 2006, SIDA used \$855,000 and \$1,244,000, respectively, in Community Development Block Grant funds to provide the resources needed to repay its HUD-108 obligations. For 2008, 2009, 2010 and 2011, SIDA received no allocation from Community Development Block Grant funds. During 2011, SIDA issued bonds in the amount of \$800,000 to refund outstanding serial bonds Series 2001-A. This refunding extended the maturity date by seven years.

13. ENVIRONMENTAL REMEDIATION

Asbestos remediation obligations related to school district buildings have been recognized at June 30, 2014. The estimated liability at June 30, 2014 is based on management's estimated cost to perform remediation. There is potential for changes due to price increase or technology advancements.

14. TERMINATION BENEFITS OBLIGATED DURING THE YEAR

During the year ended June 30, 2014, the cost of termination benefits was \$2,507,500 for 235 District employees who agreed to retire under the terms of the retirement incentive offered during the current year. A number of employees were provided notification for retirement incentives that included an option for a cash payment or a contribution to the employee's New York State 403(b) Retirement. Cash payment incentives were paid on March 15, 2014 and March 31, 2014. Contributions to the New York State 403(b) Retirement Plan were not made until subsequent to June 30, 2014 and thus accrued for in compensated absences in the amount of \$1,444,276.

15. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENTS

City School District:

Prior to the fiscal year ending June 30, 2014, the School Food Service Fund was accounted for and reported as an enterprise fund. It was the District's intention to fund the total fund's expenditures through fees charged to external users for goods and/or services. Over the previous several years, operating revenue has been mostly comprised of federal sources rather than fees charged to third parties. As a result, the School Food Service Fund is no longer able to be self-sufficient. For the year ending June 30, 2014, the School Food Service Fund has been reclassified as a non-major special revenue fund and fund balance and net position have been restated as of July 1, 2013.

The effect of reclassification on the previously reported fund balance, net position as well as the restated fund balance, net position is as follows:

	Business-Type Activities	Governmental Activities	School Food Service Fund (Governmental Fund)
Net Position/Fund Balance Previously Reported - June 30, 2013	\$ (1,327,908)	\$ (309,727,218)	\$ -
Capital assets, net of accumulated depreciation	(7,175)	7,175	-
Due to retirement systems	385,069	(385,069)	-
Self-insured employee health plan claims	9,649	(9,649)	-
Self-insured workers' compensation claims	649,933	(649,933)	-
Compensated absences	179,512	(179,512)	-
Other postemployment benefits	5,544,554	(5,544,554)	-
Net Position/Fund Balance adjustment	<u>(5,433,634)</u>	<u>5,433,634</u>	<u>5,433,634</u>
Net Position/Fund Balance as Restated - July 1, 2013	\$ <u>-</u>	\$ <u>(311,055,126)</u>	\$ <u>5,433,634</u>

15. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENTS (Continued)

City of Syracuse:

With the implementation of GABS No. 65, deferred bond issuance costs, recorded as assets in the proprietary statement of net position and government wide business type activities, should be recognized as an expense in the period incurred. Current year issuance costs of \$361,129 have been expensed in the year ending June 30, 2014. This change in accounting principle resulted in a restatement of beginning net position. Beginning net position of the proprietary funds and business type activities was reduced by \$1,432,503.

16. SUBSEQUENT EVENTS

The following event occurred subsequent to the fiscal year ended June 30, 2014:

On November 4, 2014, the City issued \$35,144,000 in Revenue Anticipation Notes at 0.66% maturing on June 30, 2015 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the District. The request was approved by the City of Syracuse, New York Common Council on September 15, 2014.

