

BASIC FINANCIAL STATEMENTS

CITY OF SYRACUSE, NEW YORK

JUNE 30, 2009

CITY OF SYRACUSE, NEW YORK

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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, 2009, 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 94.3% and 89.8%, 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.

(Continued)

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, 2009, 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 22, 2010, 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 16 and pages 68 through 70, 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.



February 22, 2010
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

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, 2009.

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

FINANCIAL HIGHLIGHTS

The City's total net assets decreased by approximately \$41.2 as a result of this year's operations. Net assets of our governmental activities decreased by \$50.0, while business-type activities increased by approximately \$8.8. This decrease will be discussed in a subsequent section of this document.

During the year, excluding capital contributions of \$6.0, the City had revenues that were \$47.2 less than the \$757.1 in total program expenses. Last year expenses exceeded revenues by \$95.2 before capital contributions of \$5.1.

In the City's business-type activities, revenues (excluding contributions) increased to \$66.5, a 1.4% increase from last year's revenues of \$65.6. Expenses for this year (before transfers) decreased to \$62.9, a 5.6% decrease from last year's \$66.6.

In the City's governmental activities, revenues increased to \$643.4 versus last year's revenues of \$615.5, a 4.5% increase. Expenses decreased this year (before transfers) to \$694.2 versus last year at \$709.7, a 2.2% decrease.

Of the City's total governmental net assets reported at June 30, 2009, \$171.3 was invested in capital assets (net of related debt) versus \$172.8 the previous year. Unrestricted governmental net assets this year were a deficit balance of \$195.7 versus last year's deficit of \$146.6.

The City's general fund reported a deficit for this year of \$4.6, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$.2 less than the revised budget. Expenditures, including transfers out, were approximately \$11.6 under the revised budget. At the end of the current fiscal year, undesignated fund balance of the City's general fund was \$32.9 and 15.5% of total general fund actual expenditures (including transfers out).

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**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

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 17 and 18) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 19. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 6. This section illustrates whether the City is better off or worse off as a result of the current 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 and water and sewer lines) to assess the *overall health* of the City.

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

- Governmental activities --- Most of the City's basic services are reported here, including the police, fire, public works, community development and parks & recreation departments, and general administration. The City School District's operations are also reported here. State aid, sales tax, property taxes and federal and state grants finance most of these activities.
- Business-type activities --- The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, as well as the airport activities, are reported here. In addition, the City School District's food service operations are reported as business-type activities.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

- 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 funds begins on page 10. The fund financial statements begin on page 19 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Local Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary use different accounting approaches.

- *Governmental funds* --- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation accompanying the fund financial statements.
- *Proprietary funds* --- When the City charges customers for the full cost of the services it provides whether to outside customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The City as Trustee

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the City cannot use these assets to finance the City's operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 27 and 28. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY AS A WHOLE

The City's combined net assets decreased from \$171.1 at June 30, 2008 to \$129.9 at June 30, 2009. 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 266.7	\$ 260.6	\$ 81.2	\$ 63.4	\$ 347.9	\$ 324.0
Capital assets	355.9	358.1	184.9	158.3	540.8	516.4
Total assets	<u>622.6</u>	<u>618.7</u>	<u>266.1</u>	<u>221.7</u>	<u>888.7</u>	<u>840.4</u>
General obligation bonds	277.4	289.4	53.1	57.1	330.5	346.5
Other long-term liabilities	299.7	223.1	53.5	16.8	353.2	239.9
Other liabilities	62.1	72.8	13.0	10.1	75.1	82.9
Total liabilities	<u>639.2</u>	<u>585.3</u>	<u>119.6</u>	<u>84.0</u>	<u>758.8</u>	<u>669.3</u>
Net assets:						
Invested in capital assets, net of related debt	171.3	172.8	116.2	104.0	287.5	276.8
Restricted	7.8	7.2	-	-	7.8	7.2
Unrestricted (deficit)	<u>(195.7)</u>	<u>(146.6)</u>	<u>30.3</u>	<u>33.7</u>	<u>(165.4)</u>	<u>(112.9)</u>
Total net assets	<u>\$ (16.6)</u>	<u>\$ 33.4</u>	<u>\$ 146.5</u>	<u>\$ 137.7</u>	<u>\$ 129.9</u>	<u>\$ 171.1</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far, the largest 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, 2009, this balance was \$287.5 versus \$276.8 at June 30, 2008. 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.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY AS A WHOLE (CONT'D)

An additional portion of the City's total net assets, \$7.8 at June 30, 2009, 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, 2009 were a *deficit* of \$165.4, versus a *deficit* at June 30, 2008 of \$112.9.

Governmental activities

Total net assets of the City's governmental activities decreased substantially from \$33.4 at June 30, 2008 to a *deficit* balance of \$16.6 at June 30, 2009, a decrease of \$50.0. The primary cause for this decline, as was the case for the year ended June 30, 2008, is the requirement that municipalities report a liability for the unfunded cost of providing postemployment benefits to employees. For the City of Syracuse, this represents the 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 benefit based on the life expectancy of the present retired and active employee pool and other pertinent factors. Though this figure represents the total estimated cost of providing the benefit to all employees over many years, 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, 2009 is \$174.8, as compared with \$92.2, for the year ended June 30, 2008, an increase of \$82.6.

The *deficit* in *unrestricted* net assets also increased substantially, increasing to a *deficit* of \$195.7 at June 30, 2009 compared to the previous year *deficit* of \$146.6. This was a negative change of \$49.1 in the unrestricted net assets of the City's governmental activities. Again, this is primarily a reflection of the liability recorded for the presumed cost of postemployment benefits.

Business-type activities

The total net assets of the City's business-type activities increased by 6.4% for the year ended June 30, 2009 (\$146.5 compared to a previous fiscal year balance of \$137.7). This increase is reflected on the financial statements as an increase of investment in assets of \$12.2 and a decrease in unrestricted net assets of \$3.4. This overall increase 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 18. Key elements of this change are illustrated in Table 2 below.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY AS A WHOLE (CONT'D)

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 19.3	\$ 20.9	\$ 53.6	\$ 54.7	\$ 72.9	\$ 75.6
Grants and contributions	90.0	83.1	12.3	9.3	102.3	92.4
General revenues:						
Property taxes and tax items	87.5	83.8	-	-	87.5	83.8
Other taxes	3.5	3.8	-	-	3.5	3.8
Sales and use taxes	67.1	69.2	0.1	0.1	67.2	69.3
Unallocated State Aid	364.6	333.3	-	-	364.6	333.3
Unallocated Federal Aid	3.8	2.5	-	-	3.8	2.5
Investment earnings	3.1	7.2	.5	1.5	3.6	8.7
Other general revenues	4.5	11.7	-	-	4.5	11.7
Total revenues	<u>643.4</u>	<u>615.5</u>	<u>66.5</u>	<u>65.6</u>	<u>709.9</u>	<u>681.1</u>
Program expenses						
Total governmental	694.2	709.7	-	-	694.2	709.7
School District Food Service			9.6	9.8	9.6	9.8
Aviation			33.4	36.6	33.4	36.6
Water			15.3	14.9	15.3	14.9
Sewer			4.6	5.3	4.6	5.3
Total expenses	<u>694.2</u>	<u>709.7</u>	<u>62.9</u>	<u>66.6</u>	<u>757.1</u>	<u>776.3</u>
Excess (deficiency) before transfers	(50.8)	(94.2)	3.6	(1.0)	(47.2)	(95.2)
Transfers	0.8	0.8	(0.8)	(0.8)	-	-
Capital contributions			6.0	5.1	6.0	5.1
Increase (decrease) in net assets	<u>\$ (50.0)</u>	<u>\$ (93.4)</u>	<u>\$ 8.8</u>	<u>\$ 3.3</u>	<u>\$ (41.2)</u>	<u>\$ (90.1)</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY AS A WHOLE (CONT'D)

The City's total revenues for the year ended June 30, 2009 (excluding capital contributions) increased by 4.2% (\$709.9 compared to the previous year of \$681.1). This change (\$28.8) was due primarily to an increase in Unallocated State Aid of \$31.3. Revenue from grants received also increased by \$9.9, but that increase was offset by lower investment earnings (\$5.1) and a decrease in other general revenues (\$7.2).

The total cost of all programs and services decreased by approximately 2.5% (\$757.1 compared to \$776.3 in the prior year). This decrease (\$19.2) is due to decreased operational costs in the Aviation fund (\$3.2) and an overall reduction in governmental program costs of \$15.5. The primary contributing factors in the decrease of governmental program costs were a \$14.3 decrease in instructional costs of the School District and a \$7.0 decrease in School District interest on debt. These decreases were offset by increases in Police and Fire Department costs of \$4.4 and \$1.1, respectively.

Total revenues were not sufficient to cover this year's total costs. This deficit, combined with capital contributions of \$6.0, decreased the net assets of the City by \$41.2 for the year ended June 30, 2009 versus a decrease of \$90.1 for the year ended June 30, 2008. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

As mentioned previously in the **FINANCIAL HIGHLIGHTS** section, revenues for the City's governmental activities increased from \$615.5 for the year ended June 30, 2008 to \$643.4 for the year ended June 30, 2009, an increase of \$27.9. The primary reason for the increase was discussed earlier. In summary, Unallocated State Aid rose by \$31.3., offset by variances in other revenues.

Program expenses decreased from \$709.7 for the year ended June 30, 2008 to \$694.2 for the year ended June 30, 2009, a 2.2% or \$15.5 decrease. The major contributors to this decrease are enumerated in the section immediately preceding this one.

The decrease in program expenses together with the increase in governmental revenues, as discussed above, still resulted in a decrease in net assets for the year ended June 30, 2009 of (\$50.0) after transfers, versus a decrease in net assets for the year ended June 30, 2008 of (\$93.4).

Business-type Activities

Total revenues, including contributions, in the City's business-type activities (See Table 2) increased by 2.5%, or \$1.8 (\$72.5 for the year ended June 30, 2009 as compared to \$70.7 for the year ended June 30, 2008). This increase was related to an increase in operating and capital grant revenues of approximately \$3.0, an increase in contributed capital of \$.9, offset by decreases in revenue from fees and charges for service and investment income of (\$1.1) and (\$1.0), respectively.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY AS A WHOLE (CONT'D)

Business-type Activities (Cont'd)

Expenses of the City's business type activities decreased by 5.6%, or \$3.7 (\$62.9 versus \$66.6 last year). The bulk of this variance was a \$3.2 decrease in Aviation operating costs offset by an increase in the costs of Water services of \$.4 offset by a reduction in Sewer and Food Service costs of \$.7 and \$.2, respectively.

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 \$168.5, which is a moderate increase (\$1.7) over last year's total of \$166.8. This modest increase belies an \$11.1 increase in the School District General Fund which reflects an increase in State aid in excess of actual expenditures for School purposes. The School increase was offset by decreases in the City General Fund balance of \$4.6, a decrease in Joint School Construction Board fund balance of \$4.0 and a decrease in Capital Projects Fund balance of \$1.5. Approximately \$82.6 this year, versus \$78.6 last year, is available for spending at the government's discretion (*unreserved fund balance*). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a particular purpose by law or other legal provision.

