BASIC FINANCIAL STATEMENTS

CITY OF SYRACUSE, NEW YORK

JUNE 30, 2011

CITY OF SYRACUSE, NEW YORK

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HELPING OUR CLIENTS' VISIONS ADD UP

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Syracuse Urban Renewal Agency, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Syracuse, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Syracuse Industrial Development Agency or the Syracuse Economic Development Corporation, both of which are discretely presented component units, which collectively represent 83.7% and 90.5%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Syracuse Industrial Development Agency and Syracuse Economic Development Corporation, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

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In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York, as of June 30, 2011, and the respective changes in financial position and cash flows of its business-type activities, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2012, on our consideration of the City of Syracuse, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Other Postemployment Benefits-Schedule of Funding Progress on pages 3 through 17 and pages 71 through 73, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Syracuse, New York's basic financial statements. The combining fund statements, which are listed in the table of contents as the supplemental section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Testone, Marshall & Discenza

February 23, 2012
Syracuse, New York

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, 2011.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 32. 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 $119.6 as a result of this year's operations. Net assets of our governmental activities decreased by $125.5, while business-type activities increased by approximately $5.9. This net decrease will be discussed in a subsequent section of this document.

During the year, excluding capital contributions of $5.9, the City had revenues that were $125.5 less than the $836.7 in total program expenses. Last year, expenses exceeded revenues by $102.5 before capital contributions of $6.2.

In the City's business-type activities, revenues (excluding contributions) increased to $70.0, a 7.4% increase from last year's revenues of $65.2. Expenses for this year (before transfers) decreased to $67.2, a 1.2 % decrease from last year's $68.0.

In the City's governmental activities, revenues before transfers decreased to $641.2 versus last year's revenues of $651.1, a 1.5% decrease. Expenses increased this year to $769.5 versus last year at $750.7, a 2.5% increase.

Of the City's total net assets reported at June 30, 2011, $271.0 was invested in capital assets (net of related debt) versus $280.6 the previous year. Unrestricted net assets this year were a deficit balance of $469.9 versus last year's deficit of $315.5.

The City's general fund reported a deficit for this year of $9.7, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately $3.9 more than the revised budget. Expenditures, including transfers out, were approximately $2.8 under the revised budget. At the end of the current fiscal year, unassigned fund balance of the City's general fund was $26.0 and 11.7% of total general fund actual expenditures (including transfers out).

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USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 18 and 19 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 20. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

A Change to Governmental Fund Balance Reporting

Effective for the fiscal year ended June 30, 2011, the City implemented Government Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement changes the classifications of fund balance in the governmental funds. This change is addressed in detail in Note 1, Item K of the notes to the financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 6. 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 Assets and the Statement of Activities 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 assets* and changes in them. You can think of the City's net assets, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure the City's financial health, or *financial position*. Over time, *increases* or *decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, and the condition of the City's capital assets (streets, buildings, water and sewer lines) to assess the *overall health* of the City.

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

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

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Reporting the City as a Whole (Cont'd)

- Business-type activities --- The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, as well as the airport activities, are reported here. In addition, the City School District's food service operations are reported as business-type activities.

- Component units --- The City includes three separate legal entities in its report --- the Syracuse Industrial Development Agency, the Syracuse Economic Development Corporation, and the Syracuse Urban Renewal Agency.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 20 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Local Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary use different accounting approaches.

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

- *Proprietary funds* --- When the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

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The City as Trustee

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the City cannot use these assets to finance the City's operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 28 and 29. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

THE CITY AS A WHOLE

The City's combined net assets decreased from $33.6 at June 30, 2010 to $(86.0) at June 30, 2011. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 270.8	$ 309.2	$ 70.5	$ 71.0	$ 341.3	$ 380.2
Capital assets	334.9	346.9	202.5	196.0	537.4	542.9
Total assets	605.7	656.1	273.0	267.0	878.7	923.1
General obligation & School Facility bonds	281.6	264.4	79.5	84.2	361.1	348.6
Other long-term liabilities	490.7	445.1	31.2	24.0	521.9	469.1
Other liabilities	74.3	62.0	7.4	9.8	81.7	71.8
Total liabilities	846.6	771.5	118.1	118.0	964.7	889.5
Net assets:						
Invested in capital assets, net of related debt	146.2	164.2	124.8	116.4	271.0	280.6
Restricted	79.6	68.5	33.3	-	112.9	68.5
Unrestricted (deficit)	(466.7)	(348.1)	(3.2)	32.6	(469.9)	(315.5)
Total net assets	$ (240.9)	$(115.4)	$ 154.9	$ 149.0	$ (86.0)	$ 33.6

(Continued)

THE CITY AS A WHOLE (CONT'D)

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far, the largest portion of the City's total net assets 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, 2011, this balance was $271.0 versus $280.6 at June 30, 2010. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net assets, $112.9 at June 30, 2011, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net assets. The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, total unrestricted net assets as June 30, 2011 were a *deficit* of $469.9, versus a *deficit* at June 30, 2010 of $315.5.

Governmental activities

Total net assets of the City's governmental activities decreased substantially from a *deficit* balance of $115.4 at June 30, 2010 to a *deficit* balance of $240.9 as of June 30, 2011, a decrease of $125.5. 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 Assets and the Statement of Activities. The amount reported for this liability at June 30, 2011 is $349.7, as compared with $256.4 for the year ended June 30, 2010, an increase of $93.3. In addition, the liability for deferred payments to the NYS retirement systems increased by $6.0. The balance of the decrease was distributed throughout various liability and asset variances in the fiscal year.

The *deficit* in *unrestricted* net assets also increased substantially, increasing to a *deficit* of $466.7 at June 30, 2011 compared to the previous year *deficit* of $348.1. This was a negative change of $118.6 in the unrestricted net assets of the City's governmental activities. This decrease is primarily a reflection of the change in liabilities explained above.

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THE CITY AS A WHOLE (CONT'D)

Business-type activities

The total net assets of the City's business-type activities increased by 4.0% for the year ended June 30, 2011 ($154.9 compared to a previous fiscal year balance of $149.0). This increase is primarily due to a $3.7 surplus in the Water fund and a $2.1 surplus in the Aviation fund as a result of the fiscal year's operations. This overall increase generally cannot be used to make up for the decrease reported in the governmental activities. The City can generally only use these net assets to finance the continuing operations of the airport, water, sewer operations and the food service program.

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on page 19. Key elements of this change are illustrated in Table 2.

(Continued)

THE CITY AS A WHOLE (CONT'D)

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues:						
Fees, fines and charges for services	$ 21.6	$ 19.9	$ 59.7	$ 55.2	$ 81.3	$ 75.1
Grants and contributions	102.4	107.6	10.1	9.6	112.5	117.2
General revenues:						
Property taxes and tax items	93.6	86.5	-	-	93.6	86.5
Other taxes	3.9	3.7	-	-	3.9	3.7
Sales and use taxes	66.5	71.2	-	0.1	66.5	71.3
Unallocated State Aid	335.6	335.6	-	-	335.6	335.6
Unallocated Federal Aid	8.8	18.1	-	-	8.8	18.1
Investment earnings	1.4	1.7	0.2	0.3	1.6	2.0
Other general revenues	7.4	6.8	-	-	7.4	6.8
Total revenues	641.2	651.1	70.0	65.2	711.2	716.3
Program expenses						
Total governmental	769.5	750.7	-	-	769.5	750.7
School District Food Service	-	-	10.3	9.6	10.3	9.6
Aviation	-	-	34.7	37.3	34.7	37.3
Water	-	-	16.8	16.1	16.8	16.1
Sewer	-	-	5.4	5.0	5.4	5.0
Total expenses	769.5	750.7	67.2	68.0	836.7	818.7
Excess (deficiency) before transfers	(128.3)	(99.6)	2.8	(2.8)	(125.5)	(102.4)
Transfers	2.8	0.8	(2.8)	(0.8)	-	-
Capital contributions	-	-	5.9	6.2	5.9	6.2
Increase (decrease) in net assets	$ (125.5)	$ (98.8)	$ 5.9	$ 2.6	$ (119.6)	$ (96.2)

(Continued)

THE CITY AS A WHOLE (CONT'D)

The City's total revenues for the year ended June 30, 2011 (excluding capital contributions) decreased by 0.7% ($711.2 compared to the previous year of $716.3), a $5.1 decrease. There were many variances in the revenues for the current year ended. Most noteworthy are an increase of $7.1 in property tax revenues, an increase in fees and fines of $6.2 offset by a decrease of $9.3 in Federal aid, a decrease of $4.8 in State sales tax revenue and a $4.7 decrease in grants and contributions for the year. The City entered into a new tax revenue sharing agreement with Onondaga County which provided for a reduced City share of the tax in the first year of the agreement. This revenue is scheduled to increase as the agreement progresses. The increase in property tax is due to a rise in the tax rate assessed to homeowners in the City of Syracuse. The fees and fines increase can be largely attributed to increased enforcement and improvements in the imposition and collections of various penalties. Restoration of Federal aid, grants and contributions are uncertain.

The total cost of all programs and services increased by approximately 2.2% ($836.7 compared to $818.7 in the prior year). This increase ($18.0) arises from increased educational and pupil transportation costs (increases of $14.6 and $3.6, respectively) coupled with small offsetting variances in other expense functions.

Total revenues were not sufficient to cover this year's total costs. This deficit, combined with capital contributions of $5.9, decreased the net assets of the City by $119.6 for the year ended June 30, 2011 versus a decrease of $96.2 for the year ended June 30, 2010. 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 decreased from $651.1 in the prior fiscal year to $641.2 for the year ended June 30, 2011, a decrease of $9.9. The primary reason for the decrease was partially discussed earlier. In summary, the City realized an increase of $7.1 in property tax revenues, an increase in fees and fines revenue of $1.7 offset by a decrease of $9.3 in Federal aid, a decrease of $4.7 in state sales tax revenue and a $5.2 decrease in grants and contributions and small variances throughout the rest of the revenue categories.

Program expenses increased, rising from $750.7 in the prior year to $769.5 in the current year, a 2.5% or $18.8 increase. The major contributors to this increase were discussed in the section immediately preceding this one.

The increase in program expenses together with the increase in governmental revenues, as discussed above, resulted in a decrease in net assets for the year ended June 30, 2011 of $125.5 after transfers, versus a decrease in net assets for the year ended June 30, 2010 of $98.8.

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THE CITY AS A WHOLE (CONT'D)

Business-type Activities

Total revenues in the City's business-type activities (See Table 2) increased by 6.3 % or $4.5 for the year ended June 30, 2011 ($75.9 in the current year as compared to $71.4 in the prior year). This increase is attributed to a water and sewer rate hike during the year ended June 30, 2011 resulting in an increase of revenue for the Water Fund of $2.3 and a $.7 increase for the Sewer Fund. Also, the Aviation Fund reported an increase of $1.6 in parking revenues.

Expenses of the City's business type activities decreased by 1.2%, or $.8 ($67.2 in the current year versus $68.0 in the prior year), the result of incidental increases in the Water, Sewer and Food Service funds offset by notable cost reductions in the Aviation Fund.

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 $149.3, which is a 4.6% decrease from last year's total of $156.5. This decrease ($7.2) resulted from use of fund balance in the City General Fund ($9.7) and the School District General fund ($16.5) offset by bonding and construction activity in the JSCB Fund (an increase of $19.9). Approximately $26.0 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). $78.9 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional $43.6 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned)*. The remainder ($.7) is nonspendable. This includes inventories, prepaids 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 $26.0, while total fund balance was $39.5. 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, 2011, unassigned fund balance represents 11.6% of total fund expenditures (including transfers out and excluding the escrow payment) totaling $223.3, while total fund balance represents 17.7% of that same amount. The fund balance of the City's general fund decreased by $9.7 during the current fiscal year. The original adopted budget for the year ended June 30, 2011 included appropriated fund balance of $16.0 as budget revenue to balance the budget with expenditures. Thus, from a financial statement presentation view, it would have been expected that actual expenditures would have exceeded revenues by $16.0 if actual performance mirrored the original budget's projections. An analysis of the variance is presented in the section following titled **General Fund Budgetary Highlights.**

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THE CITY'S FUNDS (CONT'D)

- *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 $18.6. 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 $56.1. The entire balance is reserved for the purposes of this project and is not available for 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 $22.1, last year it was $38.6. The decrease of $16.5 reflects the use of fund balance to compensate for expenditures in excess of revenues generated for the year. Revenues in the School District's general fund for the year (including transfers in) were $326.1 and expenditures (including transfers out) were $342.6.