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>General Fund</u>			Variance
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
REVENUES:				
General property taxes and tax items	\$ 36,303,857	\$ 36,303,857	\$ 37,031,099	\$ 727,242
Sales tax and use taxes	79,649,000	79,649,000	78,953,739	(695,261)
Other local taxes	3,631,000	3,631,000	3,579,337	(51,663)
Departmental revenues	10,522,085	10,592,613	10,681,000	88,387
Intergovernmental charges	394,800	394,800	367,788	(27,012)
Licenses and permits	2,468,390	2,468,390	2,343,925	(124,465)
Fines and forfeitures	3,370,500	3,370,500	3,128,441	(242,059)
Sale of property and compensation for loss	540,700	540,700	550,616	9,916
Use of money and property	196,000	196,000	213,681	17,681
Federal and state aid and other grants	78,982,694	79,232,694	78,859,170	(373,524)
Other revenues	<u>5,713,500</u>	<u>5,713,500</u>	<u>6,256,145</u>	<u>542,645</u>
Total revenues	<u>221,772,526</u>	<u>222,093,054</u>	<u>221,964,941</u>	<u>(128,113)</u>
EXPENDITURES:				
Current:				
General government support	27,978,374	30,854,826	28,295,801	2,559,025
Public safety	143,597,599	143,632,724	136,076,515	7,556,209
Transportation	22,982,906	31,686,589	29,928,361	1,758,228
Home and community services	14,983,294	13,423,967	12,861,302	562,665
Culture and recreation	11,735,683	11,759,807	10,073,349	1,686,458
Interest on debt	<u>325,000</u>	<u>325,000</u>	<u>110,733</u>	<u>214,267</u>
Total expenditures	<u>221,602,856</u>	<u>231,682,913</u>	<u>217,346,061</u>	<u>14,336,852</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>169,670</u>	<u>(9,589,859)</u>	<u>4,618,880</u>	<u>14,208,739</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	8,335,000	8,644,110	309,110
Operating transfers in	2,825,000	2,825,000	2,825,000	-
Operating transfers out	<u>(20,994,670)</u>	<u>(20,994,670)</u>	<u>(19,848,056)</u>	<u>1,146,614</u>
Total other financing uses - net	<u>(18,169,670)</u>	<u>(9,834,670)</u>	<u>(8,378,946)</u>	<u>1,455,724</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (18,000,000)</u>	<u>\$ (19,424,529)</u>	<u>(3,760,066)</u>	<u>\$ 15,664,463</u>
EFFECT OF ENCUMBRANCES			<u>160,961</u>	
CHANGE IN FUND BALANCE			<u>\$ (3,599,105)</u>	

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2014**

	Special Revenue Fund - City School District		Actual Total CSD	Less: Actual CSD Special Aid Fund	Actual CSD - General Fund	Variance Favorable (Unfavorable)
	Original Budget	Final Budget				
REVENUES:						
General property taxes and tax items	\$ 57,437,912	\$ 57,437,912	\$ 56,860,124	\$ -	\$ 56,860,124	\$ (577,788)
Sales tax and use taxes	1,000,000	1,000,000	1,226,514	-	1,226,514	226,514
Sale of property and compensation for loss	27,100	27,100	61,123	-	61,123	34,023
Use of money and property	481,000	481,000	234,291	-	234,291	(246,709)
Federal and state aid and other grants	295,550,026	295,550,026	370,304,555	74,289,668	296,014,887	464,861
Other revenues	<u>1,173,000</u>	<u>1,173,000</u>	<u>889,257</u>	<u>-</u>	<u>889,257</u>	<u>(283,743)</u>
Total revenues	<u>355,669,038</u>	<u>355,669,038</u>	<u>429,575,864</u>	<u>74,289,668</u>	<u>355,286,196</u>	<u>(382,842)</u>
EXPENDITURES:						
Current:						
General government support	50,044,625	50,044,625	50,112,469	-	50,112,469	(67,844)
Home and community services	-	-	1,828,758	1,828,758	-	-
Education	288,658,218	288,658,218	342,510,765	73,580,493	268,930,272	19,727,946
Pass-through New York State funding to JSCB	11,704,882	11,704,882	11,119,581	-	11,119,581	585,301
Interest on debt	<u>700,000</u>	<u>700,000</u>	<u>309,395</u>	<u>-</u>	<u>309,395</u>	<u>390,605</u>
Total expenditures	<u>351,107,725</u>	<u>351,107,725</u>	<u>405,880,968</u>	<u>75,409,251</u>	<u>330,471,717</u>	<u>20,636,008</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,561,313</u>	<u>4,561,313</u>	<u>23,694,896</u>	<u>(1,119,583)</u>	<u>24,814,479</u>	<u>20,253,166</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	1,750,000	1,750,000	6,713,164	3,770,490	2,942,674	1,192,674
Operating transfers out	<u>(14,311,313)</u>	<u>(14,311,313)</u>	<u>(17,641,855)</u>	<u>(2,461,581)</u>	<u>(15,180,274)</u>	<u>(868,961)</u>
Total other financing uses - net	<u>(12,561,313)</u>	<u>(12,561,313)</u>	<u>(10,928,691)</u>	<u>1,308,909</u>	<u>(12,237,600)</u>	<u>323,713</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (8,000,000)</u>	<u>\$ (8,000,000)</u>	<u>12,766,205</u>	<u>\$ 189,326</u>	<u>\$ 12,576,879</u>	<u>\$ 20,576,879</u>
EFFECT OF ENCUMBRANCES			<u>3,129,887</u>			
CHANGE IN FUND BALANCE			<u>\$ 15,896,092</u>			