- *General fund* --- The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$57.8, while total fund balance was \$58.4. Last year unreserved fund balance was \$62.5 and total fund balance was \$63.0. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For the year ended June 30, 2009, unreserved fund balance represents 27.3 % of total fund expenditures (including transfers out) totaling \$212.1, while total fund balance represents 27.5% of that same amount. The fund balance of the City's general fund decreased by \$4.6 during the current fiscal year. The original adopted budget for the year ended June 30, 2009 included appropriated fund balance of \$15.9 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 \$15.9 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**.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY AS A WHOLE (CONT'D)

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 \$21.9. Of this amount \$3.1 was encumbered for contracts underway and \$18.8 was reserved for bonded 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 \$44.6. The entire balance is reserved for the purposes of this project and is not available for appropriation for any other purpose.
- *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 \$31.8, last year it was \$20.7. The increase of \$11.1 is related to operating efficiencies for the year in the School District's general fund. Revenues, in the School District's general fund for the year (including transfers in and bond proceeds) were \$406.4 and expenditures (including transfers out) were \$395.3.
- *Community Development Special Revenue Fund* --- The Community Development fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. The Community Development Fund accounts for its revenue and expenditures using grant accounting. Therefore, revenues are accrued as the expenditures are incurred. During the year, the fund recorded \$15.7 in both revenues and expenditures. For the year ended June 30, 2008, the fund recorded revenues and expenditures of \$17.3. At June 30, 2009, total assets and total liabilities were \$10.4. At the end of the previous fiscal year, total assets and total liabilities were \$12.5.

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 \$146.5. The increase of \$8.8 in total net assets of the proprietary funds from June 30, 2008 to June 30, 2009, by fund, resulted from the following activity: the aviation fund increased by \$3.6; the water fund increased by \$5.1, the sewer fund increased by \$.4, and the city school district food service fund had a \$.3 deficit.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

THE CITY'S FUNDS (CONT'D)

General Fund Budgetary Highlights

According to the City Charter, the City must adopt its budget no later than May 8 of each year for the ensuing fiscal year beginning on July 1. The City's general fund original budget, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$222.8. Included in the estimated revenues was an appropriation of fund balance of \$15.9.

During the course of the year, the City's general fund budget was amended to reflect additional revenues and associated appropriation and for various small items, resulting in a final, revised budget of \$222.9, utilizing \$16.0 of fund balance. Please refer to page 68 [Statement of Revenues, Expenditures and Encumbrances – 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 \$4.6, as compared to a final adopted budget with a deficit of \$16.0. This surplus was the result of several variances from both revenue and expenditure projections. On the revenue side, the City experienced lower than anticipated revenues from sales tax (\$1.6) and higher than anticipated departmental revenues (\$.7), highway aid reimbursements (\$.6) license and permit fees (\$.3) and miscellaneous source revenue (\$.2). Expenditures varied from projected amounts in several respects. Prominent variances of note were lower than anticipated Public Safety costs (\$6.8), General Government support costs (\$1.8), Culture and Recreation costs (\$1.1), Transportation expenditures (\$1.3) and interest on short-term financing (\$.5). These savings were combined with additional successful cost containment initiatives to produce lower than expected expenditures many sectors of the government.

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, 2009, amounted to \$540.8 (net of accumulated depreciation). The previous year's amount was \$516.4. 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 \$355.9 (net of accumulated depreciation) this year as compared to \$358.1 last year. For the City's business-type activities, the balance at the end of this year was \$184.9 (net of accumulated depreciation) as compared to \$158.3 last year.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

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 are as follows:

- School District Building and Improvements -- \$2.8
- School District Furniture and Equipment -- \$2.4
- School District Vehicles -- \$.6
- DPW Building and Facility improvements -- \$.1
- Improvements to City Owned Buildings -- \$.3
- DPW Equipment -- \$.3
- City Computer Equipment -- \$.1
- Fire Department Equipment -- \$.2
- Parks Improvements -- \$2.4
- Parks Equipment -- \$.1
- Police Department Equipment -- \$.3
- Sewer Department Equipment -- \$.3
- Sewer System Infrastructure -- \$1.1
- Water Department Equipment -- \$.3
- Water System Infrastructure -- \$12.8
- Airport Buildings -- \$.7
- Airport Equipment -- \$1.8
- Airport Improvements/Infrastructure - \$.8.1

Depreciation expense for the current fiscal year was \$29.8 for governmental activities and \$12.5 for business-type activities.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt

At year-end the City had \$369.4 outstanding in bonds and notes versus \$353.8 last year, an increase of 4.4%. 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	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 277.4	\$ 289.4	\$ 53.1	\$ 57.1	\$ 330.5	\$ 346.5
Construction notes payable	-	-	36.3	4.2	36.3	4.2
Bond anticipation notes	-	-	2.6	3.1	2.6	3.1
Total	\$ 277.4	\$ 289.4	\$ 92.0	\$ 64.4	\$ 369.4	\$ 353.8

With respect to general obligation bonds, total new debt issued during the year was \$14.3. Proceeds were mainly used to finance capital expenditures. Proceeds of \$.8 were used to pay a legal settlement. Major projects funded with these proceeds are as follows:

- School District Vehicles -- \$.5
- Oiling & Flushing Equipment -- \$.3
- Sidewalk and Streetscape Improvements -- \$1.9
- Road Reconstruction -- \$5.0
- Bridge & Retaining Wall Reconstruction -- \$.6
- AXA Towers Renovation -- \$.4
- Police Vehicles -- \$.7
- DPW Equipment -- \$.5
- Parks Equipment -- \$.3
- Fire Department Apparatus -- \$.6
- Parking Garage Rehabilitation -- \$.3
- Sunnycrest Skating Rink -- \$.3
- Symphony Place Park -- \$.2
- Skaneateles Watershed -- \$1.0
- Storm Sewer Valley Drive -- \$.3

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt (Cont'd)

The City redeemed \$3.1 of Bond Anticipation Notes for the Airport which were outstanding at June 30, 2008 during the fiscal year. Bond Anticipation Notes were issued during the fiscal year (\$2.6) for Airport purposes. These notes were outstanding at June 30, 2009.

The City issued \$91.2 in Revenue Anticipation Notes (RANs) during the fiscal year; \$75.0 on behalf of the School District and \$16.2 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 (\$91.2) were paid off prior to the end of the fiscal period.

The City entered into an agreement with New York State through the Drinking Water Revolving Fund for an additional \$32.1 of interest-free financing in the form of a construction note for the City's Water operations during the fiscal year. This new addition to the construction notes (\$4.2 at June 30, 2008) leaves an outstanding balance of \$36.3 at June 30, 2009. The notes will be refinanced with long-term bonds before June 30, 2010.

In addition, please refer to Note 4 in the notes to the basic financial statements for more detailed information on the City's debt.

The City had a rating of Baa1 from Moody's Investors Service, an A- rating from Standard & Poor's and a BBB+ from Fitch IBCA.

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 \$358.3, which is above the City's outstanding general obligation debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Syracuse has several economic factors that affect the ability of the City to address local fiscal growth or stability. These factors include:

- Reliance on state aid for the City and the City School District
- A dependent school district resulting in high mandated costs and aging buildings
- A stagnant property tax base
- Modestly growing local revenues
- A declining population
- Significant percentage increases in employee health care costs
- High retirement system costs (See notes to the financial statements for more information.)

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

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

In setting the June 30, 2010 budget, the property tax levy was increased by 7 % as compared to the previous fiscal year. The actual combined property tax levy of the City and School District for the year ending June 30, 2010 is \$80.1 (\$23.9 for the City and \$56.2 for the School District), compared with the previous year of \$79.3 million (\$23.2 for the City and \$56.1 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, 2010 is \$25.1220 per \$1,000 of assessed property value (\$7.5699 for the City and \$17.5521 for the School District).

The City's June 30, 2010 budget includes \$24.9 use of fund balance for the City General Fund and the School District included \$8.4 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, 2010.

Water and Sewer rates were raised effective July 1, 2009 to reflect rising operating costs and to address the cost of repairs to the Westcott reservoir. The last previous rate adjustment was in 2008.

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 Syracuse's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, contact the office of the City's Commissioner of Finance at City Hall Room 128, 233 E. Washington Street, Syracuse, New York 13202.

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

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

(Concluded)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS:				
Pooled cash and cash equivalents	\$ 42,824,257	\$ 3,702,955	\$ 46,527,212	\$ -
Cash and cash equivalents	-	20,002,901	20,002,901	21,430,648
Receivables:				
Accounts	7,497,847	5,658,811	13,156,658	-
Taxes (net of allowance of \$18,794,066)	11,311,821	-	11,311,821	-
Other	6,848,258	-	6,848,258	84,645
Loans receivable - due within one year	-	-	-	430,835
Interest receivable	-	-	-	258,242
Due from other governments	69,087,744	3,929,402	73,017,146	48,471
Due from primary government	-	-	-	197,334
Due from component units (net of allowance of \$5,589,840)	1,091,749	-	1,091,749	36,054
Internal balances	1,198,386	(1,198,386)	-	-
Due from fiduciary funds	58,980,644	195,459	59,176,103	-
Inventories	-	185,445	185,445	-
Other assets	188,912	490,669	679,581	1,718,289
Restricted assets:				
Pooled cash and cash equivalents	18,338,889	25,927,298	44,266,187	-
Cash and cash equivalents	46,554,009	21,400,152	67,954,161	-
Deferred charges	2,762,424	872,416	3,634,840	-
Loans receivable - due in more than one year	-	-	-	10,777,839
Capital assets:				
Nondepreciable	99,207,194	37,246,968	136,454,162	3,541,935
Depreciable, net	256,719,324	147,666,860	404,386,184	14,161,073
TOTAL ASSETS	\$ 622,611,458	\$ 266,080,950	\$ 888,692,408	\$ 52,685,365
LIABILITIES:				
Accounts payable and accrued expenses	38,850,470	11,676,865	50,527,335	343,736
Accrued interest expense	1,557,448	709,306	2,266,754	867,201
Due to other governments	8,436,878	-	8,436,878	9,358
Due to component units	88,193	48,961	137,154	-
Deferred revenues	12,271,347	514,751	12,786,098	-
Other liabilities	790,190	40,000	830,190	-
Long-term liabilities - due within one year	65,179,900	10,484,023	75,663,923	10,979,249
Due to primary government - due within one year	-	-	-	1,223,473
Long-term liabilities - due in more than one year	511,994,114	96,069,339	608,063,453	18,463,842
Due to primary government - due in more than one year	-	-	-	5,477,794
Total liabilities	<u>639,168,540</u>	<u>119,543,245</u>	<u>758,711,785</u>	<u>37,364,653</u>
NET ASSETS:				
Invested in capital assets, net of related debt	171,333,257	116,212,959	287,546,216	(274,844)
Restricted for:				
Debt service	5,810,725	-	5,810,725	-
Project Orange	258,404	-	258,404	-
EMS training	215,144	-	215,144	-
Trusts and permanent funds	639,961	-	639,961	-
Special Grants	819,079	-	819,079	-
Clinton Square Project	18,290	-	18,290	-
Loan programs	-	-	-	6,188,630
Unrestricted	(195,651,942)	30,324,746	(165,327,196)	9,406,926
Total net assets	<u>(16,557,082)</u>	<u>146,537,705</u>	<u>129,980,623</u>	<u>15,320,712</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 622,611,458	\$ 266,080,950	\$ 888,692,408	\$ 52,685,365

