

BASIC FINANCIAL STATEMENTS

CITY OF SYRACUSE, NEW YORK

JUNE 30, 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information (nonmajor governmental funds and fiduciary funds) of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the discretely presented component units.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Syracuse Industrial Development Agency, Syracuse Economic Development Corporation and Syracuse Regional Airport Authority, which represent all of the assets, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance

(Continued)

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1. U., New Accounting Standards, the Syracuse Urban Renewal Agency and the Syracuse Regional Airport Authority are reported differently than in the previous years due to the implementation of GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus an Amendment of GASB Statement No. 14 and No. 34*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other postemployment benefits on pages 4 through 18 and pages 73 through 75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for

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consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Syracuse, New York's basic financial statements. The combining fund financial statements listed in the table of contents on pages 76 through 85 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2014, on our consideration of the City of Syracuse, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Syracuse, New York's internal control over financial reporting and compliance.

March 14, 2014
Syracuse, New York

(Concluded)

CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 33. 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 \$62.7 as a result of this year's operations. Net assets of our governmental activities decreased by \$67.6, while business-type activities increased by \$4.9. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$62.7 less than the \$822.7 in total program expenses. Last year expenses exceeded revenues by \$84.9.

In the City's business-type activities, revenues increased to \$78.4, a 3.3% increase from last year's revenues of \$75.9. Expenses for this year (before transfers) increased to \$70.7, a 7.9% increase from last year's \$65.5.

In the City's governmental activities, revenues before transfers increased to \$681.6 versus last year's revenues of \$680.4, a 0.2% increase. Expenses decreased this year to \$752.0 versus last year at \$775.7, a 3.0% decrease.

Of the City's total net assets reported at June 30, 2013, \$312.9 was Net Investment in Capital Assets versus \$257.1 the previous year. Unrestricted net position this year was a deficit balance of \$622.5 versus last year's deficit of \$605.9.

The City's general fund reported a surplus for this year of \$25.0, including other financing sources and uses. The resources available for appropriation (revenues and transfers in) were approximately \$8.2 more than the revised budget. Expenditures, including transfers out, were approximately \$17.9 under the revised budget. At the end of the current fiscal year, unassigned fund balance of the City's general fund was \$52.1 and 23.3% 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, 2013**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities and Changes in Net Position on pages 19 and 20 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 21. 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.

New Accounting Standards

Effective for the fiscal year ended June 30, 2013, the City implemented Government Accounting Standards Board (GASB) Statements No. 61, No. 62, and No. 63. For further information, refer to footnote 1. U. on pages 52 and 53 of the financial statements.

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 8. This section attempts to illustrate whether the City is better off or worse off as a result of the year's activities. The Statement of Net Position and the Statement of Activities and Changes in Net Position report information about the City as a whole and about its activities in a way that allows the user to determine if the City's financial condition has improved or deteriorated in comparison with the previous fiscal year. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes to it. You can think of the City's net position, the difference between assets (what the citizens own) and liabilities (what the citizens owe) as one way to measure the City's financial health. Over time, *increases* or *decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, and the condition of the City's capital assets (streets, buildings, water and sewer lines) to assess the *overall health* of the City.

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**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

Reporting the City as a Whole (Cont'd)

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

- **Governmental activities** --- Most of the City's basic services are reported here, including the police, fire, public works, community development, urban development and parks & recreation departments, and general administration. The City School District's operations are also reported here. State aid, sales tax, property taxes and federal and state grants finance most of these activities.
- **Business-type activities** --- The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. Charges for these services are intended to allow the service to be self-supporting. The City's water and sewer systems, as well as the airport activities, are reported here. In addition, the City School District's food service operations are reported as business-type activities.
- **Component units** --- The City includes three separate legal entities in its report --- the Syracuse Industrial Development Agency, the Syracuse Economic Development Corporation and the Syracuse Regional Airport Authority.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 12. The fund financial statements begin on page 21 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Local Development Fund) or to show that it is meeting legal responsibilities for the use of certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

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

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**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

Reporting the City's Most Significant Funds (Cont'd)

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

The City as Trustee

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the City cannot use these assets to finance the City's operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 29 and 30. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

THE CITY AS A WHOLE

The City's combined net position decreased from \$(169.9) at June 30, 2012 to \$(232.6) at June 30, 2013. Our analysis below focuses on the net position (Table 1) and changes to net position (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 | |
|--------------------------------------------|----------------------------|------------------|-----------------------------|-----------------|--------------------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 270.4 | \$ 335.1 | \$ 93.8 | \$ 112.3 | \$ 364.2 | \$ 447.4 |
| Capital assets | 437.1 | 390.1 | 256.5 | 219.4 | 693.6 | 609.5 |
| Total assets | <u>707.5</u> | <u>725.2</u> | <u>350.3</u> | <u>331.7</u> | <u>1,057.8</u> | <u>1,056.9</u> |
| General obligation & School Facility bonds | 298.7 | 318.3 | 135.5 | 127.4 | 434.2 | 445.7 |
| Other long-term liabilities | 726.6 | 618.9 | 35.3 | 29.2 | 761.9 | 648.1 |
| Other liabilities | 82.3 | 120.4 | 12.0 | 12.6 | 94.3 | 133.0 |
| Total liabilities | <u>1,107.6</u> | <u>1,057.6</u> | <u>182.8</u> | <u>169.2</u> | <u>1,290.4</u> | <u>1,226.8</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 185.0 | 155.4 | 127.9 | 101.7 | 312.9 | 257.1 |
| Restricted | 39.2 | 111.8 | 37.8 | 67.1 | 77.0 | 178.9 |
| Unrestricted (deficit) | <u>(624.3)</u> | <u>(599.6)</u> | <u>1.8</u> | <u>(6.3)</u> | <u>(622.5)</u> | <u>(605.9)</u> |
| Total net position | <u>\$ (400.1)</u> | <u>\$(332.4)</u> | <u>\$ 167.5</u> | <u>\$ 162.5</u> | <u>\$ (232.6)</u> | <u>\$(169.9)</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 position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt still outstanding that was used to acquire those assets. At June 30, 2013, this balance was \$312.9 versus \$257.1 at June 30, 2012. 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, 2013**

THE CITY AS A WHOLE (CONT'D)

An additional portion of the City's total net position, \$77.0 at June 30, 2013, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net position. The remaining category of total net position, *unrestricted* net position, may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, the amount of unrestricted net position as of June 30, 2013 was a *deficit* of \$622.5, versus a *deficit* at June 30, 2012 of \$605.9.

