

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

**Basic Financial Statements as of
June 30, 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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

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INDEPENDENT AUDITOR'S REPORT

February 12, 2019

To the Board of Directors
Syracuse Urban Renewal Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of Syracuse Urban Renewal Agency (SURA), a blended component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SURA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the governmental fund of SURA, as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As described in Notes 2 and 6 to the financial statements, SURA adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions – an amendment of GASB 45*. As a result, a net adjustment was made to decrease net position at July 1, 2017 by \$8,672,658. Our opinions are not modified with respect to this matter.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedule of Changes in Total Other Postemployment Benefit (OPEB) Liability and Related Ratios, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions-Pension Plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report January 29, 2019, on our consideration of the SURA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SURA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SURA's internal control over financial reporting and compliance.

Other Reporting Required by New York State Public Authorities Law

In accordance with New York State Public Authorities Law, we have also issued our report January 29, 2019 on our consideration of SURA's compliance with Section 2925(3)(f) of the New York State (NYS) Public Authorities Law. The purpose of that report is to describe anything that came to our attention that caused us to believe SURA failed to comply with SURA's Investment Guidelines, the NYS Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines).

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Our discussion and analysis of Syracuse Urban Renewal Agency's (SURA's) financial performance provides an overview of SURA's financial activities for the fiscal year ended June 30, 2018.

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

FINANCIAL HIGHLIGHTS

SURA's total net position decreased by approximately \$.9 because of this year's operations. The fund balance of the governmental fund activities decreased by approximately \$.3.

During the year, SURA had program revenues that were approximately \$.9 less than total program expenses. Program revenues were approximately \$5.4 and \$5.5 million for the years ended June 30, 2018 and 2017, respectively. Program expenses were \$6.4 and \$6.9 for the years ended June 30, 2018 and 2017, respectively.

In SURA's governmental fund, revenues remained consistent compared to last year at \$5.4 million at June 30, 2018 and \$5.5 million at June 30, 2017. Expenditures were \$5.7 million at June 30, 2018 and \$5.6 million at June 30, 2017.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities and Changes in Net Position (on pages 6 and 7) provide information about the activities of SURA as a whole and present a longer-term view of SURA's finances. Fund financial statements start on page 8. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Government-Wide Financial Statements

Our analysis of SURA as a whole begins on page 4. This section attempts to illustrate whether SURA is better off or worse off because of the year's activities. The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about SURA as a whole and about its activities in a way that allow the user to determine if SURA's financial condition has improved or deteriorated in comparison with the previous fiscal year. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report SURA's *net position*. You can think of SURA's net position, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure SURA's financial health, or *financial position*. Over time, *increases* or *decreases* in SURA's net position is one indicator of whether its *financial health* is improving or deteriorating.

USING THIS ANNUAL REPORT (Continued)

Government-Wide Financial Statements (Continued)

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

Governmental Fund Financial Statements

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

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

THE SYRACUSE URBAN RENEWAL AGENCY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Total net position was a deficit of \$19.2 at June 30, 2018.

	<u>2018</u>	<u>2017</u> (as restated)
Total assets and deferred outflows of resources	\$ <u>3.5</u>	\$ <u>2.5</u>
Long-term liabilities (OPEB and Pension)	\$ 19.4	\$ 19.5
Other liabilities and deferred inflows of resources	<u>3.3</u>	<u>1.2</u>
Total liabilities and deferred inflows	\$ <u>22.7</u>	\$ <u>20.7</u>
Net position:		
Unrestricted deficit	<u>(19.2)</u>	<u>(18.2)</u>

The primary cause for the deficit in unrestricted net position is the requirement that municipalities report a liability for the unfunded cost of providing post-employment benefits to employees. For SURA, this represents the probable cost of providing subsidized health insurance for retirees combined with the potential for currently active employees to receive this benefit. This calculation was performed by an independent actuarial firm to arrive at a potential total liability for the potential benefit to be paid out based on the life expectancy of the present retired and active employee pool. This figure represents the total estimated cost of providing the benefit to all employees over many years. The amount reported for this liability at June 30, 2018 was \$19 million.