**CITY OF SYRACUSE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities			Total
PRIMARY GOVERNMENT:									
Governmental Activities:									
General government support	\$ 84,530,984	\$ 2,967,502	\$ 2,123,943	\$ 656,844	\$ (78,782,695)	\$ -	\$ (78,782,695)	\$ -	
Police department	90,400,276	5,290,221	1,315,361	-	(83,794,694)	-	(83,794,694)	-	
Fire department	53,792,181	46,280	157,976	-	(53,587,925)	-	(53,587,925)	-	
Other public safety	6,125,680	2,999,267	-	-	(3,126,413)	-	(3,126,413)	-	
Transportation	41,299,228	6,006,656	87,344	10,370,850	(24,834,378)	-	(24,834,378)	-	
Economic opportunity and development	621,516	-	601,015	-	(20,501)	-	(20,501)	-	
Home and community services	30,772,389	1,438,846	15,706,428	-	(13,627,115)	-	(13,627,115)	-	
Culture and recreation	12,673,035	424,448	267,579	79,598	(11,901,410)	-	(11,901,410)	-	
Education	347,151,171	100,442	58,368,439	-	(288,682,290)	-	(288,682,290)	-	
Pupil transportation	18,731,327	-	267,628	-	(18,463,699)	-	(18,463,699)	-	
Interest on long-term debt	8,082,283	-	-	-	(8,082,283)	-	(8,082,283)	-	
Total governmental activities	694,180,070	19,273,662	78,895,713	11,107,292	(584,903,403)	-	(584,903,403)	-	
Business-type Activities:									
Aviation	33,370,781	30,182,457	-	292,671	-	(2,895,653)	(2,895,653)	-	
Water	15,274,939	17,807,720	-	3,303,242	-	5,836,023	5,836,023	-	
Sewer	4,636,076	4,854,719	-	149,833	-	368,476	368,476	-	
Food service	9,602,372	728,837	8,576,311	-	-	(297,224)	(297,224)	-	
Total business-type activities	62,884,168	53,573,733	8,576,311	3,745,746	-	3,011,622	3,011,622	-	
TOTAL PRIMARY GOVERNMENT	\$ 757,064,238	\$ 72,847,395	\$ 87,472,024	\$ 14,853,038	(584,903,403)	3,011,622	(581,891,781)	-	
Component units:									
Syracuse Industrial Development Agency	16,994,671	13,548,245	1,000,000	-	-	-	-	(2,446,426)	
Syracuse Economic Development Corporation	2,310,039	1,439,131	1,000,000	-	-	-	-	129,092	
Syracuse Urban Renewal Agency	1,459,053	-	-	-	-	-	-	(1,459,053)	
TOTAL COMPONENT UNITS	\$ 20,763,763	\$ 14,987,376	\$ 2,000,000	\$ -	-	-	(3,776,387)	-	
General revenues:									
Property taxes and tax items					87,467,280	-	87,467,280	821,783	
Sales and use taxes					67,087,024	50,000	67,137,024	-	
Other taxes					3,452,939	-	3,452,939	-	
Unallocated state aid					364,615,134	-	364,615,134	-	
Unallocated federal aid					3,816,889	-	3,816,889	-	
Investment earnings					3,139,717	509,094	3,648,811	388,842	
Capital contributions					-	6,042,492	6,042,492	-	
Transfers					800,000	(800,000)	-	-	
Miscellaneous					4,531,114	-	4,531,114	2,551,681	
Total general revenues, transfers and special items					534,910,097	5,801,586	540,711,683	3,762,306	
Change in net assets					(49,993,306)	8,813,208	(41,180,098)	(14,081)	
Net assets at beginning of year					33,436,224	137,724,497	171,160,721	15,334,793	
Net assets at end of year					<u>\$ (16,557,082)</u>	<u>\$ 146,537,705</u>	<u>\$ 129,980,623</u>	<u>\$ 15,320,712</u>	

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

**CITY OF SYRACUSE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Capital Projects Fund	Joint School Construction Board	Special Revenue		Nomajor Governmental Funds	Total Governmental Funds
				City School District	Community Development		
ASSETS:							
Pooled cash and cash equivalents	\$ 35,763,229	\$ 6,652,749	\$ -	\$ -	\$ -	\$ 408,279	\$ 42,824,257
Pooled restricted cash and cash equivalents	-	11,069,124	-	-	-	7,269,765	18,338,889
Restricted cash and cash equivalents	-	-	44,024,609	-	2,512,559	16,841	46,554,009
Loans receivable	-	-	-	-	6,848,258	-	6,848,258
Accounts receivable	1,044,152	-	-	1,899,766	5,681	4,547,329	7,496,928
Taxes receivable (net of allowance of \$18,794,066)	8,358,733	-	-	4,011,618	-	277,648	12,647,999
Due from other funds	3,114,351	7,391,282	545,612	57,812,765	-	5,012,757	73,876,767
Due from other governments	35,303,741	3,974,019	-	24,383,448	226,222	1,085,404	64,972,834
Due from component units (net of allowance of \$5,589,840)	139,820	109,926	-	-	842,003	-	1,091,749
Other assets	-	-	-	188,912	-	-	188,912
TOTAL ASSETS	\$ 83,724,026	\$ 29,197,100	\$ 44,570,221	\$ 88,296,509	\$ 10,434,723	\$ 18,618,023	\$ 274,840,602
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts payable and accrued expenses	\$ 9,455,504	\$ 4,611,056	\$ -	\$ 22,296,495	\$ 2,389,509	\$ 96,987	\$ 38,849,551
Due to other funds	-	2,656,731	-	9,639,731	52,205	1,349,070	13,697,737
Due to other governments	22,650	14,698	-	8,399,530	-	-	8,436,878
Due to component units	-	-	-	23,400	63,534	1,259	88,193
Deferred revenues	8,632,197	-	-	-	7,139,285	5,305,750	21,077,232
Amounts due to retirement systems	2,987,590	-	-	15,306,550	-	-	18,294,140
Accrued compensated absences	200,000	-	-	844,797	-	-	1,044,797
Self-insurance claims	4,043,080	-	-	-	-	-	4,043,080
Other liabilities	-	-	-	-	790,190	-	790,190
Total liabilities	25,341,021	7,282,485	-	56,510,503	10,434,723	6,753,066	106,321,798
Fund Balances:							
Reserved for encumbrances	\$ 64,287	\$ 3,138,656	\$ -	\$ 7,360,536	\$ -	\$ -	\$ 10,563,479
Reserved for bonded capital projects	-	18,775,959	-	-	-	-	18,775,959
Reserved for Project Orange	258,404	-	-	-	-	-	258,404
Reserved for EMS Training	215,144	-	-	-	-	-	215,144
Reserved for Clinton Square Maintenance	18,290	-	-	-	-	-	18,290
Reserved for debt JSCB	-	-	44,570,221	-	-	-	44,570,221
Reserved for bonded debt	-	-	-	-	-	10,823,482	10,823,482
Reserved for trusts and permanent funds	-	-	-	-	-	656,699	656,699
Unreserved:							
Designated	24,890,744	-	-	24,425,470	-	-	49,316,214
Undesignated	32,936,136	-	-	-	-	384,776	33,320,912
Total fund balances	58,383,005	21,914,615	44,570,221	31,786,006	-	11,864,957	168,518,804
TOTAL LIABILITIES AND FUND BALANCES	\$ 83,724,026	\$ 29,197,100	\$ 44,570,221	\$ 88,296,509	\$ 10,434,723	\$ 18,618,023	\$ 274,840,602

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

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

Total fund balances for governmental funds	\$	168,518,804
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.		355,926,518
Accounts receivable not received within 60 days and therefore not reported in the funds.		3,502,173
Revenue collected after year end but not available to pay for current year expenditures and deferred in funds.		8,082,444
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.		(553,791,997)
Deferred charges expensed as incurred in funds.		2,762,424
Accrued interest not reported in the funds.		<u>(1,557,448)</u>
Total net assets of governmental activities	\$	<u><u>(16,557,082)</u></u>

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	General Fund	Capital Projects Fund	Joint School Construction Board	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
				City School District	Community Development		
REVENUES:							
General property taxes and tax items	\$ 28,865,653	\$ -	\$ -	\$ 56,014,375	\$ -	\$ 2,812,112	\$ 87,692,140
Sales and use taxes	63,013,984	-	-	4,073,040	-	-	67,087,024
Other local taxes	3,452,939	-	-	-	-	656,844	4,109,783
Departmental revenues	9,730,070	-	-	-	-	-	9,730,070
Intergovernmental charges	266,889	-	-	-	-	-	266,889
Licenses and permits	2,294,316	-	-	-	-	-	2,294,316
Fines and forfeitures	3,333,594	-	-	-	-	-	3,333,594
Sale of property and compensation for loss	427,531	-	-	46,776	-	-	474,307
Use of money and property	611,271	55,679	12,519	1,745,014	-	752,020	3,176,503
Federal and state aid and other grants	88,392,671	7,636,837	-	339,133,226	15,701,876	1,664,075	452,528,685
Other revenues	5,473,925	391,241	-	146,913	-	78,064	6,090,143
Total revenues	205,862,843	8,083,757	12,519	401,159,344	15,701,876	5,963,115	636,783,454
EXPENDITURES:							
Current:							
General government support	24,341,744	-	-	46,783,171	910,278	869,771	72,904,964
Public safety	121,241,581	-	-	-	-	1,317,423	122,559,004
Transportation	22,899,827	-	-	-	-	1,824,553	24,724,380
Economic opportunity and development	20,501	-	-	-	601,015	-	621,516
Home and community services	13,309,320	-	-	1,255,644	14,190,583	241,304	28,996,851
Culture and recreation	9,288,612	-	-	-	-	217,359	9,505,971
Education	-	-	-	320,634,150	-	-	320,634,150
Debt service	-	-	-	-	-	25,067,531	25,067,531
Interest on debt	266,409	-	-	1,667,187	-	12,499,447	14,433,043
Capital outlays	-	25,259,667	4,010,778	-	-	-	29,270,445
Total expenditures	191,367,994	25,259,667	4,010,778	370,340,152	15,701,876	42,037,388	648,717,855
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,494,849	(17,175,910)	(3,998,259)	30,819,192	-	(36,074,273)	(11,934,401)
OTHER FINANCING SOURCES (USES):							
Bond proceeds	750,000	11,755,000	-	-	-	300,000	12,805,000
Operating transfers in	805,797	4,390,470	3,464,722	5,274,442	-	36,683,659	50,619,090
Operating transfers out	(20,691,333)	(436,425)	(3,464,722)	(25,026,255)	-	(200,355)	(49,819,090)
Total other financing sources (uses) - net	(19,135,536)	15,709,045	-	(19,751,813)	-	36,783,304	13,605,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(4,640,687)	(1,466,865)	(3,998,259)	11,067,379	-	709,031	1,670,599
FUND BALANCES AT BEGINNING OF YEAR	63,023,692	23,381,480	48,568,480	20,718,627	-	11,155,926	166,848,205
FUND BALANCES AT END OF YEAR	\$ 58,383,005	\$ 21,914,615	\$ 44,570,221	\$ 31,786,006	\$ -	\$ 11,864,957	\$ 168,518,804

See Accompanying Independent Auditor's Report and 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, 2009

Net change in fund balances - total governmental funds \$ 1,670,599

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 exceeded capital outlays in the current period. (527,162)

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	(12,805,000)		
Repayments:			
Bond principal	24,838,718		12,033,718

Revenue in the Statement of Activities that does not provide current financial resources and is not reported in the funds.

