

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF  
THE CITY OF SYRACUSE, NEW YORK)**

**Basic Financial Statements as of  
June 30, 2017  
Together with  
Independent Auditor's Report**

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

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## INDEPENDENT AUDITOR'S REPORT

January 16, 2018

To the Board of Directors  
Syracuse Urban Renewal Agency:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the governmental fund of Syracuse Urban Renewal Agency (SURA), a blended component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SURA's basic financial statements as listed in the table of contents.

### ***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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

(Continued)

## INDEPENDENT AUDITOR'S REPORT (Continued)

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental fund of SURA, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Funding Progress for Other Postemployment Benefits, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions-Pension Plans 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 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2018, on our consideration of the SURA'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SURA's 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 SURA's internal control over financial reporting and compliance.

### **Other Reporting Required by New York State Public Authorities Law**

In accordance with New York State Public Authorities Law, we have also issued our report dated January 16, 2018 on our consideration of SURA's compliance with Section 2925(3)(f) of the New York State (NYS) Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe SURA failed to comply with SURA's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines).

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2017**

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Our discussion and analysis of Syracuse Urban Renewal Agency's (SURA's) financial performance provides an overview of SURA's financial activities for the fiscal year ended June 30, 2017.

Please read it in conjunction with SURA's financial statements, including the notes to the financial statements, which begin on page 12. In this discussion and analysis, all amounts are expressed in millions of dollars, unless otherwise indicated.

**FINANCIAL HIGHLIGHTS**

SURA's total net position decreased by approximately \$1.3 because of this year's operations. The fund balance of the governmental fund activities decreased by approximately \$.4.

During the year, SURA had program revenues that were approximately \$1.3 less than total program expenses. Program revenues were \$5.5 and \$5.8 million for the years ended June 30, 2017 and 2016, respectively. Program expenses were \$6.9 and \$5.2 for the years ended June 30, 2017 and 2016, respectively.

In SURA's governmental fund, revenues decreased to \$5.5 million versus last year's revenues of \$5.7, a decrease of \$0.2 or 3%. Expenditures remained approximately the same this year at \$5.6 million.

**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 6 and 7) provide information about the activities of SURA as a whole and present a longer-term view of SURA's finances. Fund financial statements start on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

**Government-Wide Financial Statements**

Our analysis of SURA as a whole begins on page 4. This section attempts to illustrate whether SURA is better off or worse off because of the year's activities. The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about SURA as a whole and about its activities in a way that allow the user to determine if SURA'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 SURA's *net position*. You can think of SURA's net position, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure SURA's financial health, or *financial position*. Over time, *increases* or *decreases* in SURA's net position is one indicator of whether its *financial health* is improving or deteriorating.

## USING THIS ANNUAL REPORT (Continued)

### Governmental Fund Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about SURA's activities, which are governmental. Governmental activities are financed with grant revenue.

The fund financial statements begin on page 8. A governmental entity can have various types of funds, such as governmental and proprietary. SURA has one fund, a special revenue fund, which is a governmental fund.

Governmental funds 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 SURA'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 SURA'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.

### THE SYRACUSE URBAN RENEWAL AGENCY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Total net position was a deficit of \$9.6 at June 30, 2017.

	NET POSITION	
	<u>2017</u>	<u>2016</u>
Total assets and deferred outflows of resources	\$ <u>2.5</u>	\$ <u>3.9</u>
Long-term liabilities (OPEB and Pension)	\$ 10.9	\$ 10.5
Other liabilities and deferred inflows of resources	<u>1.2</u>	<u>1.7</u>
Total liabilities and deferred inflows	\$ <u>12.1</u>	\$ <u>12.2</u>
Net position:		
Unrestricted deficit	<u>(9.6)</u>	<u>(8.3)</u>

The primary cause for the deficit in unrestricted net position is the requirement that municipalities report a liability for the unfunded cost of providing post-employment benefits to employees. For SURA, 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 SURA's financial statements. This additional liability is reflected in the Statement of Net Position. The amount reported for this liability at June 30, 2017 was \$9.6 million.