City of Syracuse, New York

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS FOR THE YEAR ENDED JUNE 30, 2014

For the year ended June 30, 2014:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
City School District	07/01/13	\$ -	\$ 926,483,090	\$ 926,483,090	0.0%	\$201,000,000	461%
City	07/01/13	\$ -	\$ 566,916,111	\$ 566,916,111	0.0%	\$111,400,000	509%
		\$ -	\$ 1,493,399,201	\$ 1,493,399,201		\$312,400,000	

For the year ended June 30, 2013:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
City School District	07/01/12	\$ -	\$ 896,672,270	\$ 896,672,270	0.0%	\$197,000,000	454%
City	07/01/12	\$ -	\$ 932,523,611	\$ 932,523,611	0.0%	\$111,200,000	836%
		\$ -	\$ 1,829,195,881	\$ 1,829,195,881		\$308,500,000	

For the year ended June 30, 2012:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAAL as a % of Covered Payroll
City School District	07/01/11	\$ -	\$ 885,412,485	\$ 885,412,485	0.0%	\$220,000,000	399%
City	07/01/11	\$ -	\$ 849,553,980	\$ 849,553,980	0.0%	\$115,200,000	773%
		\$ -	\$ 1,734,966,465	\$ 1,734,966,465		\$335,200,000	

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2014**

	<u>City School District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled cash and cash equivalents	\$ -	\$ 13,821,425	\$ 13,821,425
Pooled restricted cash and cash equivalents	-	11,162,455	11,162,455
Accounts receivable	-	725,644	725,644
Due from other funds	2,596,810	-	2,596,810
Due from agency funds	619,653	-	619,653
Due from other governments	<u>-</u>	<u>6,214,165</u>	<u>6,214,165</u>
 Total assets	 <u>\$ 3,216,463</u>	 <u>\$ 31,923,689</u>	 <u>\$ 35,140,152</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 54,373	\$ 4,983,132	\$ 5,037,505
Due to component units	-	212,250	212,250
Other liabilities	<u>-</u>	<u>1,486,689</u>	<u>1,486,689</u>
 Total liabilities	 <u>54,373</u>	 <u>6,682,071</u>	 <u>6,736,444</u>
FUND BALANCES:			
Restricted	3,162,090	11,162,455	14,324,545
Committed	<u>-</u>	<u>14,079,163</u>	<u>14,079,163</u>
 Total fund balance	 <u>3,162,090</u>	 <u>25,241,618</u>	 <u>28,403,708</u>
 Total liabilities and fund balance	 <u>\$ 3,216,463</u>	 <u>\$ 31,923,689</u>	 <u>\$ 35,140,152</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Use of money and property	\$ -	\$ 13,649	\$ 13,649
Federal and state aid and other grants	368,602	7,971,711	8,340,313
Other revenues	<u>-</u>	<u>2,461,897</u>	<u>2,461,897</u>
Total revenues	<u>368,602</u>	<u>10,447,257</u>	<u>10,815,859</u>
EXPENDITURES:			
Capital outlays	<u>583,943</u>	<u>18,796,509</u>	<u>19,380,452</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(215,341)</u>	<u>(8,349,252)</u>	<u>(8,564,593)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	9,903,000	9,903,000
Operating transfers in	750,000	3,854,395	4,604,395
Operating transfers out	<u>(520,607)</u>	<u>(520,218)</u>	<u>(1,040,825)</u>
Total other financing sources - net	<u>229,393</u>	<u>13,237,177</u>	<u>13,466,570</u>
CHANGES IN FUND BALANCE	14,052	4,887,925	4,901,977
FUND BALANCES - beginning of year	<u>3,148,038</u>	<u>20,353,693</u>	<u>23,501,731</u>
FUND BALANCES - end of year	<u>\$ 3,162,090</u>	<u>\$ 25,241,618</u>	<u>\$ 28,403,708</u>