Property tax revenue	3,475,211	
School District revenue	3,502,173	6,977,384

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. (76,582,158)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal. This is the amount of the difference between the proceeds received and the loss on the disposal of fixed assets. (38,724)

Revenue recorded in the funds has been previously recognized in the Statement of Activities. (335,350)

In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 6,808,387

Net change in net assets of governmental activities \$ (49,993,306)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	Business-type Activities						
	Enterprise Funds					City School District-Food Service	Total
	Aviation	Water	Sewer	Total City			
ASSETS:							
Current:							
Pooled cash and cash equivalents	\$ -	\$ 370,768	\$ 3,128,917	\$ 3,499,685	\$ 203,270	\$ 3,702,955	
Cash and cash equivalents	20,002,901	-	-	20,002,901	-	20,002,901	
Accounts receivable	2,091,978	2,837,064	729,769	5,658,811	-	5,658,811	
Due from other governments	679,378	2,501,750	89,177	3,270,305	659,097	3,929,402	
Due from other funds	60,500	-	-	60,500	195,459	255,959	
Inventories	-	-	-	-	185,445	185,445	
Prepaid expenses and other	228,896	202,028	43,636	474,560	16,109	490,669	
Total current assets	23,063,653	5,911,610	3,991,499	32,966,762	1,259,380	34,226,142	
Noncurrent:							
Pooled restricted cash and cash equivalents	23,316,194	2,158,969	452,135	25,927,298	-	25,927,298	
Restricted cash and cash equivalents	-	21,400,152	-	21,400,152	-	21,400,152	
Deferred charges	872,416	-	-	872,416	-	872,416	
Due from other funds	454,250	-	-	454,250	-	454,250	
Capital assets (net)	110,761,822	61,952,319	11,970,151	184,684,292	229,536	184,913,828	
Total noncurrent assets	135,404,682	85,511,440	12,422,286	233,338,408	229,536	233,567,944	
TOTAL ASSETS	\$ 158,468,335	\$ 91,423,050	16,413,785	\$ 266,305,170	\$ 1,488,916	\$ 267,794,086	
LIABILITIES:							
Current:							
Accounts payable and accrued expenses	\$ 2,570,759	\$ 8,230,872	\$ 263,487	\$ 11,065,118	\$ 611,747	\$ 11,676,865	
Bond anticipation notes payable	2,632,000	-	-	2,632,000	-	2,632,000	
Capital lease obligation	37,972	-	-	37,972	-	37,972	
Accrued interest	501,437	153,407	54,462	709,306	-	709,306	
Due to other funds	1,713,136	-	-	1,713,136	-	1,713,136	
Due to component unit	8,882	40,079	-	48,961	-	48,961	
Current portion of bonds payable	3,947,572	1,639,980	461,676	6,049,228	-	6,049,228	
Amounts due to retirement systems	165,081	88,475	33,286	286,842	227,245	514,087	
Accrued compensated absences	219,314	23,213	15,268	257,795	136,072	393,867	
Self-insurance claims	175,294	366,253	202,662	744,209	112,660	856,869	
Deferred revenue	60,500	-	-	60,500	-	60,500	
Other liabilities	40,000	-	-	40,000	-	40,000	
Total current liabilities	12,071,947	10,542,279	1,030,841	23,645,067	1,087,724	24,732,791	
Noncurrent:							
Bonds - net of current portion	19,145,593	20,935,306	6,989,257	47,070,156	-	47,070,156	
Capital lease obligation - net of current portion	228,269	-	-	228,269	-	228,269	
Construction notes payable	-	36,289,867	-	36,289,867	-	36,289,867	
Amounts due to retirement systems	171,650	-	-	171,650	-	171,650	
Accrued compensated absences	-	272,085	99,829	371,914	-	371,914	
Self-insurance claims	137,765	354,648	201,750	694,163	364,762	1,058,925	
Other postemployment benefits	3,370,500	4,176,400	1,720,300	9,267,200	1,611,358	10,878,558	
Deferred revenue	454,251	-	-	454,251	-	454,251	
Total noncurrent liabilities	23,508,028	62,028,306	9,011,136	94,547,470	1,976,120	96,523,590	
Total liabilities	35,579,975	72,570,585	10,041,977	118,192,537	3,063,844	121,256,381	
NET ASSETS:							
Invested in capital assets, net of related debt	84,998,858	25,979,495	5,005,070	115,983,423	229,536	116,212,959	
Unrestricted:							
Designated	-	1,000,000	-	1,000,000	-	1,000,000	
Undesignated	37,889,502	(8,127,030)	1,366,738	31,129,210	(1,804,464)	29,324,746	
Total net assets	122,888,360	18,852,465	6,371,808	148,112,633	(1,574,928)	146,537,705	
TOTAL LIABILITIES AND NET ASSETS	\$ 158,468,335	\$ 91,423,050	\$ 16,413,785	\$ 266,305,170	\$ 1,488,916	\$ 267,794,086	

See Accompanying Independent Auditor's Report and 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, 2009

	Business-type Activities					Total
	Enterprise Funds				City School	
	Aviation	Water	Sewer	Total City	District - Food Service	
OPERATING REVENUES:						
Charges for services	\$ -	\$ 17,389,906	\$ 4,843,739	\$ 22,233,645	\$ 728,837	\$ 22,962,482
Federal and state sources	-	-	-	-	7,945,652	7,945,652
Landing fees	5,127,670	-	-	5,127,670	-	5,127,670
Parking rents	5,621,227	-	-	5,621,227	-	5,621,227
Terminal rents	8,741,942	-	-	8,741,942	-	8,741,942
Concession	6,373,823	-	-	6,373,823	-	6,373,823
Miscellaneous	74,810	417,814	10,980	503,604	-	503,604
Total operating revenues	<u>25,939,472</u>	<u>17,807,720</u>	<u>4,854,719</u>	<u>48,601,911</u>	<u>8,674,489</u>	<u>57,276,400</u>
OPERATING EXPENSES:						
Cost of sales and services	7,359,183	13,332,863	3,789,314	24,481,360	9,259,494	33,740,854
Administration	13,499,960	389,080	15,677	13,904,717	287,217	14,191,934
Depreciation	10,870,417	1,014,303	600,159	12,484,879	55,661	12,540,540
Uncollectible accounts	1,586	172,723	-	174,309	-	174,309
Total operating expenses	<u>31,731,146</u>	<u>14,908,969</u>	<u>4,405,150</u>	<u>51,045,265</u>	<u>9,602,372</u>	<u>60,647,637</u>
NET OPERATING INCOME (LOSS)	<u>(5,791,674)</u>	<u>2,898,751</u>	<u>449,569</u>	<u>(2,443,354)</u>	<u>(927,883)</u>	<u>(3,371,237)</u>
NONOPERATING REVENUES (EXPENSES):						
Sales tax	-	50,000	-	50,000	-	50,000
Grants received	292,671	3,303,242	149,833	3,745,746	-	3,745,746
Grant programs	(292,671)	-	-	(292,671)	-	(292,671)
Passenger facility charges	4,242,985	-	-	4,242,985	-	4,242,985
Donated commodities	-	-	-	-	630,659	630,659
Investment income	436,423	28,951	43,333	508,707	387	509,094
Interest expense	(1,346,964)	(365,970)	(230,926)	(1,943,860)	-	(1,943,860)
Total nonoperating revenues (expenses) net	<u>3,332,444</u>	<u>3,016,223</u>	<u>(37,760)</u>	<u>6,310,907</u>	<u>631,046</u>	<u>6,941,953</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	<u>(2,459,230)</u>	<u>5,914,974</u>	<u>411,809</u>	<u>3,867,553</u>	<u>(296,837)</u>	<u>3,570,716</u>
CAPITAL CONTRIBUTIONS	6,042,492	-	-	6,042,492	-	6,042,492
OPERATING TRANSFERS OUT	-	(800,000)	-	(800,000)	-	(800,000)
CHANGE IN NET ASSETS	3,583,262	5,114,974	411,809	9,110,045	(296,837)	8,813,208
NET ASSETS AT BEGINNING OF YEAR	119,305,098	13,737,491	5,959,999	139,002,588	(1,278,091)	137,724,497
NET ASSETS AT END OF YEAR	<u>\$ 122,888,360</u>	<u>\$ 18,852,465</u>	<u>\$ 6,371,808</u>	<u>\$ 148,112,633</u>	<u>\$ (1,574,928)</u>	<u>\$ 146,537,705</u>

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total - City	City School District - Food Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 25,831,838	\$ 18,088,226	\$ 4,902,325	\$ 48,822,389	\$ 737,859	\$ 49,560,248
Receipts from federal and state sources	-	-	-	-	8,766,500	8,766,500
Payments to vendors	(17,265,238)	1,013,718	(446,680)	(16,698,200)	(4,347,938)	(21,046,138)
Payments to employees	(3,784,919)	(4,943,483)	(1,857,648)	(10,586,050)	(4,753,262)	(15,339,312)
Internal activity-receipts and (payments) with other funds - net	(813,129)	-	-	(813,129)	(195,459)	(1,008,588)
Claims paid	(1,238,717)	(1,279,225)	(651,465)	(3,169,407)	-	(3,169,407)
Net cash provided by operating activities	<u>2,729,835</u>	<u>12,879,236</u>	<u>1,946,532</u>	<u>17,555,603</u>	<u>207,700</u>	<u>17,763,303</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating subsidies and transfers to other funds	-	(800,000)	-	(800,000)	-	(800,000)
Payments from other governments	-	1,127,510	60,656	1,188,166	391	1,188,557
Net cash provided by noncapital financing activities	<u>-</u>	<u>327,510</u>	<u>60,656</u>	<u>388,166</u>	<u>391</u>	<u>388,557</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	2,632,000	33,317,056	255,000	36,204,056	-	36,204,056
Capital contributions	6,433,084	-	-	6,433,084	-	6,433,084
Purchases of capital assets	(10,695,051)	(27,387,741)	(795,981)	(38,878,773)	(5,208)	(38,883,981)
Principal paid on capital debt	(6,473,389)	(1,679,501)	(463,529)	(8,616,419)	-	(8,616,419)
Interest paid on capital debt	(1,820,618)	(372,727)	(233,896)	(2,427,241)	-	(2,427,241)
Other receipts	4,325,018	50,000	-	4,375,018	-	4,375,018
Net cash provided by (utilized in) capital and related financing activities	<u>(5,598,956)</u>	<u>3,927,087</u>	<u>(1,238,406)</u>	<u>(2,910,275)</u>	<u>(5,208)</u>	<u>(2,915,483)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and dividends received	-	-	-	-	-	-
Net cash provided by investing activities	<u>436,423</u>	<u>28,951</u>	<u>43,333</u>	<u>508,707</u>	<u>387</u>	<u>509,094</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,432,698)	17,162,784	812,115	15,542,201	203,270	15,745,471
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	45,751,793	6,767,105	2,768,937	55,287,835	-	55,287,835
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 43,319,095	\$ 23,929,889	\$ 3,581,052	\$ 70,830,036	\$ 203,270	\$ 71,033,306
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (5,791,674)	\$ 2,898,751	\$ 449,569	\$ (2,443,354)	\$ (927,883)	\$ (3,371,237)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	10,870,417	1,014,303	600,159	12,484,879	55,661	12,540,540
Uncollectible accounts	1,586	172,723	-	174,309	-	174,309
Change in assets and liabilities:						
Accounts receivable	(47,136)	639,308	47,606	639,778	-	639,778
Deferred charges	142,192	25,338	-	167,530	-	167,530
Due to other funds	(804,247)	-	-	(804,247)	(1,344,713)	(2,148,960)
Due to component units	8,882	(6,693)	-	2,189	-	2,189
Due from other governments	-	-	-	-	829,870	829,870
Inventories	-	-	-	-	711,721	711,721
Prepaid expenses and other	31,437	-	4,503	35,940	-	35,940
Accounts payable and accrued expenses	(3,394,200)	6,805,444	(4,432)	3,406,812	55,785	3,462,597
Amounts due to retirement systems	125,065	(2,590)	(1,228)	121,247	225,281	346,528
Self-insurance claims	1,573,647	1,686,239	850,018	4,109,904	596,322	4,706,226
Accrued compensated absences	34,366	5,215	337	39,918	5,656	45,574
Other liabilities	40,000	-	-	40,000	-	40,000
Deferred revenue	(60,500)	(358,802)	-	(419,302)	-	(419,302)
Net cash provided by operating activities	<u>\$ 2,729,835</u>	<u>\$ 12,879,236</u>	<u>\$ 1,946,532</u>	<u>\$ 17,555,603</u>	<u>\$ 207,700</u>	<u>\$ 17,763,303</u>