Governmental activities

Total net position of the City's governmental activities decreased from a *deficit* balance of \$332.4 at June 30, 2012 to a *deficit* balance of \$400.1 as of June 30, 2013. The primary cause for this decline, as was the case in previous fiscal years, is the requirement that municipalities report a liability for the unfunded cost of providing post-employment benefits to employees. For the City of Syracuse, this represents the probable cost of providing subsidized health insurance for retirees combined with the potential for currently active employees to receive this benefit. This calculation was performed by an independent actuarial firm to arrive at a potential total liability for the potential benefit to be paid out based on the life expectancy of the present retired and active employee pool. Though this figure represents the total estimated cost of providing the benefit to all employees over many years, only a portion of this liability is required to be reported in the government-wide portion of the City's financial statements. This additional liability is reflected in the Statement of Net Position and the Statement of Activities and Changes in Net Position. The amount reported for this liability at June 30, 2013 is \$577.0, as compared with \$462.0 at the end of the June 30, 2012 fiscal year, an increase of \$115.0. This increase was partially offset by increased sales tax revenues and State aid, but the effect of the increased liability still resulted in a large decrease in net position.

The *deficit* in *unrestricted* net position also increased substantially, increasing to a *deficit* of \$624.3 at June 30, 2013 compared to the previous year *deficit* of \$599.6. This was a negative change of \$24.7 in the unrestricted net position of the City's governmental activities. This decrease is primarily a reflection of the change in liability explained above.

Business-type activities

The total net position of the City's business-type activities increased by 3.0% in the current fiscal year (\$167.5 compared to a previous fiscal year balance of \$162.5). This increase is primarily due to a \$1.0 surplus in the School District Food Service fund and a \$3.3 surplus in the Aviation fund as a result of the fiscal year's operations. This overall increase generally cannot be used to make up for the decrease reported in the governmental activities. The City can generally only use these net assets to finance the continuing operations of the airport, water, sewer operations and the food service program.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

THE CITY AS A WHOLE (CONT'D)

The change in net position during the most recent fiscal year is reported in the Statement of Activities and Changes in Net Position found on page 20. Key elements of this change are illustrated in Table 2.

Table 2
Changes in Net Assets
(In Millions)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|-----------------------------------------|----------------------------|------------------|-----------------------------|---------------|--------------------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Fees, fines and charges for services | \$ 23.4 | \$ 21.7 | \$ 58.0 | \$ 59.0 | \$ 81.4 | \$ 80.7 |
| Grants and contributions | 99.1 | 118.6 | 20.2 | 16.7 | 119.3 | 135.3 |
| General revenues: | | | | | | |
| Property taxes and tax items | 95.2 | 94.2 | - | - | 95.2 | 94.2 |
| Other taxes | 4.3 | 3.6 | - | - | 4.3 | 3.6 |
| Sales and use taxes | 77.4 | 79.0 | - | - | 77.4 | 79.0 |
| Unallocated State Aid | 370.1 | 351.0 | - | - | 370.1 | 351.0 |
| Unallocated Federal Aid | 5.0 | 5.2 | - | - | 5.0 | 5.2 |
| Investment earnings | .9 | 1.1 | 0.2 | 0.2 | 1.1 | 1.3 |
| Other general revenues | 6.2 | 6.0 | - | - | 6.2 | 6.0 |
| Total revenues | <u>681.6</u> | <u>680.4</u> | <u>78.4</u> | <u>75.9</u> | <u>760.0</u> | <u>756.3</u> |
| Program expenses | | | | | | |
| Total governmental | 752.0 | 775.7 | - | - | 752.0 | 775.7 |
| School District Food Service | - | - | 11.7 | 11.7 | 11.7 | 11.7 |
| Aviation | - | - | 34.9 | 31.3 | 34.9 | 31.3 |
| Water | - | - | 18.9 | 18.3 | 18.9 | 18.3 |
| Sewer | - | - | 5.2 | 4.2 | 5.2 | 4.2 |
| Total expenses | <u>752.0</u> | <u>775.7</u> | <u>70.7</u> | <u>65.5</u> | <u>822.7</u> | <u>841.2</u> |
| Excess (deficiency) before transfers | (70.4) | (95.3) | 7.7 | 10.4 | (62.7) | (84.9) |
| Transfers | 2.8 | 2.8 | (2.8) | (2.8) | - | - |
| Increase (decrease) in net assets | <u>\$ (67.6)</u> | <u>\$ (92.5)</u> | <u>\$ 4.9</u> | <u>\$ 7.6</u> | <u>\$ (62.7)</u> | <u>\$ (84.9)</u> |

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

THE CITY AS A WHOLE (CONT'D)

The City's total revenues for the year ended June 30, 2013 (excluding capital contributions) increased by 0.5% (\$760.0 compared to the previous year of \$756.3), a \$3.7 increase. Most notably, state aid to the City's School District increased by \$19.2 offset by a decrease in overall operating grants and contributions of \$20.0. Minor increases and decreases in other areas comprised the balance of the change.

The total cost of all programs and services decreased by approximately 2.2% (\$822.7 compared to \$841.2 in the prior year). This decrease (\$18.5) is primarily due to a \$14.7 decrease in educational expenses of the City School District and a \$4.6 decrease in economic opportunity and development expenses for the year with offsetting minor increases and decreases in other expense functions.

Total revenues were not sufficient to cover this year's total costs. This deficit decreased the net position of the City by \$62.7 for the current fiscal year versus a decrease of \$84.9 for the prior fiscal year. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

As mentioned previously in the FINANCIAL HIGHLIGHTS section at the beginning of this document, revenues for the City's governmental activities increased from \$680.4 in the prior fiscal year to \$681.6 for the year ended June 20, 2013, an increase of \$1.2. The primary reasons for the increase were partially discussed earlier. In summary, the City realized an increase of \$19.2 in School District state aid and a decrease in operating grants of \$20.0 offset by small variances throughout the rest of the revenue categories.

Program expenses decreased in the current year, falling from \$775.7 in the prior year to \$752.0 in the current year, a 3% or \$23.7 decrease. The major contributors to this increase were discussed in the section immediately preceding this one.