- *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 current year, both revenues and expenditures were $13.0. For the year ended June 30, 2010, revenues and expenditures were $17.4. At June 30, 2011, total assets and liabilities of the fund were $9.6. At the end of the previous fiscal year, total assets and liabilities were $ 11.6.

Proprietary funds --- The City's proprietary funds provide the same type of information found in the government - wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the Airport, Water, Sewer and the School District's Food Service Fund. The net assets of the proprietary funds at the end of the current fiscal year totaled $154.9. The increase of $5.9 in total net assets of the proprietary funds resulted from the following activity: the Aviation Fund increased by $2.1; the Water Fund increased by $3.7, the Sewer Fund increased by $.3, and the City School District Food Service Fund decreased by $.2.

(Continued)

THE CITY'S FUNDS (CONT'D)

General Fund Budgetary Highlights

According to the City Charter, the City must adopt its budget no later than May 10th of each year for the ensuing fiscal year beginning on July 1. The City's General Fund original budget, which is prepared on an operating basis, included estimated revenues and annual appropriations of $225.6. Included in the estimated revenues were transfers of 2.8 and an appropriation of fund balance of $16.0.

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 $226.1, utilizing $16.4 of fund balance. Please refer to page 71 [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 $9.7, as compared to a final adopted budget with a *deficit* of $16.4. This positive variance from the projected deficit was the result of combined positive fluctuations from both revenue and expenditure projections.

On the revenue side, the City experienced higher than anticipated revenues from property tax and related items ($1.2) and sales of real property ($.5) and two unbudgeted revenues. The City received a one-time refund for overpaid premiums on health insurance ($1.1) and unbudgeted Federal support for the Early Retirement Reinsurance Program ($.7). Additionally, the City received $.3 more than budgeted from the Federal government to subsidize retiree prescription costs and the City also recorded $4.0 in unbudgeted bond proceeds. Sales tax revenues were $3.0 under budget for the year due to the new sharing agreement with Onondaga County.

Expenditures varied from projected amounts in several respects. The prominent negative variance of note was a $4.0 payment in settlement of a legal matter. This extra cost, however, was offset by savings in several other expenditure areas. The Department of Public Works saved $2.6 throughout their 10 divisions. The Parks Department was $.5 under budget in its 3 divisions. The Fire Department had an overall $1.0 surplus and the payment for the City/ County courthouse was eliminated in the new tax sharing agreement ($1.2). Finally, operating transfers for debt service were $.9 under budget.

All of these variances combined to produce a $6.7 overall favorable variance, reducing the use of fund balance substantially for the year.

(Continued)

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, 2011, amounted to $537.4 (net of accumulated depreciation). The previous year's amount was $542.9. 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 $334.9 (net of accumulated depreciation) this year as compared to a $346.9 balance last year. For the City's business-type activities, the balance at the end of this year was $202.5 (net of accumulated depreciation) as compared to a balance of $196.0 last year.

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

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 -- $23.6
- School District Machinery and Equipment -- $.4
- School District Software -- $.7
- City-owned Building Improvements -- $.6
- DPW Equipment -- $1.2
- City Infrastructure (Bridge Repairs and Road Resurfacing) – 3.9
- Fire Department Equipment -- $1.5
- Parks Improvements -- $.2
- Parks Equipment -- $.2
- Police Department Equipment -- $.3
- Sewer Department Equipment -- $.2
- Sewer Infrastructure -- $1.0
- Water Department Improvements -- $.1
- Water Department Equipment -- $.4
- Water System Infrastructure -- $41.0
- Airport Buildings -- $1.8
- Airport Equipment -- $1.2
- Airport Improvements/Infrastructure -- $5.5

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

Depreciation expense for the current fiscal year was $27.8 for governmental activities and $13.2 for business-type activities.

Long-term Debt

At year-end the City had $365.2 outstanding in bonds and notes versus $406.9 last year, a decrease of 10.2%. 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	
	2011	2010	2011	2010	2011	2010
General obligation bonds and school facility revenue bonds	$ 281.6	$ 264.4	$ 41.7	$ 45.2	$ 323.3	$ 309.6
Construction bonds payable	-	-	37.8	38.9	37.8	38.9
Bond anticipation notes	-	-	4.1	3.6	4.1	3.6
Revenue anticipation notes	-	54.8	-	-	-	54.8
Total	$ 281.6	$ 319.2	$ 83.6	$ 87.7	$ 365.2	$ 406.9

With respect to general obligation bonds facility revenue bonds, total new debt issued during the year was $73.2. Proceeds were generally used to finance capital expenditures. Major projects funded with these proceeds are as follows:

- Water Fund Apparatus -- $1.5
- Settlement of Sutton Claim -- $4.0
- Sidewalk and Streetscape Improvements -- $1.0
- Engineering Vehicles -- $.2
- Bridge Erie Blvd repair -- $.3
- Police Vehicles -- $.5
- DPW Equipment -- $1.6
- Fire Department Vehicles and Apparatus -- $.7

New debt issues for the year also include $34.4 bonds issued to defease $33.4 of old debt and $31.5 of School Facility Revenue Bonds issued to finance ongoing school building renovations. These issues are discussed further in Note 4 of the notes to the financial statements.

(Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt (Cont'd)

The City redeemed $3.6 of Bond Anticipation Notes for the Airport which were outstanding at June 30, 2010 during the fiscal year. Bond Anticipation Notes were issued during the fiscal year ($4.1) for Airport purposes. These notes were outstanding at June 30, 2011.

The City issued $110.0 in Revenue Anticipation Notes (RANs) during the fiscal year; $75.0 on behalf of the School District and $35.0 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, necessitates cash flow borrowing to fund day-to-day operations. These RANs and prior year RANs in the amount of $54.8 ($21.0 City and $33.8 School) were paid off prior to the end of the fiscal period, leaving no RANs outstanding at June 30, 2011.

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, 2011.

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 $394.2, 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
- Modestly growing local revenues
- A declining population
- Significant percentage increases in employee health care
- High retirement system costs (See notes to the financial statements for more information.)

(Continued)

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

In setting the budget for the year ending June 30, 2012, the City portion of the property tax levy remained essentially the same as the prior fiscal year, rising $.2. The actual combined property tax levy of the City and School District for the year ending June 30, 2012 is $86.4 ($29.5 for the City and $56.9 for the School District), compared with the previous year of $86.2 million ($29.4 for the City and $56.8 for the School District), exclusive of the State's STAR program. The City and School District combined property tax rate for the year ending June 30, 2012 is $26.4939 per $1,000 of assessed property value ($9.1384 for the City and $17.3555 for the School District).

The City's budget for the year ending June 30, 2012 includes $13.0 use of fund balance for the City General Fund and the School District included $10.0 use of fund balance to satisfy appropriations.

The Airport fund will remain self-sufficient and will not affect the City's general fund operations for the year ending June 30, 2012

Water and Sewer rates were increased by 9% on July 1, 2010. The last previous rate adjustment was on July 1, 2009.

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 E. Washington Street, Syracuse, New York 13202.

Although the City School District is a blended component unit of the City, the City School District issues a separate financial statement. To obtain this report contact the Chief Financial Officer of the Syracuse City School District at 725 Harrison Street, Syracuse, New York 13210.

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

(Concluded)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2011

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Pooled cash and cash equivalents	$ 28,535,809	$ 11,051,058	$ 39,586,867	$ -
Cash and cash equivalents	-	13,711,419	13,711,419	13,744,490
Receivables:				
Accounts	5,369,758	7,642,067	13,011,825	-
Taxes (net of allowance of $21,517,974)	18,572,261	-	18,572,261	-
Other	890,372	24,747	915,119	83,956
Loans receivable - due within one year	5,410,529	-	5,410,529	815,740
Due from other governments	77,821,119	3,177,926	80,999,045	20,250
Due from component units (net of allowance of $ 5,583,692)	1,335,995	-	1,335,995	11,343
Internal balances	1,381,435	(1,381,435)	-	-
Due from fiduciary funds	51,751,801	1,175,671	52,927,472	-
Inventories	611,184	204,916	816,100	-
Other assets	67,350	169,127	236,477	996,077
Restricted assets:				
Pooled cash and cash equivalents	15,982,642	2,997,144	18,979,786	-
Cash and cash equivalents	60,711,901	30,309,284	91,021,185	552,738
Deferred charges	2,385,482	1,509,348	3,894,830	-
Loans receivable - due in more than one year	-	-	-	9,934,968
Notes receivable-long-term portion	-	-	-	5,500,000
Capital assets:				
Nondepreciable	76,274,629	17,381,630	93,656,259	103,793
Depreciable, net	258,632,677	185,076,098	443,708,775	912,677
TOTAL ASSETS	$ 605,734,944	$ 273,049,000	$ 878,783,944	$ 32,676,032
LIABILITIES:				
Accounts payable and accrued expenses	53,074,904	6,244,895	59,319,799	918,458
Accrued interest expense	1,840,521	738,003	2,578,524	118,449
Due to other governments	6,369,679	2,439	6,372,118	9,657
Due to component units	537,487	43,280	580,767	429,636
Deferred revenues	11,940,282	393,751	12,334,033	3,411,659
Other liabilities	546,781	20,500	567,281	735,370
Bond anticipation notes	-	4,127,500	4,127,500	-
Long-term liabilities - due within one year	67,073,030	9,231,288	76,304,318	2,684,000
Due to primary government - due within one year	-	-	-	728,843
Long-term liabilities - due in more than one year	705,233,239	97,313,277	802,546,516	5,491,000
Due to primary government - due in more than one year	-	-	-	5,828,462
Due to other component units-due in more than one year	-	-	-	15,496,014
Total liabilities	846,615,923	118,114,933	964,730,856	35,851,548
NET ASSETS:				
Invested in capital assets, net of related debt	146,175,426	124,820,174	270,995,600	(238,502)
Restricted	79,661,236	33,306,428	112,967,664	6,244,921
Unrestricted	(466,717,641)	(3,192,535)	(469,910,176)	(9,181,935)
Total net assets (deficit)	(240,880,979)	154,934,067	(85,946,912)	(3,175,516)
TOTAL LIABILITIES AND NET ASSETS	$ 605,734,944	$ 273,049,000	$ 878,783,944	$ 32,676,032