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:

During the year ended June 30, 2009 the Aviation Fund incurred accretion of \$401,023 (included in interest expense) on capital appreciation bonds which are included in bonds payable.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning of Year:			
Aviation Fund	\$ 28,067,926	\$ 17,683,867	\$ 45,751,793
Water Fund	25,311	6,741,794	6,767,105
Sewer Fund	2,290,249	478,688	2,768,937
Total beginning of year	<u>\$ 30,383,486</u>	<u>\$ 24,904,349</u>	<u>\$ 55,287,835</u>
End of Year:			
Aviation Fund	\$ 20,002,901	\$ 23,316,194	\$ 43,319,095
Water Fund	370,768	23,559,121	23,929,889
Sewer Fund	3,128,917	452,135	3,581,052
Food Service Fund	203,270	-	203,270
Total end of year	<u>\$ 23,705,856</u>	<u>\$ 47,327,450</u>	<u>\$ 71,033,306</u>

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

City

	Pension Trust Fund	Private Purpose Funds		Agency Funds	Total City	Combined City School District	Total
		Local Police Pension Fund	Coca Cola & Mayor's Round Ball				
Pooled restricted cash and cash equivalents	\$ 337,158	\$ 7,794	\$ 61,107,355	\$ 61,452,307	\$ -	\$ 61,452,307	
Restricted cash	-	-	-	-	765,449	765,449	
Taxes receivable	-	-	50,547,534	50,547,534	-	50,547,534	
TOTAL ASSETS	337,158	7,794	111,654,889	111,999,841	765,449	112,765,290	

LIABILITIES:

Accounts payable and accrued expenditures	-	3,000	5,338	8,338	-	8,338	
Due to other funds	-	-	59,175,184	59,175,184	919	59,176,103	
Due to other governments	-	-	881,699	881,699	-	881,699	
Deferred revenue	-	-	50,547,534	50,547,534	-	50,547,534	
Other liabilities	-	-	1,045,134	1,045,134	664,242	1,709,376	
TOTAL LIABILITIES	-	3,000	111,654,889	111,657,889	665,161	112,323,050	

NET ASSETS:

Held in trust	\$ 337,158	\$ 4,794	\$ -	\$ 341,952	\$ 100,288	\$ 442,240	
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See Accompanying Independent Auditor's Report and Notes to Basic Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Pension Trust Fund	Private Purpose Funds	Total City	Combined City School District	Total
	Local Police Pension Fund	Coca Cola & Mayor's Round Ball	Total City	City School District	Total
ADDITIONS:					
Contributions	\$ -	\$ 16,587	\$ 16,587	\$ 21,585	\$ 38,172
Local sources and other	77,551	-	77,551	-	77,551
Total additions	<u>77,551</u>	<u>16,587</u>	<u>94,138</u>	<u>21,585</u>	<u>115,723</u>
DEDUCTIONS:					
Scholarships and awards	-	-	-	8,500	8,500
Other expenses	-	22,442	22,442	38,803	61,245
Total deductions	<u>-</u>	<u>22,442</u>	<u>22,442</u>	<u>47,303</u>	<u>69,745</u>
CHANGE IN NET ASSETS	77,551	(5,855)	71,696	(25,718)	45,978
NET ASSETS AT BEGINNING OF YEAR	259,607	10,649	270,256	126,006	396,262
NET ASSETS AT END OF YEAR	<u>\$ 337,158</u>	<u>\$ 4,794</u>	<u>\$ 341,952</u>	<u>\$ 100,288</u>	<u>\$ 442,240</u>

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2009

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
ASSETS:				
Cash and cash equivalents	\$ 16,434,220	\$ 2,321,459	\$ 2,674,969	\$ 21,430,648
Other receivables	51,487	33,158	-	84,645
Loans receivable-current portion	66,000	364,835	-	430,835
Interest receivable	258,242	-	-	258,242
Due from other governments	-	-	48,471	48,471
Due from primary government	-	-	197,334	197,334
Due from other component units	-	-	36,054	36,054
Other assets	1,718,289	-	-	1,718,289
Loans receivable - long-term portion	6,666,731	4,111,108	-	10,777,839
Capital assets:				
Nondepreciable	50,000	3,438,142	53,793	3,541,935
Depreciable, net	1,126,128	13,022,386	12,559	14,161,073
TOTAL ASSETS	\$ 26,371,097	\$ 23,291,088	\$ 3,023,180	\$ 52,685,365
LIABILITIES:				
Accounts payable and accrued expenses	\$ 275,736	\$ 38,791	\$ 29,209	\$ 343,736
Accrued interest expense	221,688	645,513	-	867,201
Due to other governments	-	-	9,358	9,358
Due to primary government	347,842	158,071	717,560	1,223,473
Non-current liabilities:				
Due within one year	2,917,000	8,062,249	-	10,979,249
Due within more than one year	10,722,000	7,741,842	-	18,463,842
Due to primary government - long-term portion	1,709,208	3,768,586	-	5,477,794
Total liabilities	16,193,474	20,415,052	756,127	37,364,653
NET ASSETS:				
Invested in capital assets	(341,196)	-	66,352	(274,844)
Restricted for Lakefront Development programs	5,224,335	-	-	5,224,335
Restricted for Urban Development Action Grant	-	674,018	-	674,018
Restricted for loan programs	290,277	-	-	290,277
Unrestricted	5,004,207	2,202,018	2,200,701	9,406,926
Total net assets	10,177,623	2,876,036	2,267,053	15,320,712
TOTAL LIABILITIES AND NET ASSETS	\$ 26,371,097	\$ 23,291,088	\$ 3,023,180	\$ 52,685,365

See Accompanying Independent Auditor's Report and 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, 2009

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
EXPENSES:				
Destiny USA Fee to City of Syracuse and Onondaga County	\$ 11,000,000	\$ -	\$ -	\$ 11,000,000
Economic Development	958,109	246,434	1,459,053	2,663,596
Development projects	1,568,470	-	-	1,568,470
Loan programs	3,230,852	-	-	3,230,852
Parking garage	237,240	-	-	237,240
Rental of real property	-	2,063,605	-	2,063,605
Total expenses	16,994,671	2,310,039	1,459,053	20,763,763
PROGRAM REVENUE:				
Charges for services	13,548,245	1,439,131	-	14,987,376
Operating grants	1,000,000	1,000,000	-	2,000,000
Total program revenue	14,548,245	2,439,131	-	16,987,376
NET PROGRAM REVENUE (EXPENSE)	(2,446,426)	129,092	(1,459,053)	(3,776,387)
GENERAL REVENUE:				
Property taxes	821,783	-	-	821,783
Investment earnings	352,858	33,538	2,446	388,842
Miscellaneous	396,754	32,680	2,122,247	2,551,681
Total general revenue	1,571,395	66,218	2,124,693	3,762,306
CHANGES IN NET ASSETS	(875,031)	195,310	665,640	(14,081)
NET ASSETS AT BEGINNING OF YEAR	11,052,654	2,680,726	1,601,413	15,334,793
NET ASSETS AT END OF YEAR	\$ 10,177,623	\$ 2,876,036	\$ 2,267,053	\$ 15,320,712

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

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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 139,000 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, with the exception of the Syracuse Economic Development Corporation as discussed in Note 1.A. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting 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

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

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

Blended Component Units:

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

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

Discretely Presented Component Units:

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

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

(Continued)

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

A. Financial Reporting Entity (Cont'd)

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

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

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

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

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities 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. 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.

(Continued)

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

B. Basis of Presentation (Cont'd)

The funds of the financial reporting entity are described below:

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 School 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 funds:

City School District - This fund is used to account for the education and transportation of pupils within the City. This fund includes the District's General Fund and Special Aid Fund.

Community Development - This fund is used to account for Federal funds received for community development purposes.

- Capital Projects Fund - See above for description.
- Joint School 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

- Debt Service Fund

- Permanent Funds:

Francis Hendrick's

The Ed Smith School Fund

- Proprietary Funds:

Sewer

City School District - Food Service

C. Measurement Focus and Basis of Accounting

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

Measurement Focus

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

(Continued)

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

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

Measurement Focus (Cont'd)

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. Proprietary and fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary and fiduciary fund equity are classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

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

(Continued)

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

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

Basis of Accounting (Cont'd)

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

D. Budgets and Budgetary Accounting

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

The City appropriates a total expenditure budget based on projected revenues and surplus from the preceding year. The budget allocations among the various organizational units in the governmental funds, along with any amendments made by the Common Council, are included in the Statement of Revenues, Expenditures and 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 8th.
- Any amendments approved by the Common Council are presented to the Mayor for consideration. Should the Mayor object to any amendment, the Common Council has an opportunity to override the Mayor's objection until June.

(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 other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

(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, with the exception of the District, as assets with an initial cost of more than \$5,000 and a useful life of two or more years. The District capitalizes fixed assets with an initial cost of more than \$1,000 and an estimated useful life in excess of two 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, is included as part of the capitalized value of the assets constructed. Interest capitalized for the year ended June 30, 2009 amounted to \$629,163.

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. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Long-term debt is not reported as a liability of the governmental funds and any debt issued is reported as 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, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserved fund balance represents amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent management plans that are subject to change. Proprietary fund equity is classified the same as in the government-wide statements.

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 of July 1. The City bills and collects its own property taxes including school taxes and the property taxes levied by Onondaga County. City and 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 \$4,532,434 at June 30, 2009 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, noncapital financing, or investing activities. The principal operating revenue of the Water and Sewer funds is charges to customers for sales and service. The principal operating revenues of the Aviation Fund are landing fees, parking fees, terminal rents and concession revenue. Operating expenses for the proprietary funds include the cost of sales and service, administrative expenses, uncollectible accounts and depreciation on capital assets.

Expenditures/Expenses

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

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)

Expenditures/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, 2009, 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, 2009 were \$18,794,066 and \$8,248,412, respectively.

(Continued)

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

O. Deferred Charges

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

P. Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 13% expire in one year or less. The remaining 87% of these agreements extend beyond one year.

Q. Economic Dependency

The City and the District receives 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 due to the New York State and Local Teachers' Retirement System and amounts collected on behalf of other governments.

S. Reservations and Designations of Fund Equity

Reserved fund balances represent fund equity reserved for specific appropriations and legal or contractual obligations. Designations of unreserved fund balances in governmental funds indicate the use of these resources in the ensuing year's budget or tentative plans for future use. The 2008/2009 City School District budget specifically designates the use of \$24,425,470 for future years use and technology. The City's 2008/2009 budget specifically designates \$24,890,744 and \$1,000,000 of fund balance for future budget years for the General Fund and Water Fund, respectively.