## **SURA'S FUNDS**

As noted earlier, SURA uses fund accounting. The focus of SURA's governmental *fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing SURA's financing requirements. In particular, *unassigned 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, SURA's governmental fund reported ending fund balance of \$.870, which is a 4% decrease (\$.04) from last year's total of \$.910. The unassigned portion of fund balance is \$.867 as of June 30, 2017.

## **BUDGET**

SURA's budget for the year ended June 30, 2017 includes estimated revenues of approximately \$5.723 and annual appropriations of approximately \$5.875. The actual performance of the fund resulted in a fund deficit for the current year of \$.4, as compared to a budgeted deficit of \$152. See page 25 for further information.

## **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the Syracuse Urban Renewal Agency 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 E. Washington Street, Syracuse, New York 13202.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**STATEMENT OF NET POSITION  
JUNE 30, 2017**

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**ASSETS**

Cash	\$ 1,048,545
Restricted cash	166,653
Loan receivable	150,000
Due from other governments	61,599
Due from primary government	339,485
Other assets	<u>14,797</u>
Total assets	<u>1,781,079</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources - ERS Pension	<u>708,544</u>
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**LIABILITIES**

Payables:	
Accounts payable and accrued expenses	159,096
Due to primary government	579,797
Unearned revenue	21,820
Long-term liabilities:	
Due and payable in more than one year - Net pension liability	1,231,359
Other postemployment benefits	<u>9,622,600</u>
Total liabilities	<u>11,614,672</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources - ERS Pension	<u>483,175</u>
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**NET POSITION**

Unrestricted	<u>(9,608,224)</u>
Total net position	<u>\$ (9,608,224)</u>

The accompanying notes are an integral part of these statements.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

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REVENUES:	
Grant revenue	\$ 161,739
Reimbursement from primary government for payroll and payroll related expenses	5,116,955
Reimbursement from other governments for payroll and payroll related expenses	139,810
Other revenues	<u>112,578</u>
Total revenues	<u>5,531,082</u>
EXPENSES:	
Grant expenses	161,739
Redevelopment expenses	156,572
Payroll and payroll related expenses	5,382,633
Other expenses	8,903
Other postemployment benefits	<u>1,160,000</u>
Total expenses	<u>6,869,847</u>
CHANGE IN NET POSITION	(1,338,765)
NET POSITION - beginning of year	<u>(8,269,459)</u>
NET POSITION - end of year	<u>\$ (9,608,224)</u>

The accompanying notes are an integral part of these statements.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**BALANCE SHEET  
GOVERNMENTAL FUND  
JUNE 30, 2017**

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ASSETS:

Cash	\$ 1,048,545
Restricted cash	166,653
Loan receivable	150,000
Due from other governments	61,599
Due from primary government	339,485
Other assets	<u>14,797</u>
Total assets	<u>1,781,079</u>

LIABILITIES:

Accounts payable and accrued expenses	159,096
Due to primary government	579,797
Unearned revenue	<u>171,820</u>
Total liabilities	<u>910,713</u>

FUND BALANCE:

Committed	3,821
Unassigned	<u>866,545</u>
Total fund balance	<u>870,366</u>
Total liabilities and fund balance	<u>\$ 1,781,079</u>

The accompanying notes are an integral part of these statements.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

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Total fund balance for governmental fund	\$ 870,366
Amounts reported for governmental activities in the statement of net position are different because:	
Revenue not available to pay for current year expenditures and deferred in the fund.	150,000
GASB 68 related government wide activity:	
Deferred outflows of resources	708,544
Net pension liability	(1,231,359)
Deferred inflows of resources	(483,175)
Long-term liabilities (postemployment benefits) that are not due and payable in the current period and therefore are not reported in the fund.	<u>(9,622,600)</u>
Total net position of governmental activities	<u>\$ (9,608,224)</u>

The accompanying notes are an integral part of these statements.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

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REVENUES:

Grant revenue	\$ 161,739
Reimbursement from primary government for payroll and payroll related expenses	5,116,955
Reimbursement from other governments for payroll and payroll related expenses	139,810
Other revenues	<u>112,578</u>
Total revenues	<u>5,531,082</u>

EXPENDITURES:

Grant expenses	161,739
Redevelopment expenses	156,572
Payroll and payroll related expenses	5,243,632
Other expenses	<u>8,903</u>
Total expenditures	<u>5,570,846</u>