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
					Primary Government			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
PRIMARY GOVERNMENT:								
Governmental Activities:								
General government support	$ 95,479,732	$ 4,086,688	$ 5,269,874	$ 679,778	$ (85,443,392)	$ -	$ (85,443,392)	$ -
Police department	95,313,440	5,624,570	2,140,888	-	(87,547,982)	-	(87,547,982)	-
Fire department	58,789,444	69,815	234,298	-	(58,485,331)	-	(58,485,331)	-
Other public safety	6,902,677	2,726,912	-	-	(4,175,765)	-	(4,175,765)	-
Transportation	43,951,278	6,798,545	333,617	6,487,122	(30,331,994)	-	(30,331,994)	-
Economic opportunity and development	4,981,537	-	4,981,537	-	-	-	-	-
Home and community services	26,725,153	1,460,839	12,053,216	110,372	(13,100,726)	-	(13,100,726)	-
Culture and recreation	13,708,148	397,875	213,448	115,000	(12,981,825)	-	(12,981,825)	-
Education	386,505,119	440,245	69,484,870	-	(316,580,004)	-	(316,580,004)	-
Pupil transportation	24,454,695	-	316,559	-	(24,138,136)	-	(24,138,136)	-
Interest on long-term debt	12,686,760	-	-	-	(12,686,760)	-	(12,686,760)	-
Total governmental activities	769,497,983	21,605,489	95,028,307	7,392,272	(645,471,915)	-	(645,471,915)	-
Business-type Activities:								
Aviation	34,736,443	30,777,247	-	-	-	(3,959,196)	(3,959,196)	-
Water	16,788,912	22,153,562	-	608,665	-	5,973,315	5,973,315	-
Sewer	5,324,969	6,095,222	-	11,235	-	781,488	781,488	-
Food service	10,341,063	652,306	9,481,673	-	-	(207,084)	(207,084)	-
Total business-type activities	67,191,387	59,678,337	9,481,673	619,900	-	2,588,523	2,588,523	-
TOTAL PRIMARY GOVERNMENT	$ 836,689,370	$ 81,283,826	$ 104,509,980	$ 8,012,172	(645,471,915)	2,588,523	(642,883,392)	-
Component units:								
Syracuse Industrial Development Agency	8,782,455	4,706,995	50,000	-	-	-	-	(4,025,460)
Syracuse Economic Development Corporation	817,865	265,116	59,166	-	-	-	-	(493,583)
Syracuse Urban Renewal Agency	707,385	-	-	-	-	-	-	(707,385)
TOTAL COMPONENT UNITS	$ 10,307,705	$ 4,972,111	$ 109,166	$ -	-	-	-	(5,226,428)
General revenues:								
Property taxes and tax items					93,594,977	-	93,594,977	1,036,406
Sales and use taxes					66,476,471	30,000	66,506,471	-
Other taxes					3,898,258	-	3,898,258	-
Unallocated state aid					335,627,492	-	335,627,492	-
Unallocated federal aid					8,757,623	-	8,757,623	-
Investment earnings					1,397,295	245,798	1,643,093	54,982
Capital contributions					-	5,906,232	5,906,232	-
Transfers					2,825,000	(2,825,000)	-	-
Miscellaneous					7,388,462	-	7,388,462	722,899
Total general revenues, transfers and special items					519,965,578	3,357,030	523,322,608	1,814,287
Change in net assets					(125,506,337)	5,945,553	(119,560,784)	(3,412,141)
Net assets at beginning of year					(115,374,642)	148,988,514	33,613,872	236,625
Net assets at end of year					$ (240,880,979)	$ 154,934,067	$ (85,946,912)	$ (3,175,516)

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Capital Projects Fund	Joint Schools Construction Board	Special Revenue: City School District	Special Revenue: Neighborhood & Business Development	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Pooled cash and cash equivalents	$ 17,692,399	$ 9,495,353	$ -	$ -	$ -	$ 1,348,057	$ 28,535,809
Pooled restricted cash and cash equivalents	-	8,694,081	-	-	-	7,288,561	15,982,642
Restricted cash and cash equivalents	-	-	57,511,533	527,479	2,655,967	16,922	60,711,901
Loans receivable	-	-	-	-	5,410,529	-	5,410,529
Accounts receivable	1,074,502	-	-	-	30,031	4,265,225	5,369,758
Other receivable	-	220,732	-	747,512	-	-	968,244
Taxes receivable (net of allowance of $21,517,974)	14,310,627	-	-	4,243,671	-	321,732	18,876,030
Due from other funds	2,384,821	3,128,246	536,626	58,707,665	-	5,870,941	70,628,299
Due from other governments	35,324,329	1,939,497	-	32,303,521	408,492	2,565,674	72,541,513
Due from component units (net of allowance of $5,583,692)	200,000	-	-	-	1,135,995	-	1,335,995
Inventory	-	-	-	611,184	-	-	611,184
Other assets	-	-	-	67,350	-	-	67,350
TOTAL ASSETS	$ 70,986,678	$ 23,477,909	$ 58,048,159	$ 97,208,382	$ 9,641,014	$ 21,677,112	$ 281,039,254
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable and accrued expenses	$ 8,748,225	$ 2,586,719	$ 1,986,012	$ 34,636,435	$ 2,220,621	$ 2,896,892	$ 53,074,904
Due to other funds	-	2,246,725	-	14,716,572	29,717	579,919	17,572,933
Due to other governments	21,692	-	-	6,347,987	-	-	6,369,679
Due to component units	460,447	-	-	23,400	53,640	-	537,487
Deferred revenues	13,951,633	-	-	-	6,790,255	5,259,476	26,001,364
Amounts due to retirement systems	4,193,813	-	-	16,716,389	-	-	20,910,202
Accrued compensated absences	200,000	-	-	2,628,271	-	-	2,828,271
Self-insurance claims	3,897,749	-	-	-	-	-	3,897,749
Other liabilities	-	-	-	-	546,781	-	546,781
Total liabilities	31,473,559	4,833,444	1,986,012	75,069,054	9,641,014	8,736,287	131,739,370
Fund Balances:							
Nonspendable	$ -	$ -	$ -	$ 678,534	$ -	$ 26,922	$ 705,456
Restricted	362,625	10,140,855	56,062,147	-	-	12,390,153	78,955,780
Committed	-	8,503,610	-	427,000	-	395,281	9,325,891
Assigned	13,108,951	-	-	21,033,794	-	128,469	34,271,214
Unassigned	26,041,543	-	-	-	-	-	26,041,543
Total fund balances	39,513,119	18,644,465	56,062,147	22,139,328	-	12,940,825	149,299,884
TOTAL LIABILITIES AND FUND BALANCES	$ 70,986,678	$ 23,477,909	$ 58,048,159	$ 97,208,382	$ 9,641,014	$ 21,677,112	$ 281,039,254

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances for governmental funds	$	149,299,884
Total net assets reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.		334,907,306
Receivables not received within 60 days and therefore not reported in the funds.		5,279,603
Revenue collected after year end but not available to pay for current year expenditures and deferred in funds.		13,757,314
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.		(744,670,047)
Deferred charges expensed as incurred in funds.		2,385,482
Accrued interest not reported in the funds.		(1,840,521)
Total net assets of governmental activities	$	(240,880,979)

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

				Special Revenue			
	General Fund	Capital Projects Fund	Joint Schools Construction Board	City School District	Neighborhood & Business Development	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
General property taxes and tax items	$ 34,596,027	$ -	$ -	$ 56,670,988	$ -	$ 3,355,401	$ 94,622,416
Sales and use taxes	62,910,555	-	-	3,565,916	-	-	66,476,471
Other local taxes	3,898,258	-	-	-	-	679,778	4,578,036
Departmental revenues	10,812,908	-	-	-	-	-	10,812,908
Intergovernmental charges	499,312	280,380	-	-	-	-	779,692
Licenses and permits	1,885,089	-	-	-	-	-	1,885,089
Fines and forfeitures	3,214,191	-	-	-	-	-	3,214,191
Sale of property and compensation for loss	822,772	-	-	35,587	-	-	858,359
Use of money and property	299,032	85,070	2,145	808,920	-	376,685	1,571,852
Federal and state aid and other grants	79,820,221	5,353,732	-	333,311,053	13,048,214	6,283,778	437,816,998
Other revenues	8,036,526	412,000	-	1,483,983	-	345,484	10,277,993
Total revenues	206,794,891	6,131,182	2,145	395,876,447	13,048,214	11,041,126	632,894,005
EXPENDITURES:							
Current:							
General government support	25,015,546	-	-	50,708,272	1,790,344	1,326,416	78,840,578
Public safety	129,665,402	-	-	-	-	1,980,279	131,645,681
Transportation	25,396,708	-	-	-	-	2,036,508	27,433,216
Economic opportunity and development	-	-	-	-	1,299,480	3,682,057	4,981,537
Home and community services	12,351,732	-	-	2,215,009	9,958,390	22,422	24,547,553
Culture and recreation	9,922,182	-	-	-	-	38,349	9,960,531
Education	-	-	-	341,058,635	-	-	341,058,635
Principal debt payments	-	-	-	-	-	25,997,441	25,997,441
Interest on debt	255,617	-	-	1,058,378	-	11,010,355	12,324,350
Capital outlays	-	14,794,480	12,046,524	-	-	-	26,841,004
Total expenditures	202,607,187	14,794,480	12,046,524	395,040,294	13,048,214	46,093,827	683,630,526
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,187,704	(8,663,298)	(12,044,379)	836,153	-	(35,052,701)	(50,736,521)
OTHER FINANCING SOURCES (USES):							
Bond proceeds	4,000,000	4,247,500	31,470,000	-	-	-	39,717,500
Proceeds from refunding bonds	9,990,068	-	-	-	-	23,470,950	33,461,018
Premium on issuance of debt	-	-	947,719	-	-	-	947,719
Premium on refunding bonds	75,150	-	-	-	-	899,847	974,997
Payment to escrow agent	(10,065,218)	-	-	-	-	(24,370,797)	(34,436,015)
Operating transfers in	2,825,000	3,947,142	4,089,663	9,976,132	-	35,475,375	56,313,312
Operating transfers out	(20,714,828)	(643,394)	(4,603,127)	(27,314,073)	-	(212,890)	(53,488,312)
Total other financing sources (uses) - net	(13,889,828)	7,551,248	31,904,255	(17,337,941)	-	35,262,485	43,490,219
CHANGE IN FUND BALANCE	(9,702,124)	(1,112,050)	19,859,876	(16,501,788)	-	209,784	(7,246,302)
FUND BALANCES AT BEGINNING OF YEAR	49,215,243	19,756,515	36,202,271	38,641,116	-	12,731,041	156,546,186
FUND BALANCES AT END OF YEAR	$ 39,513,119	$ 18,644,465	$ 56,062,147	$ 22,139,328	$ -	$ 12,940,825	$ 149,299,884

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds		$ (7,246,302)
The change in net assets reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		(1,438,119)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal or a capital lease obligation is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.		
Debt issued:		
Bonds payable	(73,178,518)	
Repayments:		
Bond principal	58,663,749	
		(14,514,769)
Revenue in the Statement of Activities that does not provide current financial resources and is not reported in the funds.		8,151,404
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.		(110,251,054)
In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(207,497)
Net change in net assets of governmental activities		$ (125,506,337)

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total City	City School District-Food Service	Total
ASSETS:						
Current:						
Pooled cash and cash equivalents	$ -	$ 6,197,416	$ 4,853,642	$ 11,051,058	$ -	$ 11,051,058
Cash and cash equivalents	13,711,419	-	-	13,711,419	-	13,711,419
Accounts receivable	3,227,302	3,340,556	1,074,209	7,642,067	-	7,642,067
Due from other governments	1,085,461	456,388	11,235	1,553,084	1,624,842	3,177,926
Due from other funds	60,500	-	-	60,500	1,175,671	1,236,171
Inventories	-	-	-	-	204,916	204,916
Prepaid expenses and other	169,127	-	-	169,127	24,747	193,874
Total current assets	18,253,809	9,994,360	5,939,086	34,187,255	3,030,176	37,217,431
Noncurrent:						
Pooled restricted cash and cash equivalents	-	1,980,536	1,016,608	2,997,144	-	2,997,144
Restricted cash and cash equivalents	25,559,584	4,749,700	-	30,309,284	-	30,309,284
Deferred charges	595,323	877,153	36,872	1,509,348	-	1,509,348
Due from other funds	333,250	-	-	333,250	-	333,250
Capital assets (net)	112,668,436	77,576,508	12,146,918	202,391,862	65,866	202,457,728
Total noncurrent assets	139,156,593	85,183,897	13,200,398	237,540,888	65,866	237,606,754
TOTAL ASSETS	$ 157,410,402	$ 95,178,257	19,139,484	$ 271,728,143	$ 3,096,042	$ 274,824,185
LIABILITIES:						
Current:						
Accounts payable and accrued expenses	$ 2,244,537	$ 3,447,559	$ 131,374	$ 5,823,470	$ 421,425	$ 6,244,895
Bond anticipation notes payable	4,127,500	-	-	4,127,500	-	4,127,500
Capital lease obligation	41,351	-	-	41,351	-	41,351
Accrued interest	351,375	337,808	48,820	738,003	-	738,003
Due to other funds	1,775,185	-	-	1,775,185	-	1,775,185
Due to other governments	-	-	-	-	2,439	2,439
Due to component unit	18,144	21,589	3,547	43,280	-	43,280
Current portion of bonds payable	3,181,101	2,620,111	580,485	6,381,697	-	6,381,697
Amounts due to retirement systems	337,169	236,231	92,159	665,559	257,914	923,473
Accrued compensated absences	214,990	21,786	10,354	247,130	195,308	442,438
Self-insurance claims	421,368	628,162	282,199	1,331,729	110,600	1,442,329
Deferred revenue	60,500	-	-	60,500	-	60,500
Total current liabilities	12,773,220	7,313,246	1,148,938	21,235,404	987,686	22,223,090
Noncurrent:						
Bonds - net of current portion	12,900,290	53,271,548	6,916,997	73,088,835	-	73,088,835
Capital lease obligation - net of current portion	147,293	-	-	147,293	-	147,293
Amounts due to retirement systems	401,731	346,832	135,252	883,815	-	883,815
Accrued compensated absences	-	255,362	67,699	323,061	-	323,061
Self-insurance claims	204,983	313,359	140,684	659,026	443,841	1,102,867
Other postemployment benefits	7,259,000	7,847,400	3,533,800	18,640,200	3,127,206	21,767,406
Deferred revenue	333,251	-	-	333,251	-	333,251
Other liabilities	20,500	-	-	20,500	-	20,500
Total noncurrent liabilities	21,267,048	62,034,501	10,794,432	94,095,981	3,571,047	97,667,028
Total liabilities	34,040,268	69,347,747	11,943,370	115,331,385	4,558,733	119,890,118
NET ASSETS:						
Invested in capital assets, net of related debt	92,437,533	26,640,473	5,676,302	124,754,308	65,866	124,820,174
Restricted	25,559,584	6,730,236	1,016,608	33,306,428	-	33,306,428
Unrestricted:						
Designated	-	1,000,000	-	1,000,000	-	1,000,000
Undesignated	5,373,017	(8,540,199)	503,204	(2,663,978)	(1,528,557)	(4,192,535)
Total net assets	123,370,134	25,830,510	7,196,114	156,396,758	(1,462,691)	154,934,067
TOTAL LIABILITIES AND NET ASSETS	$ 157,410,402	$ 95,178,257	$ 19,139,484	$ 271,728,143	$ 3,096,042	$ 274,824,185