The decrease in program expenses together with the slight increase in governmental revenues, as discussed above, resulted in a reduced but still significant decrease in governmental position at June 30, 2013 of \$67.6 after transfers, versus a decrease in net position for the year ended June 30, 2012 of \$92.5.

Business-type Activities

Total revenues in the City's business-type activities (See Table 2) rose by \$2.5 or 3.3% in the current fiscal year (\$78.4 in the current year as compared to \$75.9 in the prior year).

Expenses of the City's business-type activities before transfers rose by 7.9%, or \$5.2 (\$70.7 versus \$65.5 last year), the result of increases of \$3.6 in the Aviation Fund and a \$1.0 increase in the Sewer Fund and \$0.5 in the Water Fund.

All funds within the business-type category showed increases to Net Position for the year.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

THE CITY AS A WHOLE (CONT'D)

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 \$157.1, which is a 2.2% decrease from last year's total of \$160.7. This decrease (\$3.6) resulted from several large balance changes and the addition of a new fund due to the implementation of GASB No. 61 which brought a formerly discreetly presented component unit into the main body of City financial reporting. In short, there were operational surpluses in the City's General Fund and that of the School District in the amounts of \$25.0 and \$16.1, respectively. The Capital Projects fund had a \$4.9 surplus. These surpluses were offset by fund balance reduction in the Joint Schools Construction Board of \$50.2 as bond proceeds were used to finance ongoing school building renovations. The addition of the Syracuse Urban Renewal Agency fund provided an additional \$0.5 in financial resources

Approximately \$50.2 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$39.2 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$61.4 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$6.3) is non-spendable. This includes inventories, prepaid items and bequests that must remain intact.

General fund --- The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$52.1, while total fund balance was \$72.9. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For the current year ending June 30, 2013, unassigned fund balance represents 23.3% of total fund expenditures (including transfers out) totaling \$223.8, while total fund balance represents 32.6% of that same amount. The fund balance of the City's general fund increased \$25.0 during the current fiscal year. The adopted budget for the year ended June 30, 2013 included no use of fund balance to balance budget revenues to budget expenditures. 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, 2013**

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 \$23.5. The entire balance of the fund is required to be used in the completion of City and School District capital projects.
- *Joint School Construction Board Fund* --- The joint school construction board fund is a school district fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The joint school construction board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. At the end of the current fiscal year, the fund had a balance of \$16.4. The entire balance is reserved for the purposes of this project and is not available for appropriation for any other purpose. The revenue for this fund is provided by bond proceeds and interest paid on the unspent proceeds. A decline in fund balance simply reflects the spending of bond proceeds to repair schools and conversely, an increase indicates that bond proceeds exceeded amounts spent.
- *School District Special Revenue Fund* --- The School District special revenue fund is comprised of the School District's general operating fund and the special aid fund. The combined total fund balance at the end of the current fiscal year was \$35.5, last year it was \$19.3. The increase of \$16.2 reflects that revenues recorded exceeded the expenditures of the current fiscal year. Revenues in the School District's general fund for the year (including transfers in) were \$425.5 and expenditures (including transfers out) were \$409.3.
- *Neighborhood and Business Development Special Revenue Fund* --- The Neighborhood and Business Development fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. The fund accounts for its revenue and expenditures using grant accounting. Therefore, revenues are accrued as the expenditures are incurred. During the year, the fund recorded \$12.6 in both revenues and expenditures. For the prior fiscal year, the fund recorded revenues and expenditures of \$15.7. At June 30, 2013, total assets and liabilities of the fund were \$11.7. At the end of the previous fiscal year, total assets and liabilities were \$11.6.

Proprietary funds --- The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the airport, water, sewer and the School District's food service fund. The net position of the proprietary funds at the end of the current fiscal year totaled \$167.5. The increase of \$4.9 in total net assets of the proprietary funds resulted from the following activity: the aviation fund increased by \$3.3; the water fund increased by \$0.4, the sewer fund increased by \$0.2, and the city school district food service fund increased \$1.0.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

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 for the year ended June 30, 2013, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$240.5.

During the course of the year, the City's general fund budget was amended to reflect additional revenues and additional appropriations for various small items, resulting in a final, revised budget of \$241.4, utilizing \$0.9 of fund balance. Please refer to page 73 [Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis)] for presentation of the general fund original budget and final budget.

The actual performance of the general fund resulted in a surplus for the current year of \$25.0, as compared to a final adopted budget with a *deficit* of \$0.9. This positive variance from the projected deficit was the result of combined positive fluctuations from both revenue and expenditure projections.

On the revenue side, the City experienced higher than anticipated revenues from property tax and related items (\$1.4), sales tax revenue (\$0.5) and Departmental revenues (\$0.9). The sale of real estate to an outside party produced a one-time \$1.9 surplus. Additionally, the City received \$2.0 in unbudgeted excess revenue through the NYS CHIPs program as reimbursement of highway improvement expenditures. Various other small surpluses filled out a total \$7.7 surplus in revenues.

Expenditures varied positively from budgeted amounts in every departmental category. Savings varied from 5.7 to 17.1% per category. Unspent funds were reported in General Government Support (\$3.3), Public Safety (\$8.1), Transportation (\$2.5), Home and Community Services (\$1.1) and Culture and Recreation (\$2.0). These variances, with other smaller variances, combined to produce a \$17.2 overall favorable expenditure variance, eliminating the need to use fund balance in the 12/13 fiscal year.

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, 2013, amounted to \$693.6 (net of accumulated depreciation). The previous year's amount was \$609.5. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

The City's governmental capital assets were \$437.1 (net of accumulated depreciation) this year as compared to a \$390.1 balance last year. For the City's business-type activities, the balance at the end of this year was \$256.5 (net of accumulated depreciation) as compared to a balance of \$219.4 last year.

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

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

- School District Building and Improvements -- \$2.5
- School District Machinery and Equipment -- \$0.3
- School District Software -- \$0.1
- DPW Equipment -- \$1.7
- City Infrastructure (Bridge Repairs Traffic Signals Sidewalks and Road Resurfacing) -- \$12.0
- Fire Department Equipment -- \$0.9
- Parks Improvements -- \$1.2
- Parks Equipment -- \$0.2
- Police Department Equipment -- \$1.3
- Sewer Department Equipment -- \$0.4
- Water Department Equipment -- \$0.1
- Water System Infrastructure -- \$0.9
- Airport Buildings -- \$58.4
- Airport Equipment -- \$0.2
- Airport Improvements/Infrastructure -- \$4.6

Depreciation expense for the current fiscal year was \$24.7 for governmental activities and \$13.4 for business-type activities.