T. 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.

(Continued)

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

U. Future Changes in Accounting Standards

GASB has issued Statement 51, *Accounting and Reporting for Intangible Assets*, which improves financial reporting by reducing inconsistencies that have developed in accounting and financial reporting for intangible assets. The City is currently studying the statement and plans on adoption when required, which will be for the June 30, 2010 financial statements.

GASB has issued Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The City is currently studying the statement and plans on adoption when required, which will be for the June 30, 2011 financial statements.

2. CASH AND CASH EQUIVALENTS

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

The City is permitted to invest in special time deposits and 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 \$240,968,217 and the bank balance was \$244,409,784. As of June 30, 2009 all deposits were insured or collateralized.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2009:

	Balance at June 30, 2008	Increases	Decreases	Balance at June 30, 2009
Governmental activities:				
Not being depreciated:				
Land	\$ 16,190,934	\$ 82,567	\$ -	\$ 16,273,501
Construction in progress	<u>75,454,756</u>	<u>24,008,833</u>	<u>(16,529,896)</u>	<u>82,933,693</u>
Subtotal	<u>91,645,690</u>	<u>24,091,400</u>	<u>(16,529,896)</u>	<u>99,207,194</u>
Other capital assets:				
Buildings	337,539,829	2,769,292	-	340,309,121
Machinery and equipment	91,711,434	4,118,735	(2,676,563)	93,153,606
Improvements/infrastructure	<u>310,084,242</u>	<u>13,404,412</u>	<u>-</u>	<u>323,488,654</u>
Subtotal	<u>739,335,505</u>	<u>20,292,439</u>	<u>(2,676,563)</u>	<u>756,951,381</u>
 Total capital assets	 <u>830,981,195</u>	 <u>44,383,839</u>	 <u>(19,206,459)</u>	 <u>856,158,575</u>
Accumulated depreciation:				
Buildings	234,281,398	9,115,409	-	243,396,807
Machinery and equipment	60,610,184	7,756,408	(2,411,752)	65,954,840
Improvements/infrastructure	<u>178,001,113</u>	<u>12,879,297</u>	<u>-</u>	<u>190,880,410</u>
Total	<u>472,892,695</u>	<u>29,751,114</u>	<u>(2,411,752)</u>	<u>500,232,057</u>
Net capital assets - governmental activities	<u>\$358,088,500</u>	<u>\$14,632,725</u>	<u>\$(16,794,707)</u>	<u>\$355,926,518</u>

Depreciation was charged to activities as follows:

Governmental activities:

General government support	\$ 2,304,110
Police department	1,168,819
Fire department	1,539,618
Other public safety	2,388
Transportation	13,765,939
Culture and recreation	1,550,022
Home and community services	318,161
Education	<u>9,102,057</u>
Total governmental activities depreciation expense	 <u>\$ 29,751,114</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)

	Balance at June 30, 2008	Increases	Decreases	Balance at June 30, 2009
Business-type activities:				
Not being depreciated:				
Land	\$ 5,386,433	\$ 1,023,520	\$ -	\$ 6,409,953
Construction in progress	<u>17,883,013</u>	<u>39,860,589</u>	<u>(26,906,587)</u>	<u>30,837,015</u>
Subtotal	<u>23,269,446</u>	<u>40,884,109</u>	<u>(26,906,587)</u>	<u>37,246,968</u>
Other capital assets:				
Buildings	105,673,314	659,069	-	106,332,383
Machinery and equipment	24,946,764	2,451,337	(3,063)	27,395,038
Improvements/infrastructure	<u>175,195,663</u>	<u>22,059,580</u>	<u>-</u>	<u>197,255,243</u>
Subtotal	<u>305,815,741</u>	<u>25,169,986</u>	<u>(3,063)</u>	<u>330,982,664</u>
Total capital assets	<u>329,085,187</u>	<u>66,054,095</u>	<u>(26,909,650)</u>	<u>368,229,632</u>
Accumulated depreciation:				
Buildings	73,853,935	3,869,037	-	77,722,972
Machinery and equipment	19,382,191	1,770,311	(3,063)	21,149,439
Improvements/infrastructure	<u>77,542,201</u>	<u>6,901,192</u>	<u>-</u>	<u>84,443,393</u>
Total	<u>170,778,327</u>	<u>12,540,540</u>	<u>(3,063)</u>	<u>183,315,804</u>
Net capital assets - business-type activities	<u>\$158,306,860</u>	<u>\$53,513,555</u>	<u>\$(26,906,587)</u>	<u>\$184,913,828</u>

Depreciation was charged to activities as follows:

Business-type activities:

Aviation	\$ 10,870,417
Water	1,014,303
Sewer	600,159
Food Service	<u>55,661</u>
Total business-type activities depreciation expense	<u>\$ 12,540,540</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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 3.13% to 6.37% with maturity dates through June 30, 2031.

During the year ended June 30, 2009, the City issued general obligation bonds of \$14,260,000. These bonds are to be used for capital projects.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2009:

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Amount due within one year
Governmental Activities:					
Bonds, notes payable and capital lease obligation:					
General obligation bonds payable	\$ 240,120,343	\$ 12,805,000	\$ 23,779,729	\$ 229,145,614	\$ 24,231,809
School facility revenue bonds	49,230,000	-	940,000	48,290,000	1,125,000
Revenue anticipation notes payable	-	91,200,000	91,200,000	-	-
Capital lease obligation	118,989	-	118,989	-	-
Total bonds, notes payable and capital lease obligation	<u>289,469,332</u>	<u>104,005,000</u>	<u>116,038,718</u>	<u>277,435,614</u>	<u>25,356,809</u>
Other liabilities:					
Amount due to retirement systems	26,133,159	27,319,525	30,026,919	23,425,765	18,294,140
Accrued compensated absences	19,701,016	12,389,431	12,079,811	20,010,636	8,880,795
Self-insurance claims	41,752,027	100,357,658	103,333,515	38,776,170	11,631,490
Other postemployment benefits	92,172,899	102,515,590	19,901,992	174,786,497	-
Judgments and claims	3,000,000	1,022,817	1,022,817	3,000,000	-
Environmental remediation	12,079,565	476,434	-	12,555,999	-
Lottery aid payable	28,200,000	-	1,016,667	27,183,333	1,016,666
Total other liabilities	<u>223,038,666</u>	<u>244,081,455</u>	<u>167,381,721</u>	<u>299,738,400</u>	<u>39,823,091</u>
Governmental activities long-term liabilities	<u>\$ 512,507,998</u>	<u>\$ 348,086,455</u>	<u>\$ 283,420,439</u>	<u>\$ 577,174,014</u>	<u>\$ 65,179,900</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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.

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009	Amount due within one year
Business-Type Activities:					
Bonds, notes payable and capital lease obligation:					
General obligation bonds payable	\$ 57,133,415	\$ 1,455,000	\$ 5,469,031	\$ 53,119,384	\$ 6,049,228
Construction notes payable	4,172,811	32,117,056	-	36,289,867	-
Bond anticipation notes payable	3,111,000	2,632,000	3,111,000	2,632,000	2,632,000
Capital lease obligation	302,629	-	36,388	266,241	37,972
Total bonds, notes payable and capital lease obligation	<u>64,719,855</u>	<u>36,204,056</u>	<u>8,616,419</u>	<u>92,307,492</u>	<u>8,719,200</u>
Other liabilities:					
Amount due to retirement systems	339,208	1,627,544	1,281,015	685,737	514,087
Accrued compensated absences	720,207	614,327	568,753	765,781	393,867
Self-insurance claims	2,429,823	3,941,689	4,455,718	1,915,794	856,869
Other postemployment benefits	5,658,304	7,934,162	2,713,908	10,878,558	-
Total other liabilities	<u>9,147,542</u>	<u>14,117,722</u>	<u>9,019,394</u>	<u>14,245,870</u>	<u>1,764,823</u>
Business-type activities long term liabilities	<u>\$ 73,867,397</u>	<u>\$ 50,321,778</u>	<u>\$ 17,635,813</u>	<u>\$ 106,553,362</u>	<u>\$ 10,484,023</u>

Construction Notes Payable

The State has made available to the City loans from the New York State Environmental Facilities Corporation in the amount of \$40,000,000 of which \$36,289,867 is outstanding at June 30, 2009. The notes are non-interest bearing and management expects to make the first principal payment in October 2010. It is anticipated that the notes will be refinanced with permanent subsidized bonds in March 2010.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

4. CAPITAL INDEBTEDNESS (CONT'D)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2009, amounts due to service general obligation and school facility revenue bonds payable, principal and interest in future years, are as follows:

Year Ending June 30,	Governmental Activities		Business-type activities		Total
	Principal	Interest	Principal	Interest	
2010	\$ 25,356,809	\$ 11,829,071	\$ 6,049,228	\$ 2,321,890	\$ 45,556,998
2011	24,356,308	10,814,042	5,322,428	2,074,195	42,566,973
2012	22,974,939	9,775,274	5,375,059	1,844,042	39,969,314
2013	23,381,280	8,848,594	5,483,715	1,610,903	39,324,492
2014	21,855,133	7,869,838	5,644,868	1,368,082	36,737,921
2015-2019	84,596,596	26,592,687	15,948,411	3,760,746	130,898,440
2020-2024	53,254,668	11,339,484	7,265,330	1,309,291	73,168,773
2025-2029	20,479,655	2,341,951	2,030,345	180,122	25,032,073
2030-2031	<u>1,180,226</u>	<u>38,987</u>	<u>-</u>	<u>-</u>	<u>1,219,213</u>
TOTALS	<u>\$ 277,435,614</u>	<u>\$ 89,449,928</u>	<u>\$ 53,119,384</u>	<u>\$ 14,469,271</u>	<u>\$ 434,474,197</u>

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.

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

4. CAPITAL INDEBTEDNESS (CONT'D)

Short-term Debt (Cont'd)

Short-term debt activity for the year ended June 30, 2009:

	Balance at June 30, 2008	Additions	Reductions	Balance at June 30, 2009
Governmental Activities:				
Revenue anticipation notes	\$ <u> -</u>	\$ <u>91,200,000</u>	\$ <u>91,200,000</u>	\$ <u> -</u>
Business-type Activities:				
Bond anticipation notes	\$ <u>3,111,000</u>	\$ <u>2,632,000</u>	\$ <u>3,111,000</u>	\$ <u>2,632,000</u>

5. AIRPORT LEASE AND USE AGREEMENTS

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

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

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, 2009 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2010	\$ 4,440,223
2011	4,387,069
2012	4,334,729
2013	2,112,783
2014	688,917
Thereafter	<u>10,252,001</u>
TOTAL	<u>\$26,215,722</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

6. OPERATING LEASE COMMITMENTS

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2009 were approximately \$1,330,000. The minimum future non-cancelable operating lease payments were as follows as of June 30, 2009:

YEAR ENDING JUNE 30,	AMOUNT
2010	\$ 1,285,949
2011	509,230
2012	154,619
2013	<u>20,040</u>
TOTAL	<u>\$ 1,969,838</u>

The City leases a parking garage from a component unit. In addition the City leases property from unrelated entities. Total rental expenditures on these leases for the fiscal year ended June 30, 2009 were approximately \$1,600,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2009:

YEAR ENDING JUNE 30,	AMOUNT
2010	\$ 1,513,042
2011	1,548,317
2012	1,515,960
2013	1,491,601
2014	1,456,872
Thereafter	<u>8,992,056</u>
TOTAL	<u>\$ 16,517,848</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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 \$59,619,000 with accumulated depreciation of \$49,112,000 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2009 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2010	\$ 1,334,638
2011	1,338,131
2012	1,360,936
2013	1,233,472
2014	1,106,562
Thereafter	<u>8,363,608</u>
TOTAL	<u>\$ 14,737,347</u>

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 activity 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, 2009.