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total City	City School District - Food Service	Total
OPERATING REVENUES:						
Charges for services	$ -	$ 21,592,876	$ 6,080,734	$ 27,673,610	$ 652,306	$ 28,325,916
Federal and state sources	-	-	-	-	8,897,312	8,897,312
Landing fees	4,822,451	-	-	4,822,451	-	4,822,451
Parking rents	7,190,999	-	-	7,190,999	-	7,190,999
Terminal rents	8,293,092	-	-	8,293,092	-	8,293,092
Concession	6,175,391	-	-	6,175,391	-	6,175,391
Miscellaneous	63,374	560,686	14,488	638,548	-	638,548
Total operating revenues	26,545,307	22,153,562	6,095,222	54,794,091	9,549,618	64,343,709
OPERATING EXPENSES:						
Cost of sales and services	8,431,459	13,423,374	4,422,505	26,277,338	9,955,786	36,233,124
Administration	14,234,008	535,653	7,528	14,777,189	351,686	15,128,875
Depreciation	11,117,503	1,454,325	575,166	13,146,994	33,591	13,180,585
Uncollectible accounts	18,461	388,874	82,306	489,641	-	489,641
Total operating expenses	33,801,431	15,802,226	5,087,505	54,691,162	10,341,063	65,032,225
NET OPERATING INCOME (LOSS)	(7,256,124)	6,351,336	1,007,717	102,929	(791,445)	(688,516)
NONOPERATING REVENUES (EXPENSES):						
Sales tax	-	30,000	-	30,000	-	30,000
Grants received	-	608,665	11,235	619,900	-	619,900
Passenger facility charges	4,231,940	-	-	4,231,940	-	4,231,940
Donated commodities	-	-	-	-	584,361	584,361
Investment income	183,456	38,041	24,195	245,692	106	245,798
Interest expense	(935,012)	(986,686)	(237,464)	(2,159,162)	-	(2,159,162)
Total nonoperating revenues (expenses) net	3,480,384	(309,980)	(202,034)	2,968,370	584,467	3,552,837
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	(3,775,740)	6,041,356	805,683	3,071,299	(206,978)	2,864,321
CAPITAL CONTRIBUTIONS	5,906,232	-	-	5,906,232	-	5,906,232
OPERATING TRANSFERS OUT	-	(2,300,000)	(525,000)	(2,825,000)	-	(2,825,000)
CHANGE IN NET ASSETS	2,130,492	3,741,356	280,683	6,152,531	(206,978)	5,945,553
NET ASSETS AT BEGINNING OF YEAR	121,239,642	22,089,154	6,915,431	150,244,227	(1,255,713)	148,988,514
NET ASSETS AT END OF YEAR	$ 123,370,134	$ 25,830,510	$ 7,196,114	$ 156,396,758	$ (1,462,691)	$ 154,934,067

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total - City	City School District - Food Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	$ 25,950,814	$ 21,402,772	$ 5,783,501	$ 53,137,087	$ 643,538	$ 53,780,625
Receipts from federal and state sources	-	-	-	-	8,084,789	8,084,789
Payments to vendors	(17,464,155)	(6,647,184)	(687,494)	(24,798,833)	(3,717,599)	(28,516,432)
Payments to employees	(4,074,780)	(4,273,746)	(1,940,883)	(10,289,409)	(5,112,757)	(15,402,166)
Internal activity-receipts and (payments) with other funds - net	(536,804)	-	-	(536,804)	15,112	(521,692)
Claims paid	435,930	(1,681,280)	(811,123)	(2,056,473)	-	(2,056,473)
Net cash provided by (utilized in) operating activities	4,311,005	8,800,562	2,344,001	15,455,568	(86,917)	15,368,651
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating subsidies and transfers to other funds	-	(2,300,000)	(525,000)	(2,825,000)	-	(2,825,000)
Payments from other governments	-	182,277	-	182,277	(407)	181,870
Net cash provided by noncapital financing activities	-	(2,117,723)	(525,000)	(2,642,723)	(407)	(2,643,130)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	4,127,500	3,012,513	-	7,140,013	-	7,140,013
Capital contributions	6,263,543	-	-	6,263,543	-	6,263,543
Purchases of capital assets	(12,977,669)	(6,826,576)	(758,316)	(20,562,561)	(9,596)	(20,572,157)
Proceeds from sale of capital assets	-	53,203	-	53,203	-	53,203
Principal paid on capital debt	(6,670,826)	(4,180,078)	(491,774)	(11,342,678)	-	(11,342,678)
Interest paid on capital debt	(1,005,900)	(785,474)	(240,985)	(2,032,359)	-	(2,032,359)
Other receipts	4,280,731	-	-	4,280,731	-	4,280,731
Net cash utilized in capital and related financing activities	(5,982,621)	(8,726,412)	(1,491,075)	(16,200,108)	(9,596)	(16,209,704)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and dividends received	183,456	38,041	24,195	245,692	106	245,798
Net cash provided by investing activities	183,456	38,041	24,195	245,692	106	245,798
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,488,160)	(2,005,532)	352,121	(3,141,571)	(96,814)	(3,238,385)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	40,759,163	14,933,184	5,518,129	61,210,476	96,814	61,307,290
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 39,271,003	$ 12,927,652	$ 5,870,250	$ 58,068,905	$ -	$ 58,068,905
Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:						
Operating income (loss)	$ (7,256,124)	$ 6,351,336	$ 1,007,717	$ 102,929	$ (791,445)	$ (688,516)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	11,117,503	1,454,325	575,166	13,146,994	33,591	13,180,585
(Gain) on sale of capital assets	-	(35,726)	-	(35,726)	-	(35,726)
Uncollectible accounts	18,461	388,874	82,306	489,641	-	489,641
Donated commodities	-	-	-	-	584,361	584,361
Change in assets and liabilities:						
Accounts receivable	(533,993)	(1,103,938)	(394,027)	(2,031,958)	-	(2,031,958)
Deferred charges	137,860	(3,326)	4,352	138,886	-	138,886
Due to other funds	(536,804)	-	-	(536,804)	15,112	(521,692)
Due to component units	5,508	8,922	3,547	17,977	-	17,977
Due from other governments	-	-	-	-	(821,290)	(821,290)
Inventories	-	-	-	-	48,882	48,882
Prepaid expenses and other	20,934	-	-	20,934	-	20,934
Accounts payable and accrued expenses	(1,044,797)	(406,988)	(3,141)	(1,454,926)	(130,913)	(1,585,839)
Amounts due to retirement systems	403,564	471,245	185,315	1,060,124	60,844	1,120,968
Other Postemployment Benefits	-	1,609,600	862,800	2,472,400	858,595	3,330,995
Self-insurance claims	2,050,730	121,838	55,831	2,228,399	46,646	2,275,045
Accrued compensated absences	(11,337)	(55,600)	(35,865)	(102,802)	8,700	(94,102)
Deferred revenue	(60,500)	-	-	(60,500)	-	(60,500)
Net cash provided by (utilized in) operating activities	$ 4,311,005	$ 8,800,562	$ 2,344,001	$ 15,455,568	$ (86,917)	$ 15,368,651

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

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

	Unrestricted	Restricted	Total
Beginning of Year:			
Aviation Fund	$ 15,657,238	$ 25,101,925	$ 40,759,163
Water Fund	6,581,333	8,351,851	14,933,184
Sewer Fund	4,120,826	1,397,303	5,518,129
Food Service Fund	96,814	-	96,814
Total beginning of year	$ 26,456,211	$ 34,851,079	$ 61,307,290
End of Year:			
Aviation Fund	$ 13,711,419	$ 25,559,584	$ 39,271,003
Water Fund	6,197,416	6,730,236	12,927,652
Sewer Fund	4,853,642	1,016,608	5,870,250
Total end of year	$ 24,762,477	$ 33,306,428	$ 58,068,905

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	City					
	Pension Trust Fund	Private Purpose Funds				
	Local Police Pension Fund	Coca Cola & Mayor's Round Ball	Agency Funds	Total City	Combined City School District	Total
ASSETS:						
Pooled restricted cash and cash equivalents	$ 336,598	$ 1,868	$ 54,673,792	$ 55,012,258	$ -	$ 55,012,258
Restricted cash	-	-	-	-	496,073	496,073
Taxes receivable	-	-	54,069,664	54,069,664	-	54,069,664
Due from other funds	-	-	-	-	78,870	78,870
TOTAL ASSETS	336,598	1,868	108,743,456	109,081,922	574,943	109,656,865
LIABILITIES:						
Accounts payable and accrued expenditures	-	-	7,267	7,267	-	7,267
Due to other funds	-	-	52,927,472	52,927,472	1,000	52,928,472
Due to other governments	-	-	800,336	800,336	-	800,336
Deferred revenue	-	-	54,069,664	54,069,664	-	54,069,664
Other liabilities	-	-	938,717	938,717	442,741	1,381,458
TOTAL LIABILITIES	-	-	108,743,456	108,743,456	443,741	109,187,197
NET ASSETS:						
Held in trust	$ 336,598	$ 1,868	$ -	$ 338,466	$ 131,202	$ 469,668

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Pension Trust Fund	Private Purpose Funds			
	Local Police Pension Fund	Coca Cola & Mayor's Round Ball	Total City	Combined City School District	Total
ADDITIONS:					
Contributions	$ -	$ 17,093	$ 17,093	$ 18,034	$ 35,127
Local sources and other	-	-	-	18,463	18,463
Total additions	-	17,093	17,093	36,497	53,590
DEDUCTIONS:					
Scholarships and awards	-	-	-	10,000	10,000
Other expenses	560	16,850	17,410	-	17,410
Total deductions	560	16,850	17,410	10,000	27,410
CHANGE IN NET ASSETS	(560)	243	(317)	26,497	26,180
NET ASSETS AT BEGINNING OF YEAR	337,158	1,625	338,783	104,705	443,488
NET ASSETS AT END OF YEAR	$ 336,598	$ 1,868	$ 338,466	$ 131,202	$ 469,668