Long-term Debt

At year end, the City had \$434.2 outstanding in bonds and notes versus \$492.4 last year, a decrease of 11.8 %. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt (Cont'd)

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

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---------------------------------------------------------------|----------------------------|-----------------|-----------------------------|-----------------|--------------------------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| General obligation bonds and school facility revenue bonds | \$ 298.7 | \$ 318.2 | \$ 100.2 | \$ 90.7 | \$ 398.9 | \$ 408.9 |
| Construction bonds payable | - | - | 35.3 | 36.6 | 35.3 | 36.6 |
| Bond anticipation notes | - | - | - | 3.4 | - | 3.4 |
| Revenue anticipation notes | - | 43.5 | - | - | - | 43.5 |
| Total | \$ 298.7 | \$ 361.7 | \$ 135.5 | \$ 130.7 | \$ 434.2 | \$ 492.4 |

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$23.3. Proceeds were used to finance capital expenditures and Water and Airport projects. Major projects funded with these proceeds are as follows:

- Road Reconstruction -- \$3.0
- Sidewalk Improvements -- \$1.0
- Connective Corridor -- \$0.5
- Parks Improvements -- \$0.5
- DPW Improvements -- \$0.3
- DPW Equipment -- \$0.9
- Fire Department Vehicles and Apparatus -- \$0.8
- Elevator Upgrade -- \$0.2
- Water Fund UV Disinfectant -- \$8.7
- Water Fund Stewart Standpipe project -- \$1.4
- Airport renovations and upgrades-- \$5.0

These issues are discussed further in Note 4 of the notes to the financial statements.

The City redeemed \$3.4 of Bond Anticipation Notes for the Airport which were outstanding at June 30, 2012 during the fiscal year. City RANs totaling 43.5 which were outstanding at June 30, 2012 were redeemed during the fiscal year.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt (Cont'd)

The City issued \$121.0 in Revenue Anticipation Notes (RANs) during the fiscal year; \$76.0 on behalf of the School District and \$45.0 for the City for cash flow purposes. A large portion of both the City and School District's state aid is not received until the last quarter of the fiscal year; and therefore, the City needs cash flow borrowing to fund day-to-day operations. Both of these issues were paid off during the fiscal year leaving no Revenue Anticipation Notes outstanding at June 30, 2013.

The City had a rating of A1 from Moody's Investors Service, an A- rating from Standard & Poor's and an A from Fitch at June 30, 2013.

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 \$398.1, which is above the City's outstanding general obligation debt after exclusions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- Reliance on state aid for the City and the City School District
- A dependent school district resulting in high mandated costs and aging buildings
- A stagnant property tax base
- A declining population
- Significant percentage increases in employee health care
- 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, 2013**

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

In setting the June 30, 2014 fiscal year end budget, the City portion of the property tax levy declined negligibly from the prior fiscal year, dropping \$0.03. The School District portion of the levy dropped \$0.001. The actual combined property tax levy of the City and School District for fiscal year ending June 30, 2014 is \$87.2 (\$29.8 for the City and \$57.4 for the School District), compared with the previous year of \$87.3 (\$29.8 for the City and \$57.5 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, 2014 is \$26.4939 per \$1,000 of assessed property value (\$9.1384 for the City and \$17.3555 for the School District).

The City's June 30, 2014 budget includes a provision for use of fund balance for the City General Fund in the amount of \$18.0. This usage is primarily the result of a \$20.9 rollup of State Aid during the June 30, 2013 fiscal year which produced a surplus in the year ended June 30, 2013 and will result in lowered State Aid recorded for the June 30, 2014 fiscal year end. The School District budget includes a provision to use \$8.0 of fund balance.

The Airport fund will remain self-sufficient and will not affect the City's general fund operations for the year ending June 30, 2014.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

To obtain the financial report for the Syracuse Regional Airport Authority, contact the Airport Authority at Syracuse International Airport.

(Concluded)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET POSITION
JUNE 30, 2013

| | PRIMARY GOVERNMENT | | | Component Units |
|---------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS: | | | | |
| Pooled cash and cash equivalents | \$ 55,006,268 | \$ 20,244,033 | \$ 75,250,301 | \$ - |
| Cash and cash equivalents | 788,904 | 16,647,666 | 17,436,570 | 7,126,482 |
| Receivables: | | | | |
| Accounts | 6,969,977 | 6,109,972 | 13,079,949 | - |
| Taxes (net of allowance of \$24,818,379) | 20,922,831 | - | 20,922,831 | - |
| Other | 2,585,902 | - | 2,585,902 | 177,450 |
| Notes and loans receivable - due within one year | 7,522,810 | - | 7,522,810 | 450,285 |
| Due from other governments | 88,619,934 | 8,625,775 | 97,245,709 | - |
| Due from component units - current portion (net of allowance of \$5,597,841) | 505,494 | - | 505,494 | 118,322 |
| Internal balances | 2,203,455 | (2,203,455) | - | - |
| Due from fiduciary funds | 34,749,544 | 4,546,076 | 39,295,620 | - |
| Inventories | 1,240,412 | 191,569 | 1,431,981 | - |
| Prepaid expenses and other assets | 5,074,316 | 164,247 | 5,238,563 | 1,000,014 |
| Restricted assets: | | | | |
| Pooled cash and cash equivalents | 15,002,575 | 7,018,679 | 22,021,254 | - |
| Cash and cash equivalents | 27,377,694 | 30,817,652 | 58,195,346 | 15,635 |
| Deferred charges | 1,803,082 | 1,719,557 | 3,522,639 | - |
| Notes and loans receivable - due in more than one year | - | - | - | 9,817,025 |
| Due from component units-long-term portion | - | - | - | 5,266,849 |
| Capital assets: | | | | |
| Nondepreciable | 170,570,697 | 30,230,548 | 200,801,245 | 50,000 |
| Depreciable, net | 266,582,881 | 226,224,718 | 492,807,599 | 675,677 |
| TOTAL ASSETS | \$ 707,526,776 | \$ 350,337,037 | \$ 1,057,863,813 | \$ 24,697,739 |
| LIABILITIES: | | | | |
| Accounts payable and accrued expenses | 41,024,207 | 10,864,882 | 51,889,089 | 750,671 |
| Accrued interest expense | 1,928,144 | 906,605 | 2,834,749 | 20,612 |
| Due to other governments | 1,932,860 | 2,468 | 1,935,328 | - |
| Deferred revenues | 37,272,702 | 272,751 | 37,545,453 | 36,000 |
| Other liabilities | 66,856 | - | 66,856 | 735,368 |
| Due to fiduciary funds | 95,801 | - | 95,801 | - |
| Long-term liabilities - due within one year | 75,602,743 | 12,315,327 | 87,918,070 | 466,000 |
| Due to primary government - due within one year | - | - | - | 103,252 |
| Due to component units - due within one year | - | - | - | 187,167 |
| Long-term liabilities - due in more than one year | 949,738,520 | 158,470,490 | 1,108,209,010 | 2,183,000 |
| Due to primary government - due in more than one year | - | - | - | 5,845,086 |
| Due to component units-due in more than one year | - | - | - | 5,266,849 |
| Total liabilities | 1,107,661,833 | 182,832,523 | 1,290,494,356 | 15,594,005 |
| NET POSITION: | | | | |
| Net investment in capital assets | 184,954,465 | 127,860,305 | 312,814,770 | (239,323) |
| Restricted | 39,222,198 | 37,836,331 | 77,058,529 | 1,247,148 |
| Unrestricted | (624,311,720) | 1,807,878 | (622,503,842) | 8,095,909 |
| Total net position | (400,135,057) | 167,504,514 | (232,630,543) | 9,103,734 |
| TOTAL LIABILITIES AND NET POSITION | \$ 707,526,776 | \$ 350,337,037 | \$ 1,057,863,813 | \$ 24,697,739 |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

| | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|-------------------------------------------------|-----------------------|--------------------------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|-------------------------|---------------------|
| | Expenses | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| PRIMARY GOVERNMENT: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General government support | \$ 90,186,490 | \$ 5,628,049 | \$ 3,853,543 | \$ 813,051 | \$ (79,891,847) | \$ - | \$ (79,891,847) | \$ - |
| Police department | 104,238,808 | 4,629,879 | 2,710,898 | - | (96,898,031) | - | (96,898,031) | - |
| Fire department | 66,535,556 | 42,014 | 433,527 | - | (66,060,015) | - | (66,060,015) | - |
| Other public safety | 6,225,186 | 3,473,215 | - | - | (2,751,971) | - | (2,751,971) | - |
| Transportation | 39,846,276 | 6,764,680 | 404,931 | 14,200,260 | (18,476,405) | - | (18,476,405) | - |
| Economic opportunity and development | 3,482,200 | - | 2,840,434 | - | (641,766) | - | (641,766) | - |
| Home and community services | 28,817,348 | 2,129,087 | 14,009,705 | 150,669 | (12,527,887) | - | (12,527,887) | - |
| Culture and recreation | 13,818,632 | 474,403 | 496,490 | 325,626 | (12,522,113) | - | (12,522,113) | - |
| Education | 360,209,087 | 253,658 | 58,609,900 | - | (301,345,529) | - | (301,345,529) | - |
| Pupil transportation | 24,549,679 | - | 275,839 | - | (24,273,840) | - | (24,273,840) | - |
| Interest on long-term debt | 14,133,730 | - | - | - | (14,133,730) | - | (14,133,730) | - |
| Total governmental activities | <u>752,042,992</u> | <u>23,394,985</u> | <u>83,635,267</u> | <u>15,489,606</u> | <u>(629,523,134)</u> | <u>-</u> | <u>(629,523,134)</u> | <u>-</u> |
| Business-Type Activities: | | | | | | | | |
| Aviation | 34,849,655 | 30,929,073 | - | 7,093,879 | - | 3,173,297 | 3,173,297 | - |
| Water | 18,868,826 | 21,058,889 | - | 504,648 | - | 2,694,711 | 2,694,711 | - |
| Sewer | 5,202,941 | 5,713,980 | - | 196,826 | - | 707,865 | 707,865 | - |
| Food service | 11,740,941 | 271,546 | 12,477,541 | - | - | 1,008,146 | 1,008,146 | - |
| Total business-type activities | <u>70,662,363</u> | <u>57,973,488</u> | <u>12,477,541</u> | <u>7,795,353</u> | <u>-</u> | <u>7,584,019</u> | <u>7,584,019</u> | <u>-</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 822,705,355</u> | <u>\$ 81,368,473</u> | <u>\$ 96,112,808</u> | <u>\$ 23,284,959</u> | <u>(629,523,134)</u> | <u>7,584,019</u> | <u>(621,939,115)</u> | <u>-</u> |
| COMPONENT UNITS: | | | | | | | | |
| Syracuse Industrial Development Agency | 5,760,863 | 4,881,918 | 206,730 | - | - | - | - | (672,215) |
| Syracuse Economic Development Corporation | 407,520 | 163,430 | 73,326 | - | - | - | - | (170,764) |
| Syracuse Airport Authority | 2,912,090 | 2,997,500 | - | - | - | - | - | 85,410 |
| TOTAL COMPONENT UNITS | <u>\$ 9,080,473</u> | <u>\$ 8,042,848</u> | <u>\$ 280,056</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(757,569)</u> |
| General revenues: | | | | | | | | |
| Property taxes and tax items | | | | | 95,186,188 | - | 95,186,188 | 107,401 |
| Sales and use taxes | | | | | 77,385,084 | - | 77,385,084 | - |
| Other taxes | | | | | 4,281,408 | - | 4,281,408 | - |
| Unallocated state aid | | | | | 370,111,844 | - | 370,111,844 | - |
| Unallocated federal aid | | | | | 5,011,385 | - | 5,011,385 | - |
| Investment earnings | | | | | 916,132 | 189,001 | 1,105,133 | 232,586 |
| Transfers | | | | | 2,825,000 | (2,825,000) | - | - |
| Miscellaneous | | | | | 6,175,218 | - | 6,175,218 | 552,631 |
| Forgiveness of debt | | | | | - | - | - | 10,044,086 |
| Total general revenues and transfers | | | | | <u>561,892,259</u> | <u>(2,635,999)</u> | <u>559,256,260</u> | <u>10,936,704</u> |
| Changes in net position | | | | | (67,630,875) | 4,948,020 | (62,682,855) | 10,179,135 |
| Net position at beginning of year (as restated) | | | | | (332,504,182) | 162,556,494 | (169,947,688) | (1,075,401) |
| Net position at end of year | | | | | <u>\$ (400,135,057)</u> | <u>\$ 167,504,514</u> | <u>\$ (232,630,543)</u> | <u>\$ 9,103,734</u> |