Year ending June 30,	<u>Business -Type Activities</u>
2010	\$ 48,600
2011	48,600
2012	48,600
2013	48,600
Thereafter	<u>106,526</u>
Minimum lease payments - capital leases	300,926
Less: Amounts representing interest between 5% and 8.5% per annum	<u>(34,685)</u>
Present value - minimum lease payments	<u>\$ 266,241</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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, are 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 \$454,250, 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, 2009:

	<u>AMOUNT</u> <u>RECEIVABLE</u>	<u>AMOUNT</u> <u>PAYABLE</u>
General Fund	\$ 3,114,351	\$ -
City School District	57,812,765	9,639,731
Community Development	-	52,205
Capital Projects Fund	7,391,282	2,656,731
Joint School Construction Board	545,612	-
Proprietary Funds:		
Aviation	514,750	1,713,136
Food Service	195,459	-
Nonmajor governmental funds:		
Debt Service	5,012,757	-
Special Grants	-	1,349,070
Agency	-	59,176,103
Total	<u>\$ 74,586,976</u>	<u>\$ 74,586,976</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2009:

	<u>AMOUNT</u> <u>RECEIVABLE</u>	<u>AMOUNT</u> <u>PAYABLE</u>
General Fund	\$ 4,020,611	\$ -
Capital Projects Fund	109,926	-
City School District	-	23,400
Community Development	842,003	63,534
Proprietary Fund:		
Water Fund	-	40,079
Aviation	-	8,882
Nonmajor governmental fund:		
Local Development	1,709,049	-
Special Grants	-	1,259
Component units:		
SURA	197,334	717,560
SIDA	-	2,142,820
SEDCO	-	3,881,389
Total	<u>\$ 6,878,923</u>	<u>\$ 6,878,923</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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

Receivables and Payables (Cont'd)

The amounts receivable and payable above are as of June 30, 2009. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2008. 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, 2009, which were routine in nature, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 805,797	\$ 20,691,333
Capital Projects Fund	4,390,470	436,425
Joint School Construction Board	3,464,722	3,464,722
Special revenue funds:		
City School District	5,274,442	25,026,255
Oil and Flushing	-	194,558
Debt Service Fund	36,683,659	-
Miscellaneous Trusts	-	5,797
Proprietary fund:		
Water	-	800,000
Total	<u>\$ 50,619,090</u>	<u>\$ 50,619,090</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

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. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Systems.

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The Systems issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to:

ERS and PFRS:

The New York State and Local Retirement Systems, Governor Smith State Building, Albany, New York 12244.

TRS:

The New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The City is required to contribute at a rate determined actuarially by the retirement systems. The required contributions for the current year and the two preceding years were:

	<u>TRS</u>	<u>ERS</u>	<u>PFRS</u>
June 30, 2009	\$ 14,888,732	\$ 5,625,648	\$ 12,777,941
June 30, 2008	15,899,162	6,277,641	11,504,241
June 30, 2007	16,683,713	7,074,340	7,848,021

These required contributions were fully paid for the above years.

(Continued)

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.

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.

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

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. 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 is 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, 2009, the City contributed approximately \$21,615,000 for the total cost of the plan net of retiree contributions of approximately \$1,000,000. The District contributed approximately \$12,600,000 net of retiree contributions of approximately \$1,400,000.

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.

	<u>City</u>	<u>District</u>
Annual required contribution	\$ 62,559,900	\$ 69,234,094
Interest on net OPEB obligation	1,602,400	2,084,380
Adjustment to annual required contribution	<u>(1,592,200)</u>	<u>(3,013,497)</u>
Annual OPEB cost (expense)	62,570,100	68,304,977
Contributions made	<u>(22,614,900)</u>	<u>(14,768,021)</u>
Increase in net OPEB obligation	39,955,200	53,536,956
Net OPEB obligation - beginning of year	<u>40,063,400</u>	<u>52,109,499</u>
Net OPEB obligation - end of year	<u>\$ 80,018,600</u>	<u>\$ 105,646,455</u>

(Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

For the year ended June 30, 2009 the percentage of annual OPEB costs contributed to the Plan was 33% and 22 % for the City and the District, respectively.

For the year ended June 30, 2008, the annual OPEB costs were \$59,561,400 and \$65,722,240 for the City and the District and the percentage of annual OPEB cost contributed was 33% and 21% for the City and the District respectively.

Funding Status and Funding Progress

As of July 1, 2008, the most recent actuarial date, the City's actuarial accrued liability for benefits was \$853,765,800 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$91,000,000 and the ratio of the liability to the covered payroll was 938%.

As of July 1, 2008, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$698,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$215,000,000 and the ratio of the liability to the covered payroll was 324 %.

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.

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 July 1, 2008 actuarial valuation 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 medical trend for Pre-65 individuals is 9% and Post-65 individuals is 8.5% decreasing to 5% after 7 years for Post-65 individuals and 8 years for Pre-65 individuals. The prescription cost trend begins at 12% initially and decreases to 5% after 8 years. The UAAL is being amortized based on a level percentage of payroll. The remaining amortization period as of June 30, 2009 was twenty-eight years.

12. JOINT SCHOOL 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 SCHOOL 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 1, 2008, totaling \$49,230,000 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 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 2008 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 2008 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 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 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 Series 2008 facility.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

12. JOINT SCHOOL 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 City. 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. In addition, there are other matters pending. 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 liability relating to this contingency is not determinable at June 30, 2009.

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 liability relating to this contingency cannot be determined at June 30, 2009.

SIDA has HUD 108 loans payable amounting to \$12,114,000. 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, 2008:

Year ending December 31,	
2009	\$ 2,792,000
2010	2,412,000
2011	2,539,000
2012	2,687,000
2013	301,000
2014	277,000
2015-2021	<u>1,106,000</u>
Total due as of December 31, 2008	<u>\$ 12,114,000</u>

(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, 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, 2009. The estimated liability at June 30, 2009 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 9, 2009, the District issued \$65,000,000 in Revenue Anticipation Notes maturing on June 30, 2010 to cover an expected cash flow shortage due to the timing of cash receipts from all sources.

On October 29, 2009, the City issued \$21,000,000 and \$593,000 in Revenue Anticipation Notes for the City's general purposes and for the Airport, respectively. The general purpose notes mature on June 30, 2010 and the Airport notes mature in October 2010. The notes cover an expected cash flow shortage due to the timing of cash receipts from all sources.

On September 9, 2009, the Board of Education approved a new capitalization threshold for the District's capital assets. Effective July 1, 2009, capital assets are defined by the District as assets with an initial cost of \$5,000 or greater and an estimated useful life in excess of two years. Previously, assets with an initial cost of more than \$1,000 were capitalized. The estimated impact on the government-wide financial statements is not material.

(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, 2009

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES:				
General property taxes and tax items	\$ 28,888,551	\$ 28,888,551	\$ 28,865,653	\$ (22,898)
Sales tax and use taxes	64,596,149	64,596,149	63,013,984	(1,582,165)
Other local taxes	3,752,704	3,752,704	3,452,939	(299,765)
Departmental revenues	9,041,177	9,065,549	9,730,070	664,521
Intergovernmental charges	220,050	220,050	266,889	46,839
Licenses and permits	1,964,331	1,964,331	2,294,316	329,985
Fines and forfeitures	3,373,524	3,373,524	3,333,594	(39,930)
Sale of property and compensation for loss	284,550	284,550	427,531	142,981
Use of money and property	822,788	822,788	611,271	(211,517)
Federal and state aid and other grants	87,813,520	87,813,520	88,392,671	579,151
Other revenues	5,293,308	5,293,308	5,473,925	180,617
Total revenues	<u>206,050,652</u>	<u>206,075,024</u>	<u>205,862,843</u>	<u>(212,181)</u>
EXPENDITURES:				
Current:				
General government support	26,048,282	26,174,252	24,332,478	1,841,774
Public safety	128,943,510	128,035,600	121,236,591	6,799,009
Transportation	22,697,474	24,231,048	22,908,529	1,322,519
Economic opportunity and development	108,614	108,614	16,290	92,324
Home and community services	13,122,111	13,216,392	13,309,320	(92,928)
Culture and recreation	10,376,606	10,373,564	9,288,612	1,084,952
Interest on debt	800,000	800,000	266,409	533,591
Total expenditures	<u>202,096,597</u>	<u>202,939,470</u>	<u>191,358,229</u>	<u>11,581,241</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,954,055</u>	<u>3,135,554</u>	<u>14,504,614</u>	<u>11,369,060</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	750,000	750,000	-
Operating transfers in	800,000	800,000	805,797	5,797
Operating transfers out	(20,691,333)	(20,691,333)	(20,691,333)	-
Total other financing uses - net	<u>(19,891,333)</u>	<u>(19,141,333)</u>	<u>(19,135,536)</u>	<u>5,797</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (15,937,278)</u>	<u>\$ (16,005,779)</u>	(4,630,922)	<u>\$ 11,374,857</u>
EFFECT OF ENCUMBRANCES			<u>(9,765)</u>	
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			<u>\$ (4,640,687)</u>	

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Fund - City School District				Less: CSD Special Aid Fund	CSD - General Fund	Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Total CSD				
REVENUES:							
General property taxes and tax items	\$ 56,757,309	\$ 55,506,227	\$ 56,014,375	\$ -		\$ 56,014,375	\$ 508,148
Sales tax and use taxes	4,200,000	4,200,000	4,073,040	-		4,073,040	(126,960)
Sale of property and compensation for loss	3,600	3,600	46,776	-		46,776	43,176
Use of money and property	1,431,000	1,431,000	1,745,014	-		1,745,014	314,014
Federal and state aid and other grants	283,224,740	282,724,740	339,133,226	59,963,803		279,169,423	(3,553,317)
Other revenues	492,650	492,650	146,913	-		146,913	(345,737)
Total revenues	346,109,299	344,358,217	401,159,344	59,963,803		341,195,541	(3,162,676)
EXPENDITURES:							
Current:							
General government support	52,819,306	52,805,648	47,263,305	139,240		47,124,065	5,681,583
Home and community services			1,255,644	1,255,644		-	-
Education	272,750,424	271,113,000	322,729,073	61,601,475		261,127,598	9,985,402
Interest on debt	2,609,750	2,609,750	1,667,187	-		1,667,187	942,563
Total expenditures	328,179,480	326,528,398	372,915,209	62,986,359		309,918,850	16,609,548
EXCESS OF REVENUES OVER EXPENDITURES	17,929,819	17,829,819	28,244,135	(3,032,556)		31,276,691	13,446,872
OTHER FINANCING SOURCES (USES):							
Operating transfers in	1,655,972	1,655,972	5,274,442	4,153,499		1,120,943	(535,029)
Operating transfers out	(23,760,791)	(23,660,791)	(25,026,255)	(1,120,943)		(23,905,312)	(244,521)
Total other financing uses - net	(22,104,819)	(22,004,819)	(19,751,813)	3,032,556		(22,784,369)	(779,550)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	\$ (4,175,000)	\$ (4,175,000)	\$ 8,492,322	\$ -		8,492,322	\$ 12,667,322
EFFECT OF ENCUMBRANCES						2,575,057	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES						\$ 11,067,379	

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

**CITY OF SYRACUSE, NEW YORK
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND OTHER
 POSTEMPLOYMENT BENEFITS
 FOR THE YEAR ENDED JUNE 30, 2009**