CHANGE IN FUND BALANCE (39,764)

FUND BALANCE - beginning of year 910,130

FUND BALANCE - end of year \$ 870,366

The accompanying notes are an integral part of these statements.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017**

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Change in fund balance - governmental fund	\$ (39,764)
The change in net position reported for governmental activities in the Statement of Activities and Change in Net Position is different because:	
Change in pension expense resulting from GASB 68 related pension actuary reporting is not recorded in the government fund but is recorded in the statement of activities.	(139,001)
Net change in OPEB obligations reported in the Statement of Activities (other postemployment benefits) does not require the use of current financial resources and, therefore, is not reported in the governmental fund.	<u>(1,160,000)</u>
Change in net position of governmental activities	<u>\$ (1,338,765)</u>

The accompanying notes are an integral part of these statements.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2017**

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**1. THE ORGANIZATION**

Syracuse Urban Renewal Agency (SURA) was incorporated in 1962 and operates under a four-member board (SURA Board) consisting of the elected Mayor of the City of Syracuse, the President of the Common Council, the Commissioner of Finance of the City of Syracuse and the City Commissioner of Neighborhood & Business Development. SURA is a public benefit corporation that receives local capital grant funds for the redevelopment of land in the City of Syracuse, New York. SURA is a blended component unit of the City of Syracuse, New York (the City) and is accounted for as a nonmajor special revenue governmental fund. Under a cooperation agreement between SURA and the City, the City provides SURA assistance in the form of administrative, personnel, legal and fiscal services in order to carry out urban renewal projects.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of SURA 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.

**A. Financial Reporting Entity**

The financial statements presented here are blended in the basic financial statements of the City. The reporting entity of SURA 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*.

**B. Basis of Presentation**

*Government-wide Financial Statements:*

The Statement of Net Position and Statement of Activities present financial information about SURA's governmental activities. Governmental activities generally are financed through grant revenue received.

*Fund Financial Statements:*

The fund financial statements provide information about SURA's governmental fund. The emphasis of fund financial statements is on major governmental funds. SURA has only one fund.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Measurement Focus and Basis of Accounting

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

#### Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of the change in net position and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position.

In the fund financial statements, the current financial resources measurement focus is used. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

#### Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental 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 fund financial statements are presented on the 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 sixty days of year-end. SURA reports deferred inflows when the potential revenue does not meet both the measurable and available criteria for recognition in the current period.

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

### D. Budgets and Budgetary Accounting

The budget for SURA is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) and is formally approved by the SURA Board. Budget amendments occurring subsequent to the adoption of the budget are drafted and approved by the SURA Board. Formal budgetary integration is employed as a management control device during the year. SURA appropriates a total expenditure budget based on projected revenues and surplus from the preceding year. The budget, along with any amendments made by the SURA Board, are included in the Statement of Revenues and Expenditures - Budget and Actual.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities financial statements.

In the fund financial statements, the governmental fund does not report long-term obligations as a liability.

### F. Equity Classifications

#### *Government-wide Financial Statements*

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

- a. Net investment in capital assets - 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 - net position with constraints placed on the use either by (1) grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other 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 SURA.

#### *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 SURA 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 spendable form or legally or contractually required to be maintained intact.
- 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. Restricted fund balance is restricted to fund grant related programs.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### F. Equity Classifications (Continued)

- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of SURA's highest level of decision-making authority, i.e., the SURA Board. Committed fund balance of \$3,821 represents amounts committed for the Perseverance Park Project.
- d. Assigned - Includes amounts that are intended to be used for a specific purpose established by SURA's highest level of decision making authority, i.e., the SURA Board, but do not meet the criteria to be classified as restricted or committed.
- e. Unassigned - Includes all other balances that do not meet the definition of the above four classifications and are deemed to be available for general use by SURA. In addition, unassigned fund balance includes any remaining negative fund balance.

#### *Order of Use of Fund Balance*

SURA'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. Nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts are classified as restricted or assigned fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

### G. Retirement and Other Postemployment Benefits

SURA 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). ERS provides various plans and options, some of which require employee contributions. ERS computes the cost of retirement benefits based upon its fiscal year, April 1 to March 31. See note 5 for further information.