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2011

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
ASSETS:				
Cash and cash equivalents	$ 6,104,854	$ 2,439,348	$ 5,200,288	$ 13,744,490
Restricted cash	552,738	-	-	552,738
Other receivables	70,838	-	13,118	83,956
Loans receivable-current portion	76,300	739,440	-	815,740
Due from other governments	-	-	20,250	20,250
Due from other component units	-	-	11,343	11,343
Other assets	996,077	-	-	996,077
Loans receivable - long-term portion	6,048,129	3,886,839	-	9,934,968
Notes receivable-long-term portion	-	5,500,000	-	5,500,000
Capital assets:				
Nondepreciable	50,000	-	53,793	103,793
Depreciable, net	900,902	-	11,775	912,677
TOTAL ASSETS	$ 14,799,838	$ 12,565,627	$ 5,310,567	$ 32,676,032
LIABILITIES:				
Accounts payable and accrued expenses	$ 386,805	$ 391,533	$ 140,120	$ 918,458
Accrued interest expense	118,449	-	-	118,449
Due to other governments	-	-	9,657	9,657
Due to primary government	-	326,548	402,295	728,843
Due to other component units	-	429,636	-	429,636
Deferred revenue	36,000	-	3,375,659	3,411,659
Grant payable	735,370	-	-	735,370
Non-current liabilities:				
Due within one year	2,684,000	-	-	2,684,000
Due within more than one year	5,491,000	-	-	5,491,000
Due to primary government - long-term portion	2,020,255	3,808,207	-	5,828,462
Due to other component units-long-term portion	-	15,496,014		15,496,014
Total liabilities	11,471,879	20,451,938	3,927,731	35,851,548
NET ASSETS:				
Invested in capital assets	(304,070)	-	65,568	(238,502)
Restricted for Lakefront Development programs	1,542,750	-	-	1,542,750
Restricted for Urban Development Action Grant	-	674,018	-	674,018
Restricted for Grant programs	-		3,375,659	3,375,659
Restricted for Parking Mitigation	652,494	-	-	652,494
Unrestricted	1,436,785	(8,560,329)	(2,058,391)	(9,181,935)
Total net assets (Deficit)	3,327,959	(7,886,311)	1,382,836	(3,175,516)
TOTAL LIABILITIES AND NET ASSETS	$ 14,799,838	$ 12,565,627	$ 5,310,567	$ 32,676,032

See Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2011

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
EXPENSES:				
Destiny USA Fee to City of Syracuse and Onondaga County	$ 3,800,000	$ -	$ -	$ 3,800,000
Economic Development	420,825	393,491	707,385	1,521,701
Development projects	3,954,353	-	-	3,954,353
Loan programs	494,664	-	-	494,664
Parking garage	112,613	-	-	112,613
Rental of real property	-	424,374	-	424,374
Total expenses	8,782,455	817,865	707,385	10,307,705
PROGRAM REVENUE:				
Charges for services	4,706,995	265,116	-	4,972,111
Operating grants	50,000	59,166	-	109,166
Total program revenue	4,756,995	324,282	-	5,081,277
NET PROGRAM EXPENSE	(4,025,460)	(493,583)	(707,385)	(5,226,428)
GENERAL REVENUE:				
Property taxes	1,036,406	-	-	1,036,406
Investment earnings	36,418	13,903	4,661	54,982
Miscellaneous	69,933	5,735	647,231	722,899
Total general revenue	1,142,757	19,638	651,892	1,814,287
CHANGE IN NET ASSETS	(2,882,703)	(473,945)	(55,493)	(3,412,141)
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	6,210,662	(7,412,366)	1,438,329	236,625
NET ASSETS (DEFICIT) AT END OF YEAR	$ 3,327,959	$ (7,886,311)	$ 1,382,836	$ (3,175,516)

See Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Syracuse, New York (the City) was incorporated in 1848 and operates under an elected Mayor. The Common Council is the elected legislative body and consists of a Council President and four members elected at large plus five district members. The City provides service of general government, public works, public safety, education, community enrichment and economic development to its approximately 138,600 residents, and operates Syracuse - Hancock International Airport (the Airport) which serves approximately two million passengers annually from the region.

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

A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

(Continued)

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

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

Blended Component Units:

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

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

Discretely Presented Component Units:

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

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

(Continued)

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

A. Financial Reporting Entity (Cont'd)

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

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

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

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities 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 (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. 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 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.

(Continued)

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

B. Basis of Presentation (Cont'd)

Government-wide Financial Statements (Cont'd):

Amounts reported in the Statement of Activities as program revenue include charges to customers for goods, services or privileges provided, operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with a governmental or business-type activity. General revenues support all activities and programs. All taxes are considered general revenues.

Fund Financial Statements:

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

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

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

(Continued)

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

B. Basis of Presentation (Cont'd)

Governmental Fund Types:

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Fund

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

Joint Schools Construction Board (JSCB) Fund

The JSCB fund, which is a fund 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.

(Continued)

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

B. Basis of Presentation (Cont'd)

Permanent Fund

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

Proprietary Fund Types:

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

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

Aviation Fund

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

Food Service Fund

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

(Continued)

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

B. Basis of Presentation (Cont'd)

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

Agency Funds

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

Pension Trust Fund

The Pension Trust Fund is used to report resources that are held in trust for the members and beneficiaries of the local police pension plan.

Private Purpose Funds

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

Major and Nonmajor Funds

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

Major Funds:

- General 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.
- Joint Schools Construction Board (JSCB) Fund - See above for description.

(Continued)

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

B. Basis of Presentation (Cont'd)

Major and Nonmajor Funds (Cont'd)

- Proprietary Funds:

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

Nonmajor Funds:

- Special Revenue Funds:
  - Special Grants
  - Special Assessment Districts
  - Local Development
  - Oil and Flushing
  - Miscellaneous Trust Funds
  - Neighborhood and Business Development

- Debt Service Fund

- Capital Projects Fund

- Permanent Funds:
  - Francis Hendrick's
  - The Ed Smith School Fund

- Proprietary Funds:
  - Sewer
  - City School District - Food Service

Although the Neighborhood & Business Development and Capital Projects Funds do not meet the criteria for major governmental fund types, they are presented as major as management believes they are important to users of the financial statements. Similarly, the Sewer and Food Service Funds are also not major proprietary funds, but as reported separately in the Proprietary Fund Statements.

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.

(Continued)

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

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

Measurement Focus

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

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

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

b. Proprietary and fiduciary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and fiduciary fund equity are classified as net assets.

c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

(Continued)

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

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

Basis of Accounting (Cont'd)

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

D. Budgets and Budgetary Accounting

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

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

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 10th.
- 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.

(Continued)

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

D. Budgets and Budgetary Accounting (Cont'd)

- 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.

E. Cash Equivalents

Cash equivalents consist primarily of money market accounts and certificate of deposits with original maturities of three months or less.

F. Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales and use taxes, mortgage taxes, franchise 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.

G. Inventories

Inventories of food and/or supplies in the Food Service Fund, included as a proprietary fund, are recorded at cost on a first-in, first-out basis or, in the case of commodities, at stated value which approximates market. Purchases of inventoriable items in the School District Special Revenue Fund are recorded at cost on an average cost basis.

(Continued)

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

H. 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, 2011 amounted to $815,820.

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

Buildings	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	3-5 years

(Continued)

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

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

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.

I. Compensated Absences

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

J. Long-Term Obligations

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

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. Issuance costs are reported as General Fund expenditures.

K. Equity Classifications

Government-wide Financial Statements

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

a. Invested in capital assets, net of related debt - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

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

K. Equity Classifications (Cont'd)

b. Restricted net assets - net assets with constraints placed on the use 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 assets in the governmental activities include the following:

Nonspendable:	
School District inventory and prepaid items	$ 678,534
Permanent funds	26,922
Total nonspendable	705,456
Restricted:	
Capital projects	10,140,855
Debt service	11,275,631
Miscellaneous trusts	1,114,522
Joint School Construction Board	56,062,147
EMS training	271,115
Clinton Square maintenance	91,510
Total restricted	78,955,780
Total	$ 79,661,236

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

c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt" and are deemed to be available for general use by the City.

Fund Financial Statements

During the year ending June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a 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.

(Continued)

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

K. Equity Classifications (Cont'd)

Fund Financial Statements (Cont'd)

Governmental fund equity is classified as fund balance. In the fund basis statements there are five classifications of fund balance:

a. Nonspendable fund balance - 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 and prepaid expenses recorded in the School District Special Revenue Fund of $678,534 and restricted cash recorded in Nonmajor Governmental Funds of $26,922.

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 encumbrances of funds and remaining funds 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. Committed fund balance includes $427,000 designated for technology in the City School District Special Revenue Fund. Committed Capital Projects Fund balance of $8,503,610 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of $395,281 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 $4,905,542 and appropriated fund balance of $10,000,000 to be used to fund fiscal year 2011-2012 operating expenditures. Assigned fund balance in the City's General Fund consists of encumbrances of $108,951 and $13,000,000 of appropriations to fund fiscal year 2011-2012 operating expenditures. Assigned fund balance also includes $128,469 of Oil and Flushing Fund balance to be used to fund expenditures for the 2011-2012 fiscal year. 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.

(Continued)

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

K. Equity Classifications (Cont'd)

Fund Financial Statements (Cont'd)

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

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.

L. 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.

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 11 for further information.

(Continued)

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

M. 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 revenue. Deferred revenues are recognized as revenue in the fiscal year that such amounts become available. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied, less an allowance for uncollectible amounts.

Assessment Tax Revenue

In the fund financial statements, sidewalk and sewer assessments are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments receivable of $4,240,608 at June 30, 2011 are offset by deferred revenue and included in the Debt Service Fund. 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.

(Continued)

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

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

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 revenues of the Aviation Fund are landing fees, parking fees, terminal rents and concession revenue. Operating expenses for the proprietary funds include the cost of sales and service, administrative expenses, uncollectible accounts and depreciation on capital assets.

Expenditures/Expenses

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

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

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

Proprietary Funds - By operating and nonoperating

(Continued)

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

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

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, transfers within governmental activities and within business-type activities are eliminated upon consolidation.

Payments Between the City and Component Units

Resource flows (except those that affect the Statement of Net Assets, 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.

N. Delinquent Property Taxes

Delinquent taxes receivable from the prior year are converted to tax sale certificates annually in April and October for the County and the City, respectively. At June 30, 2011, the tax sale certificates are fully offset by an allowance for uncollectible delinquent taxes and deferred revenue in the fund financial statements. The allowance and deferred revenue amounts at June 30, 2011 were $21,517,974 and $13,977,260, respectively.

O. Deferred Charges

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

(Continued)

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

P. Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 19% expire in one year or less and 15% have expired. The remaining 66% of these agreements extend beyond one year.

Q. 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.

R. 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.

S. 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 during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions are made in several areas, including the computation of encumbrances, compensated absences, potential contingent liabilities, self-insurance accruals and useful lives of long-lived assets.

2. CASH AND CASH EQUIVALENTS

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

(Continued)

2. CASH AND CASH EQUIVALENTS (CONT'D)

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, time deposits 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 $218,807,588 and the bank balance was $229,703,923. As of June 30, 2011 all deposits were insured or collateralized.