See Notes to Financial Statements

**CITY OF SYRACUSE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

| | General Fund | Capital Projects Fund | Joint Schools Construction Board | Special Revenue | | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------------------------|-----------------------|-----------------------------|----------------------------------------|----------------------|-------------------------------------------|-----------------------------------|--------------------------------|
| | | | | City School District | Neighborhood & Business Development | | |
| ASSETS: | | | | | | | |
| Pooled cash and cash equivalents | \$ 41,506,890 | \$ 12,934,035 | \$ - | \$ 102,842 | \$ - | \$ 462,501 | \$ 55,006,268 |
| Pooled restricted cash and cash equivalents | - | 8,940,669 | - | - | - | 6,061,906 | 15,002,575 |
| Cash and cash equivalents | - | - | - | - | - | 788,904 | 788,904 |
| Restricted cash and cash equivalents | - | - | 23,102,749 | - | 2,091,264 | 2,183,681 | 27,377,694 |
| Loans receivable | - | - | - | - | 7,522,810 | - | 7,522,810 |
| Accounts receivable | 1,890,203 | 272,250 | - | - | 9,318 | 4,674,312 | 6,846,083 |
| Other receivable | - | - | - | 2,585,902 | - | - | 2,585,902 |
| Taxes receivable (net of allowance of \$24,818,379) | 17,280,149 | - | - | 3,684,336 | - | 63,410 | 21,027,895 |
| Due from other funds | 4,030,829 | 3,265,358 | - | 42,465,740 | 176,331 | 2,090,183 | 52,028,441 |
| Due from other governments | 42,596,149 | 2,546,046 | - | 41,121,846 | 1,540,186 | 1,261,257 | 89,065,484 |
| Due from component units (net of allowance of \$5,597,841) | - | - | - | - | 352,928 | 152,566 | 505,494 |
| Inventory | - | - | - | 1,240,412 | - | - | 1,240,412 |
| Prepaid expenses and other assets | 2,335,789 | - | - | 2,686,811 | - | 51,716 | 5,074,316 |
| TOTAL ASSETS | \$ 109,640,009 | \$ 27,958,358 | \$ 23,102,749 | \$ 93,887,889 | \$ 11,692,837 | \$ 17,790,436 | \$ 284,072,278 |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable and accrued expenses | \$ 6,950,406 | \$ 4,006,100 | \$ 6,056,047 | \$ 21,998,452 | \$ 2,126,660 | \$ 708,628 | \$ 41,846,293 |
| Due to other funds | - | 272,750 | 655,716 | 12,511,822 | 306,080 | 1,424,875 | 15,171,243 |
| Due to other governments | 19,206 | - | - | 1,859,580 | 54,074 | - | 1,932,860 |
| Deferred revenues | 17,196,954 | 177,777 | - | - | 9,139,167 | 6,828,515 | 33,342,413 |
| Amounts due to retirement systems | 5,925,954 | - | - | 21,116,391 | - | - | 27,042,345 |
| Accrued compensated absences | 200,000 | - | - | - | - | - | 200,000 |
| Self-insurance claims | 6,427,300 | - | - | 922,009 | - | - | 7,349,309 |
| Other liabilities | - | - | - | - | 66,856 | - | 66,856 |
| Total liabilities | 36,719,820 | 4,456,627 | 6,711,763 | 58,408,254 | 11,692,837 | 8,962,018 | 126,951,319 |
| Fund Balances: | | | | | | | |
| Nonspendable | \$ 2,335,789 | \$ - | \$ - | \$ 3,927,223 | \$ - | \$ 26,962 | \$ 6,289,974 |
| Restricted | 410,926 | 12,088,707 | 16,390,986 | 85,017 | - | 10,219,600 | 39,195,236 |
| Committed | - | 11,413,024 | - | 427,000 | - | 469,173 | 12,309,197 |
| Assigned | 18,085,606 | - | - | 31,040,395 | - | - | 49,126,001 |
| Unassigned | 52,087,868 | - | - | - | - | (1,887,317) | 50,200,551 |
| Total fund balances | 72,920,189 | 23,501,731 | 16,390,986 | 35,479,635 | - | 8,828,418 | 157,120,959 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 109,640,009 | \$ 27,958,358 | \$ 23,102,749 | \$ 93,887,889 | \$ 11,692,837 | \$ 17,790,436 | \$ 284,072,278 |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

| | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|-----------------------------|
| Total fund balances for governmental funds | \$ | 157,120,959 |
| Total net assets reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds. | | 437,153,578 |
| Receivables not received within 60 days and therefore not reported in the funds. | | 186,256 |
| Governmental activities recognize revenue based on the economic resource measurement and fund activities utilize current financial resources. This is revenue not yet recognized in the Statement of Net Position. | | (20,885,777) |
| Revenue collected after year end but not available to pay for current year expenditures and deferred in funds. | | 16,342,511 |
| 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. | | (989,927,522) |
| Deferred charges expensed as incurred in funds. | | 1,803,082 |
| Accrued interest not reported in the funds. | | <u>(1,928,144)</u> |
| Total net position of governmental activities | \$ | <u><u>(400,135,057)</u></u> |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | General Fund | Capital Projects Fund | Joint Schools Construction Board | Special Revenue | | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------------------------------|----------------------|-----------------------|----------------------------------|----------------------|-------------------------------------|-----------------------------|--------------------------|
| | | | | City School District | Neighborhood & Business Development | | |
| REVENUES: | | | | | | | |
| General property taxes and tax items | \$ 37,576,182 | \$ - | \$ - | \$ 57,321,520 | \$ - | \$ 3,499,581 | \$ 98,397,283 |
| Sales and use taxes | 76,140,101 | - | - | 1,244,984 | - | - | 77,385,085 |
| Other local taxes | 4,281,408 | - | - | - | - | 804,052 | 5,085,460 |
| Departmental revenues | 11,318,986 | - | - | - | - | - | 11,318,986 |
| Intergovernmental charges | 391,061 | - | - | - | - | - | 391,061 |
| Licenses and permits | 2,716,844 | - | - | - | - | - | 2,716,844 |
| Fines and forfeitures | 2,875,549 | - | - | - | - | - | 2,875,549 |
| Sale of property and compensation for loss | 2,328,600 | - | - | 30,564 | - | 8,630 | 2,367,794 |
| Use of money and property | 220,591 | 14,251 | - | 414,299 | - | 297,174 | 946,315 |
| Federal and state aid and other grants | 101,050,488 | 8,989,392 | 967,707 | 357,435,971 | 12,594,168 | 6,510,009 | 487,547,735 |
| Other revenues | 6,590,283 | 4,637,463 | - | 602,578 | - | 391,496 | 12,221,820 |
| Total revenues | 245,490,093 | 13,641,106 | 967,707 | 417,049,916 | 12,594,168 | 11,510,942 | 701,253,932 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government support | 25,332,279 | - | - | 47,718,534 | 1,525,126 | 1,085,760 | 75,661,699 |
| Public safety | 134,554,696 | - | - | - | - | 3,072,130 | 137,626,826 |
| Transportation | 20,877,619 | - | - | - | - | 2,403,962 | 23,281,581 |
| Economic opportunity and development | - | - | - | - | 108,674 | 3,373,526 | 3,482,200 |
| Home and community services | 12,464,780 | - | - | 2,700,501 | 10,960,368 | 272,462 | 26,398,111 |
| Culture and recreation | 9,723,115 | - | - | - | - | 346,839 | 10,069,954 |
| Education | - | - | - | 327,668,927 | - | - | 327,668,927 |
| Principal debt payments | - | - | - | - | - | 27,394,355 | 27,394,355 |
| Interest on debt | 282,900 | - | - | 525,350 | - | 13,378,423 | 14,186,673 |
| Capital outlays | - | 22,434,014 | 48,886,618 | - | - | - | 71,320,632 |
| Total expenditures | 203,235,389 | 22,434,014 | 48,886,618 | 378,613,312 | 12,594,168 | 51,327,457 | 717,090,958 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 42,254,704 | (8,792,908) | (47,918,911) | 38,436,604 | - | (39,816,515) | (15,837,026) |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Bond proceeds | - | 8,144,000 | - | - | - | - | 8,144,000 |
| Operating transfers in | 3,254,160 | 7,004,199 | 8,214,122 | 8,429,774 | - | 39,839,965 | 66,742,220 |
| Operating transfers out | (20,521,750) | (1,473,787) | (10,540,356) | (30,736,629) | - | (215,538) | (63,488,060) |
| Total other financing sources (uses) - net | (17,267,590) | 13,674,412 | (2,326,234) | (22,306,855) | - | 39,624,427 | 11,398,160 |
| CHANGES IN FUND BALANCE | 24,987,114 | 4,881,504 | (50,245,145) | 16,129,749 | - | (192,088) | (4,438,866) |
| FUND BALANCES AT BEGINNING OF YEAR (as restated) | 47,933,075 | 18,620,227 | 66,636,131 | 19,349,886 | - | 9,020,506 | 161,559,825 |
| FUND BALANCES AT END OF YEAR | \$ 72,920,189 | \$ 23,501,731 | \$ 16,390,986 | \$ 35,479,635 | \$ - | \$ 8,828,418 | \$ 157,120,959 |

See Notes to 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 AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds \$ (4,438,866)

The change in net position reported for governmental activities in the Statement of Activities and Changes in Net Position is different because:

Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period. 47,032,880

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal or a capital lease obligation is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

| | | | |
|----------------|-------------------|--|------------|
| Debt issued: | | | |
| Bonds payable | (8,144,000) | | |
| Repayments: | | | |
| Bond principal | <u>27,394,355</u> | | 19,250,355 |

Revenues in the Statement of Activities that does not provide current financial resources and are not reported in the funds. 1,162,705

Revenues that are reported in the governmental funds that are not reported in the Statement of Activities. (20,885,777)

Revenue previously recognized in the Statement of Activities. (381,791)

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. (109,477,767)

In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 107,386

Net change in net position of governmental activities \$ (67,630,875)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