Due to the implementation of GASB Statement No. 75, the OPEB liability was increased and net position was decreased \$8.7 million at July 1, 2017. This is reported as a prior period adjustment.

SURA'S FUNDS

As noted earlier, SURA uses fund accounting. The focus of SURA's governmental *fund* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing SURA's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending as of the end of the fiscal year.

As of the end of the current fiscal year, SURA's governmental fund reported ending fund balance of \$.6, which is a 29% decrease (\$.25) from last year's total of \$.9. The unassigned portion of fund balance is \$.615 as of June 30, 2018.

BUDGET

SURA's budget for the year ended June 30, 2018 includes estimated revenues of approximately \$5.438 and annual appropriations of approximately \$5.791. The actual performance of the fund resulted in a fund deficit for the current year of \$.252, as compared to a budgeted deficit of \$.353. See page 28 for further information.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the finances of the Syracuse Urban Renewal Agency and to show accountability for the money it receives. If you have questions about this report or need additional information, contact the office of the Commissioner of Finance at City Hall Room 128, 233 E. Washington Street, Syracuse, New York 13202.

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

**STATEMENT OF NET POSITION
JUNE 30, 2018**

ASSETS

Cash	\$ 1,811,983
Restricted cash	19,104
Loan receivable	150,000
Due from other governments	63,387
Due from primary government	244,906
Other assets	<u>14,797</u>
Total assets	<u>2,304,177</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - OPEB	109,276
Deferred outflows of resources - ERS Pension	<u>1,110,992</u>
Total deferred outflows of resources	<u>1,220,268</u>

LIABILITIES

Payables:	
Accounts payable and accrued expenses	211,012
Due to primary government	1,305,517
Unearned revenue	19,104
Long-term liabilities:	
Due and payable in more than one year - Net pension liability	437,817
Other postemployment benefits	<u>18,996,214</u>
Total liabilities	<u>20,969,664</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - OPEB	153,264
Deferred inflows of resources - ERS Pension	<u>1,606,163</u>
Total deferred inflows of resources	<u>1,759,427</u>

NET POSITION

Unrestricted	<u>(19,204,646)</u>
Total net position	<u>\$ (19,204,646)</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES:

Reimbursement from primary government for payroll and payroll related expenses	\$ 5,239,858
Reimbursement from other governments for payroll and payroll related expenses	201,341
Other revenues	<u>6,586</u>
Total revenues	<u>5,447,785</u>

EXPENSES:

Redevelopment expenses	215,111
Payroll and payroll related expenses	6,147,654
Other expenses	<u>8,784</u>
Total expenses	<u>6,371,549</u>

CHANGE IN NET POSITION	<u>(923,764)</u>
NET POSITION - beginning of year, as previously stated	(9,608,224)
Cumulative effect of changes in accounting principles (Note 2)	<u>(8,672,658)</u>
NET POSITION - beginning of year, as restated	(18,280,882)
CHANGE IN NET POSITION	<u>(923,764)</u>
NET POSITION - end of year	<u>\$ (19,204,646)</u>

The accompanying notes are an integral part of these statements.

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

**BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2018**

ASSETS:	
Cash	\$ 1,811,983
Restricted cash	19,104
Loan receivable	150,000
Due from other governments	63,387
Due from primary government	244,906
Other assets	<u>14,797</u>
Total assets	<u>2,304,177</u>
LIABILITIES:	
Accounts payable and accrued expenses	211,012
Due to primary government	1,305,517
Unearned revenue	<u>169,104</u>
Total liabilities	<u>1,685,633</u>
FUND BALANCE:	
Committed	3,821
Unassigned	<u>614,723</u>
Total fund balance	<u>618,544</u>
Total liabilities and fund balance	<u>\$ 2,304,177</u>

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The accompanying notes are an integral part of these statements.