(Continued)

3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions	Disposals/ Transfers	Balance at June 30, 2011
Governmental activities:				
Not being depreciated:				
Land	$ 16,269,801	$ -	$ -	$ 16,269,801
Construction in progress	76,846,939	11,082,053	27,924,164	60,004,828
Subtotal	93,166,740	11,082,053	27,924,164	76,274,629
Other capital assets:				
Buildings	351,030,842	23,576,363	1,086,000	373,521,205
Machinery and equipment	83,236,572	4,420,113	4,644,776	83,011,909
Improvements/infrastructure	333,753,953	4,697,756	-	338,451,709
Subtotal	768,021,367	32,694,232	5,730,776	794,984,823
Total capital assets	861,138,107	43,776,285	33,654,940	871,259,452
Accumulated depreciation:				
Buildings	252,591,490	5,673,377	1,086,000	257,178,867
Machinery and equipment	58,195,202	9,410,039	4,565,507	63,039,734
Improvements/infrastructure	203,436,808	12,696,737	-	216,133,545
Total	514,223,500	27,780,153	5,651,507	536,352,146
Net capital assets - governmental activities	$346,914,607	$15,996,132	$ 28,003,433	$334,907,306

Depreciation was charged to activities as follows:

Governmental activities:

General government support	$ 1,768,047
Police department	1,078,287
Fire department	1,524,508
Other public safety	2,204
Transportation	13,478,895
Culture and recreation	1,619,055
Home and community services	308,842
Education	8,000,315
Total governmental activities depreciation expense	$ 27,780,153

(Continued)

3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)

	Balance at June 30, 2010	Additions	Disposals/ Transfers	Balance at June 30, 2011
Business-type activities:				
Not being depreciated:				
Land	$ 6,535,440	$ -	$ -	$ 6,535,440
Construction in progress	42,362,405	20,316,828	51,833,043	10,846,190
Subtotal	48,897,845	20,316,828	51,833,043	17,381,630
Other capital assets:				
Buildings	109,182,552	1,854,834	-	111,037,386
Machinery and equipment	28,157,178	1,839,612	3,327,163	26,669,627
Improvements/infrastructure	205,094,220	47,528,213	19,500	252,602,933
Subtotal	342,433,950	51,222,659	3,346,663	390,309,946
Total capital assets	391,331,795	71,539,487	55,179,706	407,691,576
Accumulated depreciation:				
Buildings	81,595,215	4,009,304	-	85,604,519
Machinery and equipment	21,708,300	1,883,133	3,309,684	20,281,749
Improvements/infrastructure	92,059,432	7,288,148	-	99,347,580
Total	195,362,947	13,180,585	3,309,684	205,233,848
Net capital assets - business-type activities	$195,968,848	$58,358,902	$51,870,022	$202,457,728

Depreciation was charged to activities as follows:

Business-type activities:	
Aviation	$ 11,117,503
Water	1,454,325
Sewer	575,166
Food Service	33,591
Total business-type activities depreciation expense	$ 13,180,585

(Continued)

4. CAPITAL INDEBTEDNESS

General Obligations Bonds Payable

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 2.00% to 6.37% with maturity dates through June 30, 2031.

During the year ended June 30, 2011, the City issued general obligation bonds of $9,747,500. Of this amount, $4,247,500 was used for capital projects, $1,500,000 was used to finance water fund projects, and $4,000,000 was used to settle a legal claim. SIDA issued School Facility Revenue Bonds of $31,470,000 to finance District building renovations (see Note 12).

In addition, on October 21, 2010, the City issued $34,420,000 in general obligation bonds with an average interest rate of 3.62% to advance refund $33,445,000 of outstanding 1998E, 2001A, 2001D and 2002A series bonds with an average interest rate of 4.33%. The net proceeds of $36,363,328 (including a net premium of $975,000) 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 over the next 11 years by $1.5 million resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $1,369,000.

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Amount due within one year
Governmental Activities:					
Bonds and notes payable:					
General obligation and school facility revenue bonds payable	265,531,137	73,178,518	58,663,749	280,045,906	23,888,731
Premium on bonds payable	762,229	1,922,716	134,895	2,550,050	134,895
Discount on bonds payable	(1,167,238)	(91,120)	(245,612)	(1,012,746)	(195,637)
Total bonds and notes payable	265,126,128	75,010,114	58,553,032	281,583,210	23,827,989
Other liabilities:					
Amount due to retirement systems	22,054,838	42,991,272	36,986,681	28,059,429	20,910,202
Accrued compensated absences	20,799,026	14,887,412	15,314,186	20,372,252	10,252,059
Self-insurance claims	41,586,384	103,234,706	103,487,400	41,333,690	11,066,113
Other postemployment benefits	256,422,121	115,681,518	22,449,538	349,654,101	-
Judgments and claims	10,068,000	5,495,157	5,495,157	10,068,000	-
Environmental remediation	13,202,110	2,883,477	-	16,085,587	-
Lottery aid payable	26,166,667	-	1,016,667	25,150,000	1,016,667
Total other liabilities	390,299,146	285,173,542	184,749,629	490,723,059	43,245,041
Governmental activities long-term liabilities	$ 655,425,274	$ 360,183,656	$ 243,302,661	$ 772,306,269	$ 67,073,030

(Continued)

4. CAPITAL INDEBTEDNESS (CONT'D)

Changes in Long-term Liabilities (Cont'd)

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the Debt Service Fund.

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

Long-term liability activity for business-type activities for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011	Amount due within one year
Business-Type Activities:					
Bonds, notes payable and capital lease obligations:					
General obligation bonds payable	$ 45,245,144	$ 3,012,514	$ 6,556,056	$ 41,701,602	$ 5,167,767
Construction bonds payable	38,948,930	-	1,180,000	37,768,930	1,213,930
Capital lease obligation	228,270	-	39,626	188,644	41,351
Total bonds, notes payable and capital lease obligations	84,422,344	3,012,514	7,775,682	79,659,176	6,423,048
Other liabilities:					
Amount due to retirement systems	686,318	4,233,114	3,112,144	1,807,288	923,473
Accrued compensated absences	859,601	730,888	824,990	765,499	442,438
Self-insurance claims	2,151,650	5,501,568	5,108,022	2,545,196	1,442,329
Other postemployment benefits	16,554,911	7,987,157	2,774,662	21,767,406	-
Total other liabilities	20,252,480	18,452,727	11,819,818	26,885,389	2,808,240
Business-type activities long term liabilities	$ 104,674,824	$ 21,465,241	$ 19,595,500	$ 106,544,565	$ 9,231,288

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.

(Continued)

4. CAPITAL INDEBTEDNESS (CONT'D)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2011, amounts due to service general obligation, school facility revenue bonds payable and construction bonds, principal and interest in future years, are as follows:

	Governmental Activities		Business-type activities		
Year Ending June 30,	Principal	Interest	Principal	Interest	Total
2012	$ 23,888,731	$ 11,658,745	$ 6,381,697	$ 2,734,023	$ 44,663,196
2013	26,254,349	10,757,841	6,583,146	2,511,832	46,107,168
2014	24,801,992	9,704,668	6,773,008	2,271,318	43,550,986
2015	24,738,632	8,660,496	5,461,376	2,015,850	40,876,354
2016	19,246,863	7,717,316	5,143,137	1,817,996	33,925,312
2017-2021	87,039,717	26,716,997	16,985,042	6,852,575	137,594,331
2022-2026	58,922,389	10,539,340	12,082,610	4,679,399	86,223,738
2027-2031	15,153,233	1,287,810	7,570,503	3,276,684	27,288,230
2032-2036	-	-	6,770,000	2,094,170	8,864,170
2037-2040	-	-	5,720,013	530,265	6,250,278
TOTALS	$ 280,045,906	$ 87,043,213	$ 79,470,532	$ 28,784,112	$ 475,343,763

Short-term Debt

Revenue and Tax Anticipation Notes Payable

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

Bond Anticipation Notes Payable

For governmental 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.

(Continued)

4. CAPITAL INDEBTEDNESS (CONT'D)

Short-term Debt (Cont'd)

Short-term debt activity for the year ended June 30, 2011:

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011
Governmental Activities:				
Revenue anticipation notes	$ 54,800,000	$ 110,000,000	$ 164,800,000	$ -

	Balance at June 30, 2010	Additions	Reductions	Balance at June 30, 2011
Business-type Activities:				
Bond anticipation notes	$ 3,567,000	$ 4,127,500	$ 3,567,000	$ 4,127,500

5. AIRPORT LEASE AND USE AGREEMENTS

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

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

The cost and related accumulated depreciation of the leased property is not readily determinable. Approximate future minimum payments due to the City as of June 30, 2011 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2012	$ 4,445,470
2013	2,221,499
2014	793,912
2015	775,183
2016	775,811
Thereafter	9,666,525
TOTAL	$18,678,400

(Continued)

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, 2011 were approximately $1,179,000. The minimum future non-cancelable operating lease payments as of June 30, 2011 were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2012	$ 911,509
2013	487,836
2014	324,419
2015	168,483
2016	133,992
Thereafter	90,562
TOTAL	$ 2,116,801

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, 2011 were approximately $410,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2011:

YEAR ENDING JUNE 30,	AMOUNT
2012	$ 409,560
2013	408,542
2014	406,747
2015	250,175
2016	242,825
Thereafter	480,157
TOTAL	$2,198,006

(Continued)

6. OPERATING LEASE COMMITMENTS (CONT'D)

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages cost approximately $61,800,000 with accumulated depreciation of $55,515,000 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2011 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2012	$ 987,900
2013	883,500
2014	758,100
2015	735,300
2016	443,100
Thereafter	4,641,000
TOTAL	$8,448,900

7. CAPITAL LEASE OBLIGATIONS

The Airport is obligated under certain leases accounted for as capital leases. The leased assets and related liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the assets. Capital assets include leased assets in the Aviation Fund of $398,241 with accumulated depreciation of $398,241. The related obligations are accounted for as liabilities in the Statement of Net Assets. Payments are expenditures of the Aviation Fund. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2011.

	Business -Type Activities
Year ending June 30,	
2012	$ 48,600
2013	48,600
2014	48,600
2015	48,600
Thereafter	8,100
Minimum lease payments - capital leases	202,500
Less: Amounts representing interest between 5% and 8.5% per annum	(13,856)
Present value - minimum lease payments	$ 188,644

(Continued)

8. 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. With the exception of a receivable in the Aviation Fund and payable in the Capital Projects Fund of $333,250, 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, 2011:

	AMOUNT RECEIVABLE	AMOUNT PAYABLE
General Fund	$ 2,384,821	$ -
City School District	58,707,665	14,716,572
Neighborhood and Business Development	-	29,717
Capital Projects Fund	3,128,246	2,246,725
Joint Schools Construction Board	536,626	-
Proprietary Funds:		
Aviation	393,750	1,775,185
Food Service	1,175,671	-
Nonmajor governmental funds:		
Debt Service	5,870,941	-
Special Grants	-	579,919
Fiduciary	78,870	52,928,472
Total	$ 72,276,590	$ 72,276,590

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2011:

	AMOUNT RECEIVABLE	AMOUNT PAYABLE
General Fund	$ 4,111,185	$ 460,447
City School District	-	23,400
Neighborhood and Business Development	1,135,995	53,640
Proprietary Funds:		
Water	-	21,589
Sewer	-	3,547
Aviation	-	18,144
Nonmajor governmental fund:		
Local Development	1,672,507	-
Component units:		
SURA	-	402,295
SIDA	-	2,020,389
SEDCO	-	3,916,236
Total	$ 6,919,687	$ 6,919,687

(Continued)

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

Receivables and Payables (Cont'd)

The amounts receivable and payable above are as of June 30, 2011. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2010. The interfund receivables and payables differences relating to SIDA and SEDCO result from loan and other transactions in the normal course of business.

Transfers

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to the Capital Projects and Debt Service Funds. They also facilitate the contribution of proprietary fund earnings to the General Fund. Interfund transfers for the fiscal year ended June 30, 2011, which were routine in nature, were as follows:

	Transfers In	Transfers Out
General Fund	$ 2,825,000	$ 20,714,828
Capital Projects Fund	3,947,142	643,394
Joint School Construction Board	4,089,663	4,603,127
Special revenue funds:		
City School District	9,976,132	27,314,073
Oil and Flushing	-	212,890
Debt Service Fund	35,475,375	-
Proprietary funds:		
Water	-	2,300,000
Sewer	-	525,000
Total	$ 56,313,312	$ 56,313,312

(Continued)

9. 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.

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. 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.

(Continued)

9. RETIREMENT PLANS (CONT'D)

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:

	TRS	ERS	PFRS
June 30, 2011	$ 15,539,793	$ 9,777,603	$ 13,976,448
June 30, 2010	$ 12,819,586	$ 7,413,538	$ 10,996,599
June 30, 2009	$ 14,888,732	$ 5,625,648	$ 12,777,941

10. SELF INSURANCE

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

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

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

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

(Continued)

11. OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ending June 30, 2008, the City adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), on a prospective basis. This required 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. In the past, the City reported 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. 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, 2011, the City contributed approximately $24,349,000 for the total cost of the plan net of retiree contributions of approximately $875,000. The District contributed approximately $14,994,000 net of retiree contributions of approximately $1,300,000.

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.