| | Business-type Activities | | | | | |
|---------------------------------------------------|--------------------------|-----------------------|----------------------|-----------------------|---------------------|-----------------------------------------|
| | Enterprise Funds | | | | | City School District-Food Service |
| | Aviation | Water | Sewer | Total City | Total | |
| ASSETS: | | | | | | |
| Current: | | | | | | |
| Pooled cash and cash equivalents | \$ - | \$ 13,362,962 | \$ 6,881,071 | \$ 20,244,033 | \$ - | \$ 20,244,033 |
| Cash and cash equivalents | 16,647,666 | - | - | 16,647,666 | - | 16,647,666 |
| Accounts receivable | 2,748,005 | 2,618,355 | 720,814 | 6,087,174 | 22,798 | 6,109,972 |
| Due from other governments | 7,790,619 | - | - | 7,790,619 | 835,156 | 8,625,775 |
| Due from other funds | 60,500 | - | - | 60,500 | 4,546,076 | 4,606,576 |
| Inventories | - | - | - | - | 191,569 | 191,569 |
| Prepaid expenses and other | 164,247 | - | - | 164,247 | - | 164,247 |
| Total current assets | <u>27,411,037</u> | <u>15,981,317</u> | <u>7,601,885</u> | <u>50,994,239</u> | <u>5,595,599</u> | <u>56,589,838</u> |
| Noncurrent: | | | | | | |
| Pooled restricted cash and cash equivalents | - | 7,018,679 | - | 7,018,679 | - | 7,018,679 |
| Restricted cash and cash equivalents | 30,175,761 | 641,891 | - | 30,817,652 | - | 30,817,652 |
| Deferred charges | 1,136,241 | 558,791 | 24,525 | 1,719,557 | - | 1,719,557 |
| Due from other funds | 212,250 | - | - | 212,250 | - | 212,250 |
| Capital assets (net) | 150,668,697 | 91,825,724 | 13,953,670 | 256,448,091 | 7,175 | 256,455,266 |
| Total noncurrent assets | <u>182,192,949</u> | <u>100,045,085</u> | <u>13,978,195</u> | <u>296,216,229</u> | <u>7,175</u> | <u>296,223,404</u> |
| TOTAL ASSETS | <u>\$ 209,603,986</u> | <u>\$ 116,026,402</u> | <u>\$ 21,580,080</u> | <u>\$ 347,210,468</u> | <u>\$ 5,602,774</u> | <u>\$ 352,813,242</u> |
| LIABILITIES: | | | | | | |
| Current: | | | | | | |
| Accounts payable and accrued expenses | \$ 7,630,787 | \$ 2,766,308 | \$ 308,290 | \$ 10,705,385 | \$ 159,497 | \$ 10,864,882 |
| Capital lease obligation | 45,030 | - | - | 45,030 | - | 45,030 |
| Accrued interest | 494,183 | 371,143 | 41,279 | 906,605 | - | 906,605 |
| Due to other funds | 2,456,310 | 17,720 | 2,175 | 2,476,205 | - | 2,476,205 |
| Due to other governments | - | - | - | - | 2,468 | 2,468 |
| Current portion of bonds payable | 5,674,224 | 3,181,678 | 558,105 | 9,414,007 | - | 9,414,007 |
| Amounts due to retirement systems | 363,430 | 284,940 | 103,392 | 751,762 | 385,069 | 1,136,831 |
| Accrued compensated absences | 244,282 | 23,534 | 13,143 | 280,959 | 179,512 | 460,471 |
| Self-insurance claims | 339,529 | 582,705 | 232,642 | 1,154,876 | 104,112 | 1,258,988 |
| Deferred revenue | 60,500 | - | - | 60,500 | - | 60,500 |
| Total current liabilities | <u>17,308,275</u> | <u>7,228,028</u> | <u>1,259,026</u> | <u>25,795,329</u> | <u>830,658</u> | <u>26,625,987</u> |
| Noncurrent: | | | | | | |
| Bonds payable - net of current portion | 52,813,741 | 67,473,816 | 5,823,124 | 126,110,681 | - | 126,110,681 |
| Capital lease obligation - net of current portion | 62,637 | - | - | 62,637 | - | 62,637 |
| Amounts due to retirement systems | 268,416 | 202,159 | 73,416 | 543,991 | - | 543,991 |
| Accrued compensated absences | - | 275,846 | 85,938 | 361,784 | - | 361,784 |
| Self-insurance claims | 146,661 | 309,657 | 120,055 | 576,373 | 555,470 | 1,131,843 |
| Other postemployment benefits | 7,268,200 | 13,010,800 | 4,436,000 | 24,715,000 | 5,544,554 | 30,259,554 |
| Deferred revenue | 212,251 | - | - | 212,251 | - | 212,251 |
| Total noncurrent liabilities | <u>60,771,906</u> | <u>81,272,278</u> | <u>10,538,533</u> | <u>152,582,717</u> | <u>6,100,024</u> | <u>158,682,741</u> |
| Total liabilities | <u>78,080,181</u> | <u>88,500,306</u> | <u>11,797,559</u> | <u>178,378,046</u> | <u>6,930,682</u> | <u>185,308,728</u> |
| NET POSITION: | | | | | | |
| Net investment in capital assets | 92,617,481 | 27,667,204 | 7,568,445 | 127,853,130 | 7,175 | 127,860,305 |
| Restricted | 30,175,761 | 7,660,570 | - | 37,836,331 | - | 37,836,331 |
| Unrestricted | 8,730,563 | (7,801,678) | 2,214,076 | 3,142,961 | (1,335,083) | 1,807,878 |
| Total net position | <u>131,523,805</u> | <u>27,526,096</u> | <u>9,782,521</u> | <u>168,832,422</u> | <u>(1,327,908)</u> | <u>167,504,514</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 209,603,986</u> | <u>\$ 116,026,402</u> | <u>\$ 21,580,080</u> | <u>\$ 347,210,468</u> | <u>\$ 5,602,774</u> | <u>\$ 352,813,242</u> |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Business-type Activities | | | | | |
|--------------------------------------------|--------------------------|----------------------|---------------------|-----------------------|-------------------------------------------|-----------------------|
| | Enterprise Funds | | | | | |
| | Aviation | Water | Sewer | Total City | City School District - Food Service | Total |
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ - | \$ 20,521,467 | \$ 5,713,980 | \$ 26,235,447 | \$ 271,546 | \$ 26,506,993 |
| Federal and state sources | - | - | - | - | 12,477,541 | 12,477,541 |
| Landing fees | 4,804,629 | - | - | 4,804,629 | - | 4,804,629 |
| Parking rents | 6,859,735 | - | - | 6,859,735 | - | 6,859,735 |
| Terminal rents | 8,637,418 | - | - | 8,637,418 | - | 8,637,418 |
| Concession | 6,513,978 | - | - | 6,513,978 | - | 6,513,978 |
| Miscellaneous | 6,271 | 537,422 | - | 543,693 | - | 543,693 |
| Total operating revenues | <u>26,822,031</u> | <u>21,058,889</u> | <u>5,713,980</u> | <u>53,594,900</u> | <u>12,749,087</u> | <u>66,343,987</u> |
| OPERATING EXPENSES: | | | | | | |
| Cost of sales and services | 7,942,986 | 14,117,786 | 4,383,299 | 26,444,071 | 11,713,531 | 38,157,602 |
| Administration | 14,031,110 | 621,819 | 14,068 | 14,666,997 | - | 14,666,997 |
| Depreciation | 10,378,291 | 2,458,343 | 568,346 | 13,404,980 | 27,410 | 13,432,390 |
| Uncollectible accounts | 1,882 | 36,671 | 6,567 | 45,120 | - | 45,120 |
| Total operating expenses | <u>32,354,269</u> | <u>17,234,619</u> | <u>4,972,280</u> | <u>54,561,168</u> | <u>11,740,941</u> | <u>66,302,109</u> |
| NET OPERATING INCOME (LOSS) | <u>(5,532,238)</u> | <u>3,824,270</u> | <u>741,700</u> | <u>(966,268)</u> | <u>1,008,146</u> | <u>41,878</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | | |
| Capital grants | 7,093,879 | 504,648 | 196,826 | 7,795,353 | - | 7,795,353 |
| Passenger facility charges | 4,107,042 | - | - | 4,107,042 | - | 4,107,042 |
| Investment income | 