CITY OF SYRACUSE, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Debt Service (Combined)	Special Revenue							Permanent Funds (Combined)	Joint Schools Construction Board	Total Nonmajor Governmental Funds	
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	Neighborhood & Business Development	School Food Service				Miscellaneous Trusts
ASSETS												
Pooled cash and cash equivalents	\$ -	\$ -	\$ 476,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 476,239
Pooled restricted cash and cash equivalents	4,366,636	193,798	-	-	-	-	-	-	1,394,789	10,000	-	5,965,223
Cash and cash equivalents	-	-	-	-	-	773,019	-	-	-	-	-	773,019
Restricted cash	-	-	-	-	-	1,430,662	-	-	-	16,970	9,507,694	12,963,317
Loans receivable	-	-	-	-	-	-	8,635,291	-	-	-	-	8,635,291
Accounts receivable	4,370,556	-	3,138	-	-	-	9,318	34,463	-	-	24,903	4,442,378
Taxes receivable (net allowance of \$260,146)	-	-	51,283	-	-	-	-	-	-	-	-	51,283
Due from other funds	2,611,687	-	-	-	104,469	-	-	6,891,503	-	-	2,011,340	11,618,999
Due from other governments	-	1,332,506	-	-	-	-	1,536,688	1,204,564	-	-	-	4,073,758
Inventory	-	-	-	-	-	-	-	240,519	-	-	-	240,519
Due from component units (net of allowance of \$1,672,358)	-	-	-	-	-	52,342	347,882	-	-	-	-	400,224
Other assets	-	-	-	-	-	22,953	-	-	-	-	-	22,953
Total assets	\$ 11,348,879	\$ 1,526,304	\$ 530,660	\$ -	\$ -	\$ 2,383,445	\$ 12,537,170	\$ 8,371,049	\$ 1,394,789	\$ 26,970	\$ 11,543,937	\$ 49,663,203
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued expenses	\$ -	\$ 170,161	\$ -	\$ -	\$ 20,570	\$ 555,283	\$ 3,255,896	\$ 520,470	\$ 8,529	\$ -	\$ 2,694,560	\$ 7,225,469
Due to other funds	-	1,172,077	-	-	19,564	537,643	208,949	-	-	-	1,116,147	3,054,380
Due to component units	-	-	-	-	-	-	13,059	-	-	-	-	13,059
Due to other governments	-	-	-	-	-	-	54,074	3,034	-	-	-	57,108
Bond anticipation note	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Unearned revenue	-	184,066	-	-	-	1,188,713	78,775	-	-	-	-	1,451,554
Loans payable	-	-	-	-	-	-	8,926,417	-	-	-	-	8,926,417
Total liabilities	-	1,526,304	-	-	40,134	2,281,639	12,537,170	523,504	8,529	-	5,810,707	22,727,987
Deferred inflow of resources/Unavailable revenue	4,370,556	-	40,285	-	-	-	-	-	-	-	-	4,410,841
Fund Balances:												
Nonspendable	-	-	-	-	-	-	-	240,519	-	26,970	-	267,489
Restricted	6,978,323	-	-	-	-	1,430,662	-	1,845,141	1,386,260	-	5,733,230	17,373,616
Committed	-	-	490,375	-	-	-	-	-	-	-	-	490,375
Assigned	-	-	-	-	-	-	-	5,761,885	-	-	-	5,761,885
Unrestricted	-	-	-	-	(40,134)	(1,328,856)	-	-	-	-	-	(1,368,990)
Total fund balances	6,978,323	-	490,375	-	(40,134)	101,806	-	7,847,545	1,386,260	26,970	5,733,230	22,524,375
Total liabilities, deferred inflow of resources and fund balance	\$ 11,348,879	\$ 1,526,304	\$ 530,660	\$ -	\$ -	\$ 2,383,445	\$ 12,537,170	\$ 8,371,049	\$ 1,394,789	\$ 26,970	\$ 11,543,937	\$ 49,663,203