	City	District
Annual required contribution	$ 67,129,900	$ 75,499,660
Interest on net OPEB obligation	4,865,000	6,054,085
Adjustment to annual required contribution	(4,833,500)	(8,752,709)
Annual OPEB cost (expense)	67,161,400	72,801,036
Contributions made	(25,224,400)	(16,293,561)
Increase in net OPEB obligation	41,937,000	56,507,475
Net OPEB obligation - Beginning of Year	121,624,900	151,352,132
Net OPEB obligation - End of Year	$ 163,561,900	$ 207,859,607

(Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 68,304,977	21.62%	$ 105,646,455
June 30, 2010	$ 61,041,328	25.12%	$ 151,352,132
June 30, 2011	$ 72,801,036	22.38%	$ 207,859,607

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$ 62,570,100	36.1%	$ 80,018,600
June 30, 2010	$ 63,988,800	35.0%	$ 121,624,900
June 30, 2011	$ 67,161,400	37.6%	$ 163,561,900

Funding Status and Funding Progress

As of June 30, 2011, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately $934,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately $222,000,000 and the ratio of the liability to the covered payroll was 420%.

As of July 1, 2010, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately $911,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately $101,000,000 and the ratio of the liability to the covered payroll was 902%.

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.

(Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

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 medical and prescription cost trend is 10% initially, decreasing to 5% for all benefits after 5 years for both Pre-65 and Post-65 individuals. For the District, the annual health care cost trend rate of 11.00% is used initially, decreasing to 5.00% after seven years for Pre-65 individuals and 10.00% initially, decreasing to 5.00% for Post-65 individuals after seven years. The prescription cost trend begins at 11.00% initially and decreases to 5.00% after seven years. Both rates include a 3.00% inflation assumption. 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, 2011 was thirty years.

12. JOINT SCHOOLS CONSTRUCTION BOARD

The City of Syracuse, New York (the "City") and the City School District of Syracuse, New York (the "District" or "SCSD") entered into an agreement in April 2004 to create the Joint Schools Construction Board (JSCB). The JSCB will manage and administer the design, renovation and financing for existing public schools in the District. The JSCB reports to the Common Council and the District Board every six months on the status of projects. Under the agreement, the JSCB will continue for five years and may be renewed for an additional five years. The agreement was renewed for an additional five years in April 2009.

In connection with the proposed school building improvement program the Cooperative School Reconstruction Act was approved by the State Legislature and signed into legislation by the Governor in 2006. The Act authorizes the School District to improve seven buildings named in the Act for a total cost of up to $225 million. The Act authorizes new and innovative ways to renovate the buildings and authorizes financing techniques to accomplish the plan. The Act also allows the JSCB to enter into contracts for School projects on behalf of the City and District. The JSCB utilized the City of Syracuse Industrial Development Agency (SIDA) as the conduit issuer of financing for Phase I projects.

(Continued)

12. JOINT SCHOOLS CONSTRUCTION BOARD (CONT'D)

Financing of JSCB

In accordance with Chapter 58 Pt. A-4 of the Laws of 2006 of the State of New York pursuant to Indenture of Trusts (Series 2008 Project) between the SIDA (the Issuer) and M&T Trust Company (the Trustee), School Facility Revenue Bonds, Series 2008A, dated March 12, 2008, totaling $49,230,000 and Series 2010A, dated December 23, 2010, totaling $31,470,000 were issued by the SIDA for the purpose of financing a portion of the cost of the project consisting of the design, reconstruction, rehabilitation, and equipping of certain existing school buildings for use by the District.

The series 2008A and 2010A Bonds are special limited obligations of the issuer payable solely from (i) the payment of installment purchase payments by the SCSD and the City under the Installment Sale Agreement and (ii) the pledge of certain funds, including a bond fund and a debt service reserve fund, under the Indenture. In the event the SCSD and the City fail to make an installment purchase payment under the Installment Sale Agreement, it is provided in the Syracuse Schools Act and the Indenture that, upon receipts by the New York State Comptroller (the "State Comptroller") of a certificate from the Series 2008A and 2010A Trustee on behalf of the Issuer as to the amount of such failed payment, the State Comptroller shall withhold any state and/or school aid payable to the SCSD or the City to the extent of the amount so stated in such certificate as not having been made, and shall immediately pay over to the Series 2008A and 2010A Trustee on behalf of the Issuer the amount withheld.

The obligation of the SCSD and the City under the Installment Sale Agreement to pay installment purchase payments is not a general obligation of the SCSD or the City and neither the faith and credit nor the taxing powers of the City is pledged to the payment of installment purchase payments under the Installment Sale Agreement. The obligation of the SCSD and the City under the Installment Sale Agreement to pay installment purchase payments in any fiscal year of the SCSD or the City constitutes a current expense of the SCSD for such fiscal year and shall not constitute an indebtedness or moral obligation of the SCSD, the City or the State within the meaning of any constitutional or statutory provision or other laws of the State. Except for the application of the debt service reserve fund, the only source of moneys available for the payment of the principal of and interest on the Series 2008A and 2010A Bonds is installment purchase payments made by the SCSD and the City under the Installment Sale Agreement to the extent of State Aid to Education appropriated by the State and available to the SCSD and/or the City and appropriated by the City and the SCSD to make such payments, and the intercept by the State Comptroller of any other state and/or school aid payable to the City or the SCSD to the extent of any installment purchase deficiency. The Series 2008A and 2010A Bonds are neither a general obligation of the Issuer, nor a debt or indebtedness of the City or the State and neither the City nor the State shall be liable thereon. The District will be responsible for the maintenance and operation of the facilities constructed and/or repaired with the Series 2008A and 2010A proceeds.

(Continued)

12. JOINT SCHOOLS CONSTRUCTION BOARD (CONT'D)

In the year of issuance, the proceeds of the bonds were deposited in accordance with the respective Indenture Trust Agreement between the Issuer and M&T Bank and the bond proceeds were recorded as other financing sources within the fund financial statements. The related liabilities were recorded within the government-wide financial statements of the District. Projects costs and debt service payments were recorded as expenditures of the District.

13. 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, 2011.

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, 2011.

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 be immaterial.

SIDA has HUD-108 loans payable amounting to $6,910,000. These loans bear interest at rates varying from 1.75 to 4.99%. 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, 2010:

Year ending December 31,	Principal	Interest	Total
2011	$ 2,539,000	$ 222,768	$ 2,761,768
2012	2,687,000	122,881	2,809,881
2013	301,000	64,458	365,458
2014	277,000	55,132	332,132
2015	283,000	56,600	339,600
2016-2021	823,000	135,342	958,342
Total	$ 6,910,000	$ 657,181	$ 7,567,181

(Continued)

13. CONTINGENCIES AND COMMITMENTS (CONT'D)

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 and 2010, SIDA received no allocation from Community Development Block Grant funds.

14. ENVIRONMENTAL REMEDIATION

Asbestos remediation obligations related to school district buildings have been recognized at June 30, 2011. The estimated liability at June 30, 2011 was based on management's estimated cost to perform remediation. There is potential for changes due to price increase or technology.

15. SUBSEQUENT EVENTS

On September 13, 2011, the City issued $107,500,000 in Revenue Anticipation Notes at 0.82% maturing on June 30, 2012 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. Of the total amount, $64,000,000 was for School District purposes and $43,500,000 was for general City purposes. The request was approved by the City of Syracuse, New York Common Council on August 22, 2011.

On July 12, 2011, City of Syracuse Industrial Development Agency (SIDA) issued School Facility Revenue Bonds, Series 2011A totaling $31,860,000 and Series 2011B totaling $15,000,000 with an interest rate of 3.00% to 5.00% and 5.43%, respectively for use by the District in financing a portion of the cost of the project consisting of the design, reconstruction and rehabilitation of various existing school buildings and the acquisition of certain equipment, fixtures and furnishings under the Cooperative School Reconstruction Act. Refer to Note 12 for further information on the District's renovation project under the Cooperative School Reconstruction Act and previous financing of the project.

On November 18, 2011, the City issued $44,330,000 of general obligation bonds Series 2011A at 4.72% for airport terminal security and improvements. The City also issued Series 2011B refunding general obligation bonds of $9,235,000 at 2.35% for the airport. The request was approved by the City of Syracuse, New York Common Council on September 26, 2011.

(Concluded)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
General property taxes and tax items	$ 33,389,004	$ 33,389,004	$ 34,596,027	$ 1,207,023
Sales tax and use taxes	65,938,011	65,938,011	62,910,555	(3,027,456)
Other local taxes	3,957,367	3,957,367	3,898,258	(59,109)
Departmental revenues	9,813,586	9,844,788	10,812,908	968,120
Intergovernmental charges	278,854	278,854	499,312	220,458
Licenses and permits	2,041,586	2,041,586	1,885,089	(156,497)
Fines and forfeitures	3,636,725	3,636,725	3,214,191	(422,534)
Sale of property and compensation for loss	293,333	293,333	822,772	529,439
Use of money and property	332,650	332,650	299,032	(33,618)
Federal and state aid and other grants	81,405,680	81,405,680	79,820,221	(1,585,459)
Other revenues	5,768,271	5,768,271	8,036,526	2,268,255
Total revenues	206,855,067	206,886,269	206,794,891	(91,378)
EXPENDITURES:				
Current:				
General government support	26,273,217	26,273,335	25,021,687	1,251,648
Public safety	131,651,069	131,978,630	129,640,875	2,337,755
Transportation	22,807,686	22,760,079	25,434,969	(2,674,890)
Home and community services	12,634,071	12,706,071	12,351,732	354,339
Culture and recreation	10,349,024	10,388,331	9,922,114	466,217
Interest on debt	375,000	375,000	255,617	119,383
Total expenditures	204,090,067	204,481,446	202,626,994	1,854,452
EXCESS OF REVENUES OVER EXPENDITURES	2,765,000	2,404,823	4,167,897	1,763,074
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	4,000,000	4,000,000
Proceeds from refunding bonds	-	-	9,990,068	9,990,068
Premium on refunding bonds	-	-	75,150	75,150
Payment to escrow agent	-	-	(10,065,218)	(10,065,218)
Operating transfers in	2,825,000	2,825,000	2,825,000	-
Operating transfers out	(21,590,000)	(21,644,225)	(20,714,828)	929,397
Total other financing uses - net	(18,765,000)	(18,819,225)	(13,889,828)	4,929,397
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	$ (16,000,000)	$ (16,414,402)	(9,721,931)	$ 6,692,471
EFFECT OF ENCUMBRANCES			19,807	
CHANGE IN FUND BALANCE			$ (9,702,124)	

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CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Fund - City School District					
	Original Budget	Final Budget	Actual Total CSD	Less: Actual CSD Special Aid Fund	Actual CSD - General Fund	Variance Favorable (Unfavorable)
REVENUES:						
General property taxes and tax items	$ 55,506,227	$ 55,506,227	$ 56,670,988	$ -	$ 56,670,988	$ 1,164,761
Sales tax and use taxes	2,600,000	2,600,000	3,565,916	-	3,565,916	965,916
Sale of property and compensation for loss	3,600	3,600	35,587	-	35,587	31,987
Use of money and property	951,000	951,000	808,920	-	808,920	(142,080)
Federal and state aid and other grants	274,591,988	267,091,988	333,311,053	71,879,952	261,431,101	(5,660,887)
Other revenues	632,650	632,650	1,483,983	-	1,483,983	851,333
Total revenues	334,285,465	326,785,465	395,876,447	71,879,952	323,996,495	(2,788,970)
EXPENDITURES:						
Current:						
General government support	58,061,536	53,010,162	51,838,432	32,036	51,806,396	1,203,766
Home and community services	-	-	2,215,009	2,214,543	466	(466)
Education	267,653,149	267,504,523	334,676,229	75,445,133	259,231,096	8,273,427
Interest on debt	2,609,750	1,025,299	1,058,378	-	1,058,378	(33,079)
Total expenditures	328,324,435	321,539,984	389,788,048	77,691,712	312,096,336	9,443,648
					-	
EXCESS OF REVENUES OVER EXPENDITURES	5,961,030	5,245,481	6,088,399	(5,811,760)	11,900,159	6,654,678
OTHER FINANCING SOURCES (USES):						
Operating transfers in	1,200,000	1,200,000	9,976,132	7,893,946	2,082,186	882,186
Operating transfers out	(26,161,030)	(25,445,481)	(27,314,073)	(2,082,186)	(25,231,887)	213,594
Total other financing uses - net	(24,961,030)	(24,245,481)	(17,337,941)	5,811,760	(23,149,701)	1,095,780
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	$ (19,000,000)	$ (19,000,000)	$ (11,249,542)	$ -	(11,249,542)	$ 7,750,458
EFFECT OF ENCUMBRANCES					(5,252,246)	
CHANGE IN FUND BALANCE					$ (16,501,788)	