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

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018**

Total fund balance for governmental fund	\$	618,544
Amounts reported for governmental activities in the statement of net position are different because:		
Revenue not available to pay for current year expenditures and deferred in the fund.		150,000
Long-term pension plan related assets are not financial resources and, therefore, are not reported in the funds. Net pension liability		(437,817)
Deferred outflows/inflows of resources related to pensions and OPEB are applicable to future		
Deferred outflows of resources - ERS		1,110,992
Deferred outflows of resources - OPEB		109,276
Deferred inflows of resources - ERS		(1,606,163)
Deferred inflows of resources - OPEB		(153,264)
Long-term liabilities (postemployment benefits) that are not due and payable in the current period and therefore are not reported in the fund.		<u>(18,996,214)</u>
Total net position of governmental activities	\$	<u>(19,204,646)</u>

The accompanying notes are an integral part of these statements.

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

REVENUES:

Reimbursement from primary government for payroll and payroll related expenses	\$ 5,239,858
Reimbursement from other governments for payroll and payroll related expenses	201,341
Other revenues	<u>6,586</u>
Total revenues	<u>5,447,785</u>

EXPENDITURES:

Redevelopment expenses	215,111
Payroll and payroll related expenses	5,475,712
Other expenses	<u>8,784</u>
Total expenditures	<u>5,699,607</u>

CHANGE IN FUND BALANCE	(251,822)
FUND BALANCE - beginning of year	<u>870,366</u>
FUND BALANCE - end of year	<u>\$ 618,544</u>

The accompanying notes are an integral part of these statements.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

Change in fund balance - governmental fund	\$ (251,822)
The change in net position reported for governmental activities in the Statement of Activities and Change in Net Position is different because:	
Net change in ERS liabilities that are long-term in nature and therefore not reported in the funds.	793,542
Change in deferred outflow of resources related to ERS net liability obligations not reported in the funds.	402,448
Change in deferred inflows of resources related to ERS net liability obligations not reported in the funds.	(1,122,988)
Change in deferred outflow of resources related to OPEB net liability obligations not reported in the funds.	109,276
Change in deferred inflows of resources related to OPEB net liability obligations not reported in the funds.	(153,264)
Net change in OPEB obligations reported in the Statement of Activities (other postemployment benefits) does not require the use of current financial resources and, therefore, is not reported in the governmental fund.	<u>(700,956)</u>
Change in net position of governmental activities	<u>\$ (923,764)</u>

The accompanying notes are an integral part of these statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

1. THE ORGANIZATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of SURA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The financial statements presented here are blended in the basic financial statements of the City. The reporting entity of SURA is based upon criteria set forth by GASB Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*.

B. Basis of Presentation

Government-wide Financial Statements:

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

Fund Financial Statements:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

Basis of Accounting

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

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

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

D. Budgets and Budgetary Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Long-Term Obligations

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

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

F. Equity Classifications

Government-wide Financial Statements

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

- a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - net position with constraints placed on the use either by (1) grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets" and is deemed to be available for general use by SURA.

Fund Financial Statements

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

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

- a. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
- b. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Restricted fund balance is restricted to fund grant related programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Equity Classifications (Continued)

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

Order of Use of Fund Balance

SURA's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. Nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts are classified as restricted or assigned fund balance. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

G. Retirement and Other Postemployment Benefits

SURA provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (ERS). ERS provides various plans and options, some of which require employee contributions. ERS computes the cost of retirement benefits based upon its fiscal year, April 1 to March 31. See note 5 for further information.

In addition to providing pension benefits, SURA provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of SURA's employees may become eligible for these benefits if they reach normal retirement age while working for SURA. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between SURA and the retired employee. See note 6 for further information.