CITY OF SYRACUSE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Debt Service (Combined)	Special Revenue							Permanent Funds (Combined)	Joint School Construction Board	Total Nonmajor Governmental Funds	
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	Neighborhood & Business Development	School Food Service				Miscellaneous Trusts
REVENUES:												
General property taxes and tax items	\$ -	\$ -	\$ 935,164	\$ -	\$ 2,214,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,149,364
Other local taxes	960,501	-	-	-	-	-	-	-	-	-	-	960,501
Sale of property and compensation for loss	-	-	-	-	-	-	-	13,800	-	-	-	13,800
Use of money and property	308,309	-	-	-	-	-	-	40	759	8	-	309,116
Federal and state aid and other grants	-	3,195,760	-	-	-	825,259	8,621,502	12,727,846	-	-	777,287	26,147,654
Pass-through New York State funding from District	-	-	-	-	-	-	-	-	-	-	11,119,581	11,119,581
Surplus food	-	-	-	-	-	-	-	786,873	-	-	-	786,873
Sales-School Food Service Program	-	-	-	-	-	-	-	262,950	-	-	-	262,950
Other revenues	-	15,749	-	-	189,158	2,922	-	592,638	-	-	-	800,467
Total revenues	1,268,810	3,211,509	935,164	-	2,214,200	1,014,417	8,624,424	13,777,709	607,197	8	11,896,868	43,550,306
EXPENDITURES:												
Current:												
General government support	82,195	34,836	913,962	-	-	-	1,573,535	5,676,118	1,750	-	-	8,282,396
Public safety	-	2,347,782	-	-	-	-	-	-	204,818	-	-	2,552,600
Transportation	-	170,849	-	-	1,831,394	-	-	-	-	-	-	2,002,243
Economic opportunity and development	-	-	-	-	-	1,422,068	192,927	-	-	-	-	1,614,995
Home and community services	-	302,429	-	-	-	-	6,857,962	-	-	-	-	7,160,391
Culture and recreation	-	355,613	-	-	-	-	-	-	33,195	-	-	388,808
Principal debt payments	22,202,966	-	-	-	-	-	-	-	-	-	6,020,000	28,222,966
Interest on debt	7,109,834	-	-	-	-	-	-	-	-	-	5,684,881	12,794,715
Capital outlays	-	-	-	-	-	-	-	-	-	-	10,861,083	10,861,083
Cost of sales- Food Service Program	-	-	-	-	-	-	-	5,206,587	-	-	-	5,206,587
Total expenditures	29,394,995	3,211,509	913,962	-	1,831,394	1,422,068	8,624,424	10,882,705	239,763	-	22,565,964	79,086,784
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(28,126,185)	-	21,202	-	382,806	(407,651)	-	2,895,004	367,434	8	(10,669,096)	(35,536,478)
OTHER FINANCING SOURCES (USES):												
Premium on issuance of bond anticipation note	-	-	-	-	-	-	-	-	-	-	11,340	11,340
Premium on refunding bonds	1,771,715	-	-	-	-	-	-	-	-	-	-	1,771,715
Proceeds of refunding bonds	19,834,575	-	-	-	-	-	-	-	-	-	-	19,834,575
Payment to escrow agent	(21,279,514)	-	-	-	-	-	-	-	-	-	-	(21,279,514)
Operating transfers in	27,743,677	-	-	-	-	-	-	-	-	-	-	27,743,677
Operating transfers out	-	-	-	-	(192,885)	-	-	(481,093)	-	-	-	(673,978)
Total other financing sources (uses)	28,070,453	-	-	-	(192,885)	-	-	(481,093)	-	-	11,340	27,407,815
CHANGES IN FUND BALANCE	(55,732)	-	21,202	-	189,921	(407,651)	-	2,413,911	367,434	8	(10,657,756)	(8,128,663)
FUND BALANCES - beginning of year (as restated)	7,034,055	-	469,173	-	(230,055)	509,457	-	5,433,634	1,018,826	26,962	16,390,986	30,653,038
FUND BALANCES - end of year	\$ 6,978,323	\$ -	\$ 490,375	\$ -	\$ (40,134)	\$ 101,806	\$ -	\$ 7,847,545	\$ 1,386,260	\$ 26,970	\$ 5,733,230	\$ 22,524,375