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CITY OF SYRACUSE, NEW YORK
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2011

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City School District	6/30/11	$ -	$ 933,884,652	$ 933,884,652	0%	$ 222,000,000	420%
City	7/1/10	-	910,787,300	910,787,300	0%	101,000,000	902%
Total		$ -	$1,844,671,952	$1,844,671,952		$ 323,000,000	

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City School District	6/30/10	$ -	$ 697,062,263	$ 697,062,263	0%	$ 223,000,000	312%
City	7/1/09	-	868,292,900	868,292,900	0%	101,000,000	859%
Total		$ -	$1,565,355,163	$1,565,355,163		$ 324,000,000	

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City School District	6/30/09	$ -	$ 698,096,412	$ 698,096,412	0%	$ 215,000,000	324%
City	7/1/08	-	853,765,800	853,765,800	0%	91,000,000	938%
Total		$ -	$1,551,862,212	$1,551,862,212		$ 306,000,000	

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CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2011

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled cash and cash equivalents	$ -	$ 9,495,353	$ 9,495,353
Pooled restricted cash and cash equivalents	-	8,694,081	8,694,081
Other receivable	200,000	20,732	220,732
Due from agency funds	3,128,246	-	3,128,246
Due from other governments	-	1,939,497	1,939,497
TOTAL ASSETS	$ 3,328,246	$ 20,149,663	$ 23,477,909
LIABILITIES:			
Accounts payable and accrued expenses	$ 28,497	$ 2,558,222	$ 2,586,719
Due to other funds	1,852,975	393,750	2,246,725
Total liabilities	1,881,472	2,951,972	4,833,444
FUND BALANCES:			
Restricted	1,446,774	8,694,081	10,140,855
Committed	-	8,503,610	8,503,610
Total fund balance	1,446,774	17,197,691	18,644,465
TOTAL LIABILITIES AND FUND BALANCES	$ 3,328,246	$ 20,149,663	$ 23,477,909

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CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES:			
Intergovernmental charges	$ -	$ 280,380	$ 280,380
Use of money and property	-	85,070	85,070
Federal and state aid and other grants	253,513	5,100,219	5,353,732
Other revenues	200,000	212,000	412,000
Total revenues	453,513	5,677,669	6,131,182
EXPENDITURES:			
Capital outlays	587,721	14,206,759	14,794,480
DEFICIENCY OF REVENUES OVER EXPENDITURES	(134,208)	(8,529,090)	(8,663,298)
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	4,247,500	4,247,500
Operating transfers in	829,917	3,117,225	3,947,142
Operating transfers out	(442,278)	(201,116)	(643,394)
Total other financing sources - net	387,639	7,163,609	7,551,248
CHANGE IN FUND BALANCE	253,431	(1,365,481)	(1,112,050)
FUND BALANCES AT BEGINNING OF YEAR	1,193,343	18,563,172	19,756,515
FUND BALANCES AT END OF YEAR	$ 1,446,774	$ 17,197,691	$ 18,644,465

See Independent Auditor's Report

CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

	Debt Service (Combined)	Special Revenue					Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts		
ASSETS:								
Pooled cash and cash equivalents	$ -	$ -	$ 329,511	$ -	$ 1,018,546	$ -	$ -	$ 1,348,057
Pooled restricted cash	5,404,690	761,122	-	-	-	1,112,749	10,000	7,288,561
Restricted cash	-	-	-	-	-	-	16,922	16,922
Accounts receivable	4,240,608	19,700	1,784	-	-	3,133	-	4,265,225
Taxes receivable (net allowance of $307,068)	-	-	321,732	-	-	-	-	321,732
Due from other funds	5,870,941	-	-	-	-	-	-	5,870,941
Due from other governments	-	2,565,674	-	-	-	-	-	2,565,674
Due from component units (net of allowance of $1,672,507)	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 15,516,239	$ 3,346,496	$ 653,027	$ -	$ 1,018,546	$ 1,115,882	$ 26,922	$ 21,677,112
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued expenses	$ -	$ 2,005,455	$ -	$ -	$ 890,077	$ 1,360	$ -	$ 2,896,892
Due to other funds	-	579,919	-	-	-	-	-	579,919
Deferred revenues	4,240,608	761,122	257,746	-	-	-	-	5,259,476
Total liabilities	4,240,608	3,346,496	257,746	-	890,077	1,360	-	8,736,287
Fund Balances:								
Nonspendable	-	-	-	-	-	-	26,922	26,922
Restricted	11,275,631	-	-	-	-	1,114,522	-	12,390,153
Committed	-	-	395,281	-	-	-	-	395,281
Assigned	-	-	-	-	128,469	-	-	128,469
Total fund balances	11,275,631	-	395,281	-	128,469	1,114,522	26,922	12,940,825
TOTAL LIABILITIES AND FUND BALANCES	$ 15,516,239	$ 3,346,496	$ 653,027	$ -	$ 1,018,546	$ 1,115,882	$ 26,922	$ 21,677,112

See Independent Auditor's Report

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

		Special Revenue						
	Debt Service (Combined)	Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts	Permanent Funds (Combined)	Total Nonmajor Governmental Funds
REVENUES:								
General property taxes and tax items	$ -	$ -	$ 910,417	$ -	$ 2,444,984	$ -	$ -	$ 3,355,401
Other local taxes	679,778	-	-	-	-	-	-	679,778
Use of money and property	373,678	-	-	-	-	2,971	36	376,685
Federal and state aid and other grants	-	6,283,778	-	-	-	-	-	6,283,778
Other revenues	-	13,708	-	-		331,776	-	345,484
Total revenues	1,053,456	6,297,486	910,417	-	2,444,984	334,747	36	11,041,126
EXPENDITURES:								
Current:								
General government support	-	443,912	882,504	-	-	-	-	1,326,416
Public safety	-	1,884,008	-	-	-	96,271	-	1,980,279
Transportation	-	249,467	-	-	1,787,041	-	-	2,036,508
Economic opportunity and development	-	3,682,057	-	-	-	-	-	3,682,057
Home and community services	-	22,422	-	-	-	-	-	22,422
Culture and recreation	-	15,620	-	-	-	22,729	-	38,349
Principal debt payments	25,997,441	-	-	-	-	-	-	25,997,441
Interest on debt	11,010,355	-	-	-	-	-	-	11,010,355
Total expenditures	37,007,796	6,297,486	882,504	-	1,787,041	119,000	-	46,093,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,954,340)	-	27,913	-	657,943	215,747	36	(35,052,701)
OTHER FINANCING SOURCES (USES):								
Proceeds from refunding bonds	23,470,950	-	-	-	-	-	-	23,470,950
Premium on refunding bonds	899,847	-	-	-	-	-	-	899,847
Payment to escrow agent	(24,370,797)	-	-	-	-	-	-	(24,370,797)
Operating transfers in	35,475,375	-	-	-	-	-	-	35,475,375
Operating transfers out	-	-	-	-	(212,890)	-	-	(212,890)
Total other financing sources (uses)	35,475,375	-	-	-	(212,890)	-	-	35,262,485
CHANGE IN FUND BALANCE	(478,965)	-	27,913	-	445,053	215,747	36	209,784
FUND BALANCES AT BEGINNING OF YEAR	11,754,596	-	367,368	-	(316,584)	898,775	26,886	12,731,041
FUND BALANCES AT END OF YEAR	$ 11,275,631	$ -	$ 395,281	$ -	$ 128,469	$ 1,114,522	$ 26,922	$ 12,940,825

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CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2011

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash and cash equivalents	$ -	$ 5,404,690	$ 5,404,690
Accounts receivable	-	4,240,608	4,240,608
Due from agency funds	5,870,941	-	5,870,941
TOTAL ASSETS	$ 5,870,941	$ 9,645,298	$ 15,516,239
Deferred revenue/LIABILITIES	$ -	$ 4,240,608	$ 4,240,608
Restricted Fund Balance	5,870,941	5,404,690	11,275,631
TOTAL LIABILITIES AND FUND BALANCES	$ 5,870,941	$ 9,645,298	$ 15,516,239

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CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES:			
Other local taxes	$ -	$ 679,778	$ 679,778
Use of money and property	50,774	322,904	373,678
Total revenues	50,774	1,002,682	1,053,456
EXPENDITURES:			
Principal debt payments	11,133,514	14,863,927	25,997,441
Interest on debt	5,887,974	5,122,381	11,010,355
Total expenditures	17,021,488	19,986,308	37,007,796
DEFICIENCY OF REVENUES OVER EXPENDITURES	(16,970,714)	(18,983,626)	(35,954,340)
OTHER FINANCING SOURCES (USES):			
Proceeds from refunding bonds	23,470,950	-	23,470,950
Premium on refunding bonds	899,847	-	899,847
Payment to escrow agent	(24,370,797)	-	(24,370,797)
Operating transfers in	17,463,766	18,011,609	35,475,375
Total other financing sources	17,463,766	18,011,609	35,475,375
CHANGE IN FUND BALANCE	493,052	(972,017)	(478,965)
FUND BALANCES AT BEGINNING OF YEAR	5,377,889	6,376,707	11,754,596
FUND BALANCES AT END OF YEAR	$ 5,870,941	$ 5,404,690	$ 11,275,631

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CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
MISCELLANEOUS TRUST FUNDS
JUNE 30, 2011

	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Total City Miscellaneous Trust Funds
ASSETS:						
Pooled restricted cash	$ 80,071	$ 1,552	$ 382	$ 464,246	$ 566,498	$ 1,112,749
Accounts receivable	-	-	-	-	3,133	3,133
TOTAL ASSETS	$ 80,071	$ 1,552	$ 382	$ 464,246	$ 569,631	$ 1,115,882
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable and accrued expenses	$ 1,360	$ -	$ -	$ -	$ -	$ 1,360
Total Liabilities	1,360	-	-	-	-	1,360
FUND BALANCES/RESTRICTED	78,711	1,552	382	464,246	569,631	1,114,522
TOTAL LIABILITIES AND FUND BALANCES	$ 80,071	$ 1,552	$ 382	$ 464,246	$ 569,631	$ 1,115,882

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CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Total City Miscellaneous Trust Funds
REVENUES:						
Use of money and property	$ -	$ -	$ 21	$ 1,524	$ 1,426	$ 2,971
Other revenues	23,946	-	-	66,111	241,719	331,776
Total revenues	23,946	-	21	67,635	243,145	334,747
EXPENDITURES:						
Current:						
Public safety	-	-	-	23,781	72,490	96,271
Culture and recreation	22,729	-	-	-	-	22,729
Total expenditures	22,729	-	-	23,781	72,490	119,000
CHANGE IN FUND BALANCE	1,217	-	21	43,854	170,655	215,747
FUND BALANCES AT BEGINNING OF YEAR	77,494	1,552	361	420,392	398,976	898,775
FUND BALANCES AT END OF YEAR	$ 78,711	$ 1,552	$ 382	$ 464,246	$ 569,631	$ 1,114,522

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CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2011

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash	$ -	$ 10,000	$ 10,000
Restricted cash	16,922	-	16,922
TOTAL ASSETS	$ 16,922	$ 10,000	$ 26,922
FUND BALANCES/			
Nonspendable	$ 16,922	$ 10,000	$ 26,922

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CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES/Use of money and property	$ 36	$ -	$ 36
EXPENDITURES/General government support	-	-	-
CHANGE IN FUND BALANCE	36	-	36
FUND BALANCES AT BEGINNING OF YEAR	16,886	10,000	26,886
FUND BALANCES AT END OF YEAR	$ 16,922	$ 10,000	$ 26,922

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