H. Revenue, Expenditures and Expenses

Intergovernmental Revenues - Grants

For both the government-wide and fund financial statements, SURA follows the policy that an expenditure of funds is the prime factor for determining the release of grant funds; revenue is recognized at the time of the expenditure of funds. If release of grant funds is not contingent upon expenditure of funds, revenue is recorded when received or when the grant becomes an obligation of the grantor.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Revenue, Expenditures and Expenses (Continued)

Other Revenues

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

Expenditures/Expenses

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

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

Payments between SURA and the City

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

Restricted and Unrestricted Resources

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

I. Economic Dependency

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

J. Restricted Cash

Restricted cash include amounts restricted to fund grant related programs.

K. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Estimates and assumptions include the computation of other postemployment benefits.

L. Unearned revenue

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

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. SURA has \$1,220,268 in deferred outflows of resources which is comprised of ERS pension and other postemployment benefit amounts at June 30, 2018 as described in Notes 5 and Note 6. SURA has \$1,759,427 in deferred inflows of resources, which is comprised of ERS pension and other postemployment benefit amounts at June 30, 2018 as described in Notes 5 and Note 6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prior Period Adjustments

Change in Accounting Principle - Governmental Activities

SURA adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain postemployment benefits. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accordingly, beginning net position and other postemployment benefits on the Statement of Net Position were adjusted as noted in the table below.

	Liability Other Post- employment <u>Benefits</u>	<u>Net Position</u>
Balance at June 30, 2017, as previously reported	\$ (9,622,600)	\$ (9,608,224)
Adoption of GASB Statement No. 75:		
Increase to liability	<u>(8,672,658)</u>	<u>(8,672,658)</u>
Balance at July 1, 2017, as restated	<u>\$ (18,295,258)</u>	<u>\$ (18,280,882)</u>

3. CASH

Cash balances consist of deposits held in checking accounts.

New York State governs SURA's investment policies. SURA is permitted to invest in special time deposits and certificate of deposits. In addition, SURA may invest funds in direct obligations of the United States of America or obligations guaranteed by agencies of the United States of America where the payment of principal and interest are further guaranteed by the United States of America. Other eligible investments for SURA include obligations of the State and repurchase agreements, subject to various conditions.

Deposits

Deposits include demand deposits with original maturities of three months or less with all short-term cash surpluses invested at money market rates in overnight accounts. All deposits with financial institutions must be collateralized in an amount equal to 102% of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to the obligations of the United States or any obligation fully insured as to the principal and interest by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York and must be held either by the financial institution's trust department or by a third party custodial bank. At year-end, the carrying amount of SURA's deposits was \$1,831,087 and the bank balance was \$1,831,403. As of June 30, 2018, all deposits were insured or collateralized.

4. TRANSACTIONS WITH THE PRIMARY GOVERNMENT AND OTHER GOVERNMENTS

Payroll is processed by SURA and reimbursement is received for these payroll expenses from funds within the City. These receivables and payables are short-term in nature and are typically repaid in less than one year. The following schedule summarizes receivables and payables between SURA and funds within the City at June 30, 2018:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ -	\$ 1,305,517
Neighborhood and Business Development	215,702	-
Water	25,150	-
Sewer	<u>4,054</u>	<u>-</u>
Total	<u>\$ 244,906</u>	<u>\$ 1,305,517</u>

The following schedule summarizes receivables and payables between SURA and discretely presented component units of the City at June 30, 2018:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
Syracuse Industrial Development Agency (SIDA)	\$ 56,144	\$ -
Syracuse Economic Development Corporation (SEDCO)	<u>7,243</u>	<u>-</u>
Total	<u>\$ 63,387</u>	<u>\$ -</u>

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

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

5. PENSION PLAN

New York State Employee Retirement System (NYSERS)

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

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

Contributions

The NYSERS is noncontributory except for employees who joined the NYSERS after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>NYSERS</u>
2018	\$ 483,966
2017	\$ 453,170
2016	\$ 426,952

5. PENSION PLAN (Continued)

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

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

At June 30, 2018, SURA reported a net pension liability of \$437,817 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2017. SURA's proportion of the net pension liability was based on a projection of SURA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2018, SURA's proportion was 0.0135654%, which was an increase of .0004606% from its proportionate share measured at June 30, 2017.