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - DEBT SERVICE FUND
JUNE 30, 2014**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 4,366,636	\$ 4,366,636
Accounts receivable	-	4,370,556	4,370,556
Due from other funds	<u>2,611,687</u>	<u>-</u>	<u>2,611,687</u>
Total assets	<u>\$ 2,611,687</u>	<u>\$ 8,737,192</u>	<u>\$ 11,348,879</u>
DEFERRED INFLOW OF RESOURCES/ UNAVAILABLE REVENUE	\$ -	\$ 4,370,556	\$ 4,370,556
RESTRICTED FUND BALANCE	<u>2,611,687</u>	<u>4,366,636</u>	<u>6,978,323</u>
Total deferred inflow of resources and fund balance	<u>\$ 2,611,687</u>	<u>\$ 8,737,192</u>	<u>\$ 11,348,879</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Other local taxes	\$ -	\$ 960,501	\$ 960,501
Use of money and property	<u>897</u>	<u>307,412</u>	<u>308,309</u>
Total revenues	<u>897</u>	<u>1,267,913</u>	<u>1,268,810</u>
EXPENDITURES:			
General government support	-	82,195	82,195
Principal debt payments	7,965,551	14,237,415	22,202,966
Interest on debt	<u>2,876,466</u>	<u>4,233,368</u>	<u>7,109,834</u>
Total expenditures	<u>10,842,017</u>	<u>18,552,978</u>	<u>29,394,995</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(10,841,120)	(17,285,065)	(28,126,185)
OTHER FINANCING SOURCES:			
Operating transfers in	11,180,391	16,563,286	27,743,677
Proceeds of refunding bonds	10,265,000	9,569,575	19,834,575
Premium on refunding bonds	1,109,239	662,476	1,771,715
Payment to escrow agent	<u>(11,192,006)</u>	<u>(10,087,508)</u>	<u>(21,279,514)</u>
Total other financing sources	<u>11,362,624</u>	<u>16,707,829</u>	<u>28,070,453</u>
CHANGES IN FUND BALANCE	521,504	(577,236)	(55,732)
FUND BALANCES - beginning of year	<u>2,090,183</u>	<u>4,943,872</u>	<u>7,034,055</u>
FUND BALANCES - end of year	<u>\$ 2,611,687</u>	<u>\$ 4,366,636</u>	<u>\$ 6,978,323</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - MISCELLANEOUS TRUST FUNDS
JUNE 30, 2014**