In addition to providing pension benefits, SURA 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 of SURA's employees may become eligible for these benefits if they reach normal retirement age while working for SURA. 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 SURA and the retired employee. See note 6 for further information.

### H. Revenue, Expenditures and Expenses

#### **Intergovernmental Revenues - Grants**

For both the government-wide and fund financial statements, SURA 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### H. Revenue, Expenditures and Expenses (Continued)

#### **Other Revenues**

SURA records developer fees and miscellaneous revenues on the cash basis because they are generally not measurable until actually received.

#### **Expenditures/Expenses**

In the government-wide financial statements, expenses are recognized when they are incurred.

In the fund financial statements, the governmental fund reports expenditures of financial resources. Most expenditures are measurable and are recorded when the related fund liability is incurred.

#### **Payments between SURA and the City**

Resource flows between SURA and the City are classified as due to/due from the primary government and reimbursements from the primary government in the financial statements.

#### **Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is SURA's policy to use restricted resources first, then unrestricted resources as they are needed.

### I. Economic Dependency

SURA receives significant funding from both the City and Onondaga County, New York. Curtailment of such revenue would have a significant impact on SURA's programs.

### J. Restricted Cash

Restricted cash include amounts restricted to fund grant related programs.

### K. 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 include the computation of other postemployment benefits.

### L. Unearned revenue

Unearned revenue include amounts received for grant and other project expenses not yet incurred.

### M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This 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. SURA has \$708,544 in deferred outflows of resources which is comprised of ERS Pension amounts at June 30, 2017 as described in Note 5. SURA has \$483,175 in deferred inflows of resources, which is comprised of ERS Pension amounts at June 30, 2017 as described in Note 5.

### 3. CASH

Cash balances consist of deposits held in checking accounts.

New York State governs SURA's investment policies. SURA is permitted to invest in special time deposits and certificate of deposits. In addition, SURA 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 SURA include obligations of the State and repurchase agreements, subject to various conditions.

#### Deposits

Deposits include demand 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 SURA's deposits was \$1,215,198 and the bank balance was \$935,717. As of June 30, 2017, all deposits were insured or collateralized.

### 4. TRANSACTIONS WITH THE PRIMARY GOVERNMENT AND OTHER GOVERNMENTS

Payroll is processed by SURA and reimbursement is received for these payroll expenses from funds within the City. These receivables and payables are short-term in nature and are typically repaid in less than one year. The following schedule summarizes receivables and payables between SURA and funds within the City at June 30, 2017:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ -	\$ 579,797
Neighborhood and Business Development	317,476	-
Water	14,896	-
Sewer	<u>7,113</u>	<u>-</u>
Total	<u>\$ 339,485</u>	<u>\$ 579,797</u>

The following schedule summarizes receivables and payables between SURA and discretely presented component units of the City at June 30, 2017:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
Syracuse Industrial Development Agency (SIDA)	\$ 54,356	\$ -
Syracuse Economic Development Corporation (SEDCO)	<u>7,243</u>	<u>-</u>
Total	<u>\$ 61,599</u>	<u>\$ -</u>

**4. TRANSACTIONS WITH THE PRIMARY GOVERNMENT AND OTHER GOVERNMENTS  
(Continued)**

The amounts due from SIDA and SEDCO are included in the statement of net position and the balance sheet as due from other governments. These receivables result from payroll transactions in the normal course of business and are typically repaid in less than one year.

**5. PENSION PLAN**

New York State Employee Retirement System (NYSERS)

SURA participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the NYSERS). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSERS. The NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the NYSERS, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. SURA also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**Contributions**

The NYSERS is noncontributory except for employees who joined the NYSERS after July 27<sup>th</sup>, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>NYSERS</u>
2017	\$ 453,170
2016	\$ 426,952
2015	\$ 426,524

**5. PENSION PLAN (Continued)**

New York State Employee Retirement System (NYSERS) (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2017, SURA reported a net pension liability of \$1,231,359 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. SURA's proportion of the net pension liability was based on a projection of SURA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017, SURA's proportion was 0.0131048% percent. For the year ended June 30, 2017, SURA recognized pension expense of \$592,171. At June 30, 2017, SURA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,857	\$ 186,989
Changes in assumptions	420,677	-
Net difference between projected and actual earnings on pension plan investments	245,952	-
Changes in proportion and differences between SURA's contributions and proportionate share of contributions	11,058	296,186
Total	<u>\$ 708,544</u>	<u>\$ 483,175</u>

The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2018	\$ 119,892
2019	119,892
2020	161,043
2021	(175,458)
2022	-
Thereafter	-
	<u>\$ 225,369</u>

**5. PENSION PLAN (Continued)**

New York State Employee Retirement System (NYSERS) (Continued)

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.80% indexed by service
Projected COLAs	1.30% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment rate of return	7.0% compounded annually, net of investment expenses

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

**Long Term Expected Rate of Return**

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.75
Real Estate	10.0	5.80
Absolute Return	2.0	4.00
Opportunistic Portfolio	3.0	5.89
Real Assets	3.0	5.54
Bonds & Mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation-Indexed Bonds	<u>4.0</u>	1.50
	<u>100.0%</u>	

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**5. PENSION PLAN (Continued)**

New York State Employee Retirement System (NYSERS) (Continued)

**Discount Rate**

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents SURA's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what SURA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability	\$ 3,932,716	\$ 1,231,359	\$ (1,052,634)

**Pension Plan Fiduciary Net Position**

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	Pension Plan's Fiduciary Net Position	SURA's proportionate share of Plan's Fiduciary Net Position	SURA's allocation percentage as determined by the Plan
Total pension liability	\$ 177,400,586,000	\$ 23,247,993	0.0131048%
Net position	(168,004,363,000)	(22,016,634)	0.0131048%
Net pension liability	\$ 9,396,223,000	\$ 1,231,359	0.0131048%
Fiduciary net position as a percentage of total pension liability	94.70%	94.70%	

**6. OTHER POSTEMPLOYMENT BENEFITS**

SURA calculates and records 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. Prior to the adoption of Government Auditing Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, SURA updated the cost of retiree benefits on a pay-as-you-go basis.

**Plan Description**

The City provides OPEB to its employees under a single-employer, self-insured benefit plan administered by a third party. The plan provides medical and prescription drug coverage to retirees and their covered dependents. Benefit provisions and retiree contributions are established and amended through negotiations between the City and the respective unions.

## 6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Plan Description (Continued)

For the City employees, upon attainment of age 65, current and future retirees will participate in the Humana Medicare Advantage Plan for medical coverage and a ProAct Employer Group Waiver Plan for prescription drug coverage. The financial information for the City's plan is contained solely within the City's basic financial statements. SURA provides the same benefit provisions as the City for its union employees. SURA does not have a separate agreement to establish these provisions.

### Funding Policy

The contribution requirements of the plan members and SURA 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, 2017, SURA contributed approximately \$517,000 for the total cost of the plan including retiree contributions of approximately \$92,000.

### Annual OPEB Cost and Net Obligation

SURA'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 SURA's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in SURA's net OPEB obligation.

	<u>SURA</u>
Annual required contribution	\$ 1,827,502
Interest on net OPEB obligation	338,502
Adjustment to annual required contribution	<u>(489,391)</u>
Annual OPEB cost (expense)	1,676,614
Contributions made	<u>(516,614)</u>
Increase in net OPEB obligation	1,160,000
Net OPEB obligation - Beginning of Year	<u>8,462,600</u>
Net OPEB obligation - End of Year	<u>\$ 9,622,600</u>

SURA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 1,337,158	37.6%	\$ 9,130,300
June 30, 2016	\$ 1,615,126	141.3%	\$ 8,462,600
June 30, 2017	\$ 1,676,614	30.8%	\$ 9,622,600

### Funding Status and Funding Progress

As of July 1, 2016, SURA's actuarial accrued liability for benefits was approximately \$19,300,000 and there were no plan assets.

## 6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

### Funding Status and Funding Progress (Continued)

The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$3,200,000 and the ratio of the liability to the covered payroll was 599%.

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 SURA. The actuarial assumptions include a 4.00% investment rate of return for SURA, which is based on the portfolio of SURA's general assets used to pay for these benefits. The annual prescription drug trend is 10.50% decreasing to 3.886% in 2075. The Pre-65 medical cost trend rate is 7.50% declining to 3.886% in 2075. The Post-65 medical cost trend rate is 6.00% declining to 3.886% in 2075. The rates include an inflation assumption of 2.25%. The UAAL is being amortized based on a level dollar method on an open basis. The remaining amortization period as of June 30, 2017 was thirty years.

## 7. SELF INSURANCE

SURA is primarily self-insured for medical, dental, worker's compensation and general liability claims. Self-insured expenditures are expended when paid.

## 8. LONG-TERM LIABILITIES

<u>Governmental Activities</u>	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>
Other liabilities:				
Net pension liability	\$ 2,048,848	\$ -	\$ 817,489	\$ 1,231,359
Other postemployment benefits	<u>8,462,600</u>	<u>1,676,614</u>	<u>516,614</u>	<u>9,622,600</u>
Governmental activities long-term liabilities	<u>\$ 10,511,448</u>	<u>\$ 1,676,614</u>	<u>\$ 1,334,103</u>	<u>\$ 10,853,959</u>

## 9. SUBSEQUENT EVENTS

On August 22, 2017, the Board of Directors authorized the acceptance of \$400,000 from Syracuse University and \$300,000 from DASNY for the Perseverance Park Project.

## 10. UPCOMING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). SURA is required to adopt the provisions of Statement No. 75 for the year ending June 30, 2018. Early adoption is encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. SURA is required to adopt the provisions of Statement No. 82 for the year ended June 30, 2018. Early adoption is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases previously classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early application is encouraged.

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

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>				
Grant revenue	\$ 25,000	\$ 25,000	\$ 161,739	\$ 136,739
Reimbursement from primary government for payroll and payroll related expenses	5,600,000	5,600,000	5,116,955	(483,045)
Reimbursement from other governments for payroll and payroll related expenses	-	-	139,810	139,810
Other revenues	<u>97,800</u>	<u>97,800</u>	<u>112,578</u>	<u>14,778</u>
Total revenues	<u>5,722,800</u>	<u>5,722,800</u>	<u>5,531,082</u>	<u>(191,718)</u>
<b>EXPENDITURES:</b>				
Current -				
Grant expenses	100,000	100,000	161,739	(61,739)
Redevelopment expenses	94,000	94,000	156,572	(62,572)
Payroll and payroll related expenses	5,674,000	5,674,000	5,243,632	430,368
Other expenses	<u>7,000</u>	<u>7,000</u>	<u>8,903</u>	<u>(1,903)</u>
Total expenditures	<u>5,875,000</u>	<u>5,875,000</u>	<u>5,570,846</u>	<u>304,154</u>
CHANGE IN FUND BALANCE	<u>\$ (152,200)</u>	<u>\$ (152,200)</u>	<u>\$ (39,764)</u>	<u>\$ 112,436</u>

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

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<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/17	7/1/16	\$ -	\$ 19,311,388	\$ 19,311,388	0%	\$ 3,226,101	599%
6/30/16	7/1/15	\$ -	\$ 19,311,477	\$ 19,311,477	0%	\$ 2,958,100	653%
6/30/15	7/1/13	\$ -	\$ 19,208,926	\$ 19,208,926	0%	\$ 3,298,300	582%

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	Last 10 Fiscal Years									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>										
Proportion of the net pension liability	0.0131048%	0.0127652%	0.0152489%							
Proportionate share of the net pension liability	\$ 1,231,359	\$ 2,048,848	\$ 515,146							
Covered-employee payroll	\$ 3,266,101	\$ 2,958,100	\$ 3,298,300							
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	37.70%	69.26%	15.62%							
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.95%							

**Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.**

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

Last 10 Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>										
Contractually required contribution	\$ 453,170	\$ 426,952	\$ 426,524							
Contributions in relation to the contractually required contribution	<u>453,170</u>	<u>426,952</u>	<u>426,524</u>							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 3,266,101	\$ 2,958,100	\$ 3,298,300							
Contributions as a percentage of covered-employee payroll	13.87%	14.43%	12.93%							

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

January 16, 2018

To the Board of Directors  
Syracuse Urban Renewal Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental fund of Syracuse Urban Renewal Agency (SURA), a blended component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SURA's basic financial statements and have issued our report thereon dated January 16, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered SURA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SURA's internal control. Accordingly, we do not express an opinion on the effectiveness of SURA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2017-002 that we consider to be a material weakness.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether SURA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-001.