For the year ended June 30, 2018, SURA recognized pension expense of \$411,034. At June 30, 2018, SURA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 156,155	\$ 129,041
Changes in assumptions	290,309	-
Net difference between projected and actual earnings on pension plan investments	635,895	1,255,193
Changes in proportion and differences between SURA's contributions and proportionate share of contributions	<u>28,563</u>	<u>221,929</u>
Total	<u>\$ 1,110,922</u>	<u>\$ 1,606,163</u>

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

Plan's Year Ended March 31:

2019	\$	(24,542)
2020		15,809
2021		(333,888)
2022		(152,620)
2023		-
Thereafter		-
	<u>\$</u>	<u>(495,241)</u>

5. PENSION PLAN (Continued)

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

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

The actuarial valuation used the following actuarial assumptions:

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

Long-term Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.50
Real Estate	10.0	5.55
Absolute Return	2.0	3.75
Opportunistic Portfolio	3.0	5.68
Real Assets	3.0	5.29
Bonds & Mortgages	17.0	1.31
Cash	1.0	(0.25)
Inflation-Indexed Bonds	<u>4.0</u>	1.25
	<u>100.0%</u>	

5. PENSION PLAN (Continued)

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

Discount Rate

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

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

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

	1% Decrease <u>(6.0%)</u>	Current Discount <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
Proportionate Share of Net Pension liability	\$ 3,312,644	\$ 437,817	\$ (1,994,171)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

	Pension Plan's <u>Fiduciary Net Position</u>	SURA's proportionate share of Plan's <u>Fiduciary Net Position</u>	SURA's allocation percentage as determined by the <u>Plan</u>
Total pension liability	\$ 183,400,590	\$ 24,879	0.0135654%
Net position	(180,173,145)	(24,441)	0.0135654%
Net pension liability	<u>\$ 3,227,445</u>	<u>\$ 438</u>	0.0135654%
Fiduciary net position as a percentage of total pension liability	98.24%	98.24%	

6. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

Plan Description

The SURA postemployment benefit plan provides OPEB coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the SURA's contractual agreements. The Plan is a single employer defined benefit OPEB plan administered by SURA.

SURA recognizes the cost of providing health insurance annually as expenditures in the funds as payments are made. For the year ended June 30, 2018, SURA recognized expenditures of \$553,482 for the claims paid for currently enrolled retirees for the self-insurance health plan.

6. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Funding Policy

As of the date of these financial statements, New York State did not yet have legislation that would enable government entities to establish a qualifying trust for the purpose of funding Other Postemployment Benefits. As such there are no assets accumulated in a trust that meet the criteria in GASB 75, p4. to fund this obligation and benefits are paid on a pay as you go basis.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Actives	59
Inactive employees entitled to but not yet receiving benefits	-
Inactive employees or beneficiaries currently receiving benefits	<u>52</u>
Total participants	<u>111</u>

Total OPEB Liability

The SURA's total OPEB liability of \$18,996,214 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Changes in the Total OPEB Liability

Balance at June 30, 2017, as restated	\$ <u>18,295,258</u>
Changes for the Year-	
Service cost	642,231
Interest	664,323
Changes of benefit terms	(925)
Changes in assumptions	127,173
Differences between expected and actual experience	(178,364)
Benefit payments	<u>(553,482)</u>
Net changes	<u>700,956</u>
Balance at June 30, 2018	\$ <u>18,996,214</u>

Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

6. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Discount Rate	3.56% as of July 1, 2017; 3.62% as of June 30, 2018. The discount rate is based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index as of July 1, 2017 and June 30, 2018, respectively.
Rate of Compensation Increase	Salaries are assumed to increase at 4.50% per year. The salary scale was based on the City's review of historical experience as well as future expectations.
Mortality	The sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis. This assumption was based on a review of published mortality tables and the demographics of the Plan.
Disability	Rates of decrement due to disability are assumed to be 0%
Turnover	Rates of turnover are based on the experience under the NYSERS. The ERS rates are based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.

6. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Retirement Incidence	Rates of retirement are based on the experience under the NYSERS. The ERS rates are based on the April 1, 2010 to March 31, 2015 experience study released by the Retirement Systems Actuary and published in their August 2015 report.
Election Percentage	It was assumed that 100% of future retirees eligible for coverage will elect retiree group health benefits. 100% of future retirees are assumed to elect coverage in the UMR Medical & ProAct Drug Plan. This assumption was determined based on valuation data from July 1, 2011 through July 1, 2017.
Spousal Coverage	75% of future retirees are assumed to elect spousal coverage upon retirement, with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree. This assumption was determined based on valuation data from July 1, 2011 through July 1, 2017.
Annual Rate Increase in Healthcare Costs:	The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Getzen model.
Pre-65 Medical	7.250% for 2018, with an ultimate rate of 3.886% in 2075.
Post-65 Medical	0.000% for 2018, with an ultimate rate of 3.886% in 2075.
Prescription Drug	10.500% for 2018, with an ultimate rate of 3.886% in 2075.
Administrative Fees	Assumed to increase at 3.25% per year.
Dental Costs	Assumed to increase at 4% per year.
Annual Rate of Increase in the Consumer Price Index	CPI of 2.25% was assumed for the purposes of developing the rate of increase in healthcare costs. C-CPI of 2.00% was assumed for purposes of determining future increases in limits corresponding to the excise tax of the Affordable Care Act on high cost employer-sponsored health plans.

6. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of SURA, as well as what SURA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62%) or 1 percentage point higher (4.62%) than the current discount rate:

	Discount Rate		
	1% Decrease (2.62%)	Current Discount (3.62%)	1% Increase (4.62%)
Total OPEB Liability	\$22,322,859	\$18,996,214	\$16,357,308

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the SURA, as well as what the SURA's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	<u>1% Decrease</u>	<u>Current Cost Trend</u>	<u>1% Increase</u>
Total OPEB Liability	\$15,887,268	\$18,996,214	\$23,042,304

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, SURA recognized OPEB expense of \$553,482. At June 30, 2018, SURA reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 109,276	\$ -
Changes of assumptions	-	153,264
Benefit payments subsequent to measurement date	-	-
Total	<u>\$ 109,276</u>	<u>\$ 153,264</u>

6. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION (Continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2019	\$ 17,897
2020	17,897
2021	17,897
2022	17,897
2023	17,897
Thereafter	<u>19,791</u>
	<u>\$109,276</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2019	\$ (25,100)
2020	(25,100)
2021	(25,100)
2022	(25,100)
2023	(25,100)
Thereafter	<u>(27,764)</u>
	<u>\$(153,264)</u>

7. SELF INSURANCE

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

8. LONG-TERM LIABILITIES

<u>Governmental Activities</u>	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2018</u>
Other liabilities:				
Net pension liability	\$ 1,231,359	\$ -	\$ 793,542	\$ 437,817
Other postemployment benefits - restated	<u>18,295,258</u>	<u>1,254,438</u>	<u>553,482</u>	<u>18,996,214</u>
Governmental activities long- term liabilities	<u>\$ 19,526,617</u>	<u>\$ 1,254,438</u>	<u>\$ 1,347,024</u>	<u>\$ 19,434,031</u>

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

**STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:				
Grant revenue	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Reimbursement from primary government for payroll and payroll related expenses	5,400,000	5,400,000	5,239,858	(160,142)
Reimbursement from other governments for payroll and payroll related expenses	-	-	201,341	201,341
Other revenues	<u>13,300</u>	<u>13,300</u>	<u>6,586</u>	<u>(6,714)</u>
Total revenues	<u>5,438,300</u>	<u>5,438,300</u>	<u>5,447,785</u>	<u>9,485</u>
EXPENDITURES:				
Current -				
Grant expenses	100,000	100,000	-	100,000
Redevelopment expenses	-	-	215,111	(215,111)
Payroll and payroll related expenses	5,674,000	5,674,000	5,475,712	198,288
Other expenses	<u>17,000</u>	<u>17,000</u>	<u>8,784</u>	<u>8,216</u>
Total expenditures	<u>5,791,000</u>	<u>5,791,000</u>	<u>5,699,607</u>	<u>91,393</u>
CHANGE IN FUND BALANCE	<u>\$ (352,700)</u>	<u>\$ (352,700)</u>	<u>\$ (251,822)</u>	<u>\$ 100,878</u>