	<u>Police Trust</u>	<u>Parks Trusts</u>	<u>General Government Trusts</u>	<u>Francis Hendricks</u>	<u>Police State Seizures</u>	<u>Police Federal Seizures</u>	<u>Total City Miscellaneous Trust Funds</u>
ASSETS:							
Pooled restricted cash	\$ 212,500	\$ 76,574	\$ 84,920	\$ 406	\$ 166,123	\$ 854,266	\$ 1,394,789
Total assets	<u>\$ 212,500</u>	<u>\$ 76,574</u>	<u>\$ 84,920</u>	<u>\$ 406</u>	<u>\$ 166,123</u>	<u>\$ 854,266</u>	<u>\$ 1,394,789</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 2,184	\$ 2,070	\$ -	\$ -	\$ 1,685	\$ 2,590	\$ 8,529
Total Liabilities	<u>2,184</u>	<u>2,070</u>	<u>-</u>	<u>-</u>	<u>1,685</u>	<u>2,590</u>	<u>8,529</u>
FUND BALANCES/RESTRICTED	<u>210,316</u>	<u>74,504</u>	<u>84,920</u>	<u>406</u>	<u>164,438</u>	<u>851,676</u>	<u>1,386,260</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 212,500</u>	<u>\$ 76,574</u>	<u>\$ 84,920</u>	<u>\$ 406</u>	<u>\$ 166,123</u>	<u>\$ 854,266</u>	<u>\$ 1,394,789</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Police Trust</u>	<u>Parks Trusts</u>	<u>General Government Trusts</u>	<u>Francis Hendricks</u>	<u>Police State Seizures</u>	<u>Police Federal Seizures</u>	<u>Total City Miscellaneous Trust Funds</u>
REVENUES:							
Sale of property and compensation for loss	\$ -	\$ -	\$ -	\$ -	\$ 3,255	\$ 10,545	\$ 13,800
Use of money and property	-	-	-	2	174	583	759
Other revenues	<u>65,084</u>	<u>29,291</u>	<u>75,000</u>	<u>-</u>	<u>7,350</u>	<u>415,913</u>	<u>592,638</u>
Total revenues	<u>65,084</u>	<u>29,291</u>	<u>75,000</u>	<u>2</u>	<u>10,779</u>	<u>427,041</u>	<u>607,197</u>
EXPENDITURES:							
Current:							
General government support	-	-	1,750	-	-	-	1,750
Public safety	64,676	-	-	-	63,784	76,358	204,818
Culture and recreation	<u>-</u>	<u>33,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,195</u>
Total expenditures	<u>64,676</u>	<u>33,195</u>	<u>1,750</u>	<u>-</u>	<u>63,784</u>	<u>76,358</u>	<u>239,763</u>
CHANGES IN FUND BALANCE	408	(3,904)	73,250	2	(53,005)	350,683	367,434
FUND BALANCES - beginning of year	<u>209,908</u>	<u>78,408</u>	<u>11,670</u>	<u>404</u>	<u>217,443</u>	<u>500,993</u>	<u>1,018,826</u>
FUND BALANCES - end of year	<u>\$ 210,316</u>	<u>\$ 74,504</u>	<u>\$ 84,920</u>	<u>\$ 406</u>	<u>\$ 164,438</u>	<u>\$ 851,676</u>	<u>\$ 1,386,260</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - PERMANENT FUNDS
JUNE 30, 2014**

	<u>City School District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	<u>16,970</u>	<u>-</u>	<u>16,970</u>
Total assets	<u>\$ 16,970</u>	<u>\$ 10,000</u>	<u>\$ 26,970</u>
FUND BALANCES/ Nonspendable	<u>\$ 16,970</u>	<u>\$ 10,000</u>	<u>\$ 26,970</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	City School District	City	Total
REVENUES/Use of money and property	\$ 8	\$ -	\$ 8
EXPENDITURES/general government support	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	8	-	8
FUND BALANCES - beginning of year	<u>16,962</u>	<u>10,000</u>	<u>26,962</u>
FUND BALANCES - end of year	<u>\$ 16,970</u>	<u>\$ 10,000</u>	<u>\$ 26,970</u>