**Syracuse Urban Renewal Agency's Responses to Findings**

SURA's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. SURA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

**SYRACUSE URBAN RENEWAL AGENCY  
(A BLENDED COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

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**Reference Number: 2017-001**

**Criteria**

Pursuant to Section 2800 of Public Authorities Law, public authorities are required to file an annual report and audit within 90 days of the fiscal year end. In accordance with Section 2801 of Public Authorities Law, local public authorities must file a budget report 60 days prior to the start of the fiscal year.

**Cause/Condition**

Syracuse Urban Renewal Agency (SURA) is a component unit of the City of Syracuse, New York, and has been included in the audit of the basic financial statements of the City of Syracuse, New York in past years. In an effort to comply with the requirements of Section 2800 and Section 2801 of Public Authorities Law, SURA has obtained separate audited financial statements for the current fiscal year ended June 30, 2017. Due to budget constraints, personnel assigned solely to perform the administrative tasks required for SURA is limited. SURA failed to file their annual report and audit within 90 days of the fiscal year end. SURA also failed to file their budget report 60 days prior to the start of the fiscal year.

**Effect**

The Authorities Budget Office has the authority to “publically warn and censure authorities for non-compliance” with this requirement and to recommend the “suspension or dismissal of officers or directors, based on information that is, or is made, available to the public under law.”

**Recommendation**

We recommend that SURA file the annual report and audit within 90 days of the fiscal year end in accordance with Section 2800 of Public Authorities Law. It is also recommended that SURA file the budget report 60 days prior to the start of the fiscal year in accordance with Section 2801 of Public Authorities Law.

**Management’s Response**

Because of the relationship between the City of Syracuse and the Syracuse Urban Renewal Agency, SURA cannot file its audit report until the audit report of the City of Syracuse is complete. The audit report for the City of Syracuse is issued more than 90 days subsequent to fiscal year end.

**Reference Number: 2017-002**

**Criteria**

Internal controls over financial reporting should be properly designed, implemented and monitored to ensure transactions are recorded properly and to effectively prevent and detect misappropriation of assets or accounting errors.

**Cause/Condition**

Proper internal controls over both the disbursement process and revenue process were not in place during the year. Due to budget constraints, personnel assigned solely to perform the administrative tasks required for Syracuse Urban Renewal Agency is limited.

## **Schedule of Findings and Responses (Continued)**

**Reference Number: 2017-002 (Continued)**

### **Effect**

We noted the following during our audit of Syracuse Urban Renewal Agency:

- Payroll transactions were not recorded in the general ledger on a timely basis. Payroll is processed on a bi-weekly basis; however, invoices for payroll reimbursements occur on a monthly, or sometimes less frequent basis.
- A prior year audit entry was not recorded in the general ledger.
- Material audit adjustments relative to the above were required. In addition, material government-wide audit adjustments were made to record pension liabilities, other postemployment benefit liabilities, and a prior year sale.

### **Recommendation**

Policies and procedures should be re-established so that internal controls over financial reporting are properly designed, implemented and monitored to ensure transactions are recorded properly and timely to effectively prevent and detect misappropriation of assets or accounting errors.

### **Management's Response**

SURA management will review and redesign its current processes to ensure that transactions are recorded properly and to prevent accounting errors.

**REPORT ON SECTION 2925(3)(f) OF THE NEW YORK STATE PUBLIC  
AUTHORITIES LAW**

January 16, 2018

To the Board of Directors  
Syracuse Urban Renewal Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental fund of Syracuse Urban Renewal Agency's (SURA), a blended component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SURA's basic financial statements, and have issued our report thereon dated January 16, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that SURA failed to comply with SURA's Investment Guidelines, the New York State (NYS) Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines), which is the responsibility of SURA's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding SURA's noncompliance with the above referenced Investment Guidelines, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines.

This report is intended solely for the information and use of management and the Board of Directors of SURA, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.