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

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability										
Service cost	\$ 642,231									
Interest	664,323									
Changes of benefit terms	(925)									
Differences between expected and actual experience	127,173									
Changes in assumptions	(178,364)									
Benefit payments	(553,482)									
Total change in total OPEB liability	700,956									
Total OPEB liability - beginning	18,295,258									
Total OPEB liability - ending	\$ 18,996,214									
Covered-employee payroll	3,442,754									
Total OPEB liability as a percentage of covered-employee payroll	551.77%									

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following reflects the discount rate used each period:

Discount rate	*	*
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* Since the OPEB plan is not funded, the selection of the discount rate is consistent with the GASB 75 standards discounting unfunded liabilities based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Plan assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

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

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Last 10 Fiscal Years									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability	0.0135654%	0.0131048%	0.0127652%	0.0152489%						
Proportionate share of the net pension liability	\$ 437,817	\$ 1,231,359	\$ 2,048,848	\$ 515,146						
Covered-employee payroll	\$ 3,398,098	\$ 3,266,101	\$ 2,958,100	\$ 3,298,300						
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.88%	37.70%	69.26%	15.62%						
Plan fiduciary net position as a percentage of the total pension liability	98.24%	94.70%	90.70%	97.95%						

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

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

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Last 10 Fiscal Years									
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 483,966	\$ 453,170	\$ 426,952	\$ 426,524						
Contributions in relation to the contractually required contribution	<u>483,966</u>	<u>453,170</u>	<u>426,952</u>	<u>426,524</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered-employee payroll	\$ 3,398,098	\$ 3,266,101	\$ 2,958,100	\$ 3,298,300						
Contributions as a percentage of covered-employee payroll	14.24%	13.87%	14.43%	12.93%						

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

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

February 12, 2019

To the Board of Directors
Syracuse Urban Renewal Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental fund of Syracuse Urban Renewal Agency (SURA), a blended component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SURA's basic financial statements and have issued our report thereon dated January 29, 2019.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2018-002 that we consider to be a material weakness.

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(Continued)

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SURA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2018-001.

Syracuse Urban Renewal Agency's Responses to Findings

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

Purpose of this Report

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

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

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

Reference Number: 2018-001

Criteria

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

Cause/Condition

Syracuse Urban Renewal Agency (SURA) is a component unit of the City of Syracuse, New York, and has been included in the audit of the basic financial statements of the City of Syracuse, New York in past years. In an effort to comply with the requirements of Section 2800 and Section 2801 of Public Authorities Law, SURA has obtained separate audited financial statements for the current fiscal year ended June 30, 2018. Due to budget constraints, personnel assigned solely to perform the administrative tasks required for SURA is limited. SURA failed to file their annual report and audit within 90 days of the fiscal year end. SURA also failed to file their budget report 60 days prior to the start of the fiscal year.

Effect

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

Recommendation

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

Management’s Response

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

Reference Number: 2018-002

Criteria

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

Cause/Condition

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

Schedule of Findings and Responses (Continued)

Reference Number: 2018-002 (Continued)

Effect

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

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

Recommendation

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

Management's Response

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

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

February 12, 2019

To the Board of Directors
Syracuse Urban Renewal Agency:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the governmental fund of Syracuse Urban Renewal Agency's (SURA), a blended component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise SURA's basic financial statements, and have issued our report thereon January 29, 2019.

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

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

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