	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	7/1/08	\$ -	\$ 698,096,412	\$ 698,096,412	0%	\$ 215,000,000	324%
City	7/1/08	-	<u>853,765,800</u>	<u>853,765,800</u>	0%	<u>91,000,000</u>	938%
Total		<u>\$ -</u>	<u>\$1,551,862,212</u>	<u>\$1,551,862,212</u>		<u>\$ 306,000,000</u>	

	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	7/1/07	\$ -	\$ 657,276,913	\$ 657,276,913	0%	\$ 202,000,000	325%
City	7/1/07	-	<u>812,620,800</u>	<u>812,620,800</u>	0%	<u>90,839,700</u>	895%
Total		<u>\$ -</u>	<u>\$1,469,897,713</u>	<u>\$1,469,897,713</u>		<u>\$ 292,839,700</u>	

See Independent Auditor's Report

CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2009

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled cash and cash equivalents	\$ -	\$ 6,652,749	\$ 6,652,749
Pooled restricted cash and cash equivalents	-	11,069,124	11,069,124
Due from agency funds	7,391,282	-	7,391,282
Due from other governments	-	3,974,019	3,974,019
Due from component unit	-	109,926	109,926
TOTAL ASSETS	<u>\$ 7,391,282</u>	<u>\$ 21,805,818</u>	<u>\$ 29,197,100</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 677,459	\$ 3,933,597	\$ 4,611,056
Due to other funds	2,141,981	514,750	2,656,731
Due to other governments	-	14,698	14,698
Total liabilities	<u>2,819,440</u>	<u>4,463,045</u>	<u>7,282,485</u>
FUND BALANCES:			
Reserved for encumbrances	1,712,878	1,425,778	3,138,656
Reserved for bonded capital projects	2,858,964	15,916,995	18,775,959
Total fund balance	<u>4,571,842</u>	<u>17,342,773</u>	<u>21,914,615</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,391,282</u>	<u>\$ 21,805,818</u>	<u>\$ 29,197,100</u>

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2009

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES:			
Use of money and property	\$ -	\$ 55,679	\$ 55,679
Federal and state aid and other grants	36,750	7,600,087	7,636,837
Other revenues	-	391,241	391,241
Total revenues	<u>36,750</u>	<u>8,047,007</u>	<u>8,083,757</u>
EXPENDITURES:			
Capital outlays	<u>8,561,371</u>	<u>16,698,296</u>	<u>25,259,667</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(8,524,621)</u>	<u>(8,651,289)</u>	<u>(17,175,910)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	500,000	11,255,000	11,755,000
Operating transfers in	1,382,000	3,008,470	4,390,470
Operating transfers out	(9,882)	(426,543)	(436,425)
Total other financing sources - net	<u>1,872,118</u>	<u>13,836,927</u>	<u>15,709,045</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>(6,652,503)</u>	<u>5,185,638</u>	<u>(1,466,865)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>11,224,345</u>	<u>12,157,135</u>	<u>23,381,480</u>
FUND BALANCES AT END OF YEAR	<u>\$ 4,571,842</u>	<u>\$ 17,342,773</u>	<u>\$ 21,914,615</u>

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

CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	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	\$ -	\$ -	\$ 334,603	\$ -	\$ 73,676	\$ -	\$ 408,279	
Pooled restricted cash	5,810,725	819,079	-	-	-	629,961	7,269,765	
Restricted cash	-	-	-	-	-	-	16,841	
Accounts receivable	4,532,434	11,111	489	-	-	3,295	4,547,329	
Taxes receivable (net allowance of \$288,981)	-	-	277,648	-	-	-	277,648	
Due from other funds	5,012,757	-	-	-	-	-	5,012,757	
Due from other governments	-	1,085,404	-	-	-	-	1,085,404	
Due from component units (net of allowance of \$1,709,049)	-	-	-	-	-	-	-	
TOTAL ASSETS	\$ 15,355,916	\$ 1,915,594	\$ 612,740	\$ -	\$ 73,676	\$ 633,256	\$ 18,618,023	
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued expenses	\$ -	\$ 65,557	\$ -	\$ -	\$ 28,032	\$ 3,398	\$ 96,987	
Due to other funds	-	1,349,070	-	-	-	-	1,349,070	
Due to component units	-	1,259	-	-	-	-	1,259	
Deferred revenues	4,532,434	499,708	273,608	-	-	-	5,305,750	
Total liabilities	4,532,434	1,915,594	273,608	-	28,032	3,398	6,753,066	
Fund Balances:								
Reserved for bonded debt	10,823,482	-	-	-	-	-	10,823,482	
Reserved for trusts and permanent funds	-	-	-	-	-	629,858	656,699	
Unreserved	-	-	339,132	-	45,644	-	384,776	
Total fund balances	10,823,482	-	339,132	-	45,644	629,858	11,864,957	
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,355,916	\$ 1,915,594	\$ 612,740	\$ -	\$ 73,676	\$ 633,256	\$ 18,618,023	

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Debt Service (combined)	Special Revenue					Miscellaneous Trusts	Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing				
REVENUES:									
General property taxes and tax items	\$ -	\$ -	\$ 914,228	\$ -	\$ 1,897,884	\$ -	\$ -	\$ 2,812,112	
Other local taxes	656,844	-	-	-	-	-	-	656,844	
Use of money and property	745,758	-	-	-	-	6,178	84	752,020	
Federal and state aid and other grants	-	1,664,075	-	-	-	-	-	1,664,075	
Other revenues	-	7,602	-	-	-	70,462	-	78,064	
Total revenues	1,402,602	1,671,677	914,228	-	1,897,884	76,640	84	5,963,115	
EXPENDITURES:									
Current:									
General government support	-	-	867,063	-	-	2,708	-	869,771	
Public safety	-	1,232,733	-	-	-	84,690	-	1,317,423	
Transportation	-	-	-	1,824,553	-	-	-	1,824,553	
Home and community services	-	241,304	-	-	-	-	-	241,304	
Culture and recreation	-	197,640	-	-	19,719	-	-	217,359	
Principal debt payments	25,067,531	-	-	-	-	-	-	25,067,531	
Interest on debt	12,499,447	-	-	-	-	-	-	12,499,447	
Total expenditures	37,566,978	1,671,677	867,063	1,824,553	107,117	-	-	42,037,388	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,164,376)	-	47,165	73,331	(30,477)	-	84	(36,074,273)	
OTHER FINANCING SOURCES (USES):									
Bond proceeds	-	-	-	300,000	-	-	-	300,000	
Operating transfers in	36,683,659	-	-	-	-	-	-	36,683,659	
Operating transfers out	-	-	-	(194,558)	(5,797)	-	-	(200,355)	
Total other financing sources - net	36,683,659	-	-	105,442	(5,797)	-	-	36,783,304	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES	519,283	-	47,165	178,773	(36,274)	-	84	709,031	
FUND BALANCES AT BEGINNING OF YEAR	10,304,199	-	291,967	(133,129)	666,132	-	26,757	11,155,926	
FUND BALANCES AT END OF YEAR	\$ 10,823,482	\$ -	\$ 339,132	\$ 45,644	\$ 629,858	\$ -	\$ 26,841	\$ 11,864,957	

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

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2009**

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 5,810,725	\$ 5,810,725
Accounts receivable	-	4,532,434	4,532,434
Due from other funds	390,720	-	390,720
Due from agency funds	4,622,037	-	4,622,037
TOTAL ASSETS	\$ 5,012,757	\$ 10,343,159	\$ 15,355,916
Deferred revenue/LIABILITIES	\$ -	\$ 4,532,434	\$ 4,532,434
Reserved for Bonded Debt/FUND BALANCES	5,012,757	5,810,725	10,823,482
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,012,757	\$ 10,343,159	\$ 15,355,916

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2009

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES:			
Other local taxes	\$ -	\$ 656,844	\$ 656,844
Use of money and property	423,032	322,726	745,758
Total revenues	<u>423,032</u>	<u>979,570</u>	<u>1,402,602</u>
EXPENDITURES:			
Principal debt payments	11,199,379	13,868,152	25,067,531
Interest on debt	7,170,434	5,329,013	12,499,447
Total expenditures	<u>18,369,813</u>	<u>19,197,165</u>	<u>37,566,978</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(17,946,781)	(18,217,595)	(36,164,376)
OTHER FINANCING SOURCES/ Operating transfers in	<u>18,379,695</u>	<u>18,303,964</u>	<u>36,683,659</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	432,914	86,369	519,283
FUND BALANCES AT BEGINNING OF YEAR	<u>4,579,843</u>	<u>5,724,356</u>	<u>10,304,199</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,012,757</u>	<u>\$ 5,810,725</u>	<u>\$ 10,823,482</u>

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

CITY OF SYRACUSE, NEW YORK
 COMBINING BALANCE SHEET
 MISCELLANEOUS TRUST FUNDS
 JUNE 30, 2009

	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Weed & Seed Asset Forfeitures	Total City Miscellaneous Trust Funds
ASSETS:							
Pooled restricted cash	\$ 57,714	\$ 6,412	\$ 341	\$ 379,472	\$ 186,022	\$ -	\$ 629,961
Accounts receivable	3,295	-	-	-	-	-	3,295
TOTAL ASSETS	\$ 61,009	\$ 6,412	\$ 341	\$ 379,472	\$ 186,022	\$ -	\$ 633,256
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 1,885	-	-	-	\$ 1,513	\$ -	\$ 3,398
Total Liabilities	1,885	-	-	-	1,513	-	3,398
FUND BALANCES/Reserved for trusts	59,124	6,412	341	379,472	184,509	-	629,858
TOTAL LIABILITIES AND FUND BALANCES	\$ 61,009	\$ 6,412	\$ 341	\$ 379,472	\$ 186,022	\$ -	\$ 633,256

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Weed & Seed Asset Forfeitures	Total City Miscellaneous Trust Funds
REVENUES:							
Use of money and property	\$ -	\$ -	21	\$ 3,565	\$ 2,592	\$ -	\$ 6,178
Other revenues	23,069	1,128	-	22,183	24,082	-	70,462
Total revenues	23,069	1,128	21	25,748	26,674	-	76,640
EXPENDITURES:							
Current:							
General government support	-	2,708	-	-	-	-	2,708
Public safety	-	-	-	750	83,940	-	84,690
Culture and recreation	19,719	-	-	-	-	-	19,719
Total expenditures	19,719	2,708	-	750	83,940	-	107,117
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,350	(1,580)	21	24,998	(57,266)	-	(30,477)
OTHER FINANCING USES/Operating Transfers Out	-	-	-	-	-	(5,797)	(5,797)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	3,350	(1,580)	21	24,998	(57,266)	(5,797)	(36,274)
FUND BALANCES AT BEGINNING OF YEAR	55,774	7,992	320	354,474	241,775	5,797	666,132
FUND BALANCES AT END OF YEAR	\$ 59,124	\$ 6,412	\$ 341	\$ 379,472	\$ 184,509	\$ -	\$ 629,858

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

**CITY OF SYRACUSE, NEW YORK
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2009**

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	16,841	-	16,841
TOTAL ASSETS	\$ 16,841	\$ 10,000	\$ 26,841
FUND BALANCES/			
Reserved for permanent funds	\$ 16,841	\$ 10,000	\$ 26,841

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES/Use of money and property	\$ 84	\$ -	\$ 84
EXPENDITURES/General government support	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	84	-	84
FUND BALANCES AT BEGINNING OF YEAR	16,757	10,000	26,757
FUND BALANCES AT END OF YEAR	\$ 16,841	\$ 10,000	\$ 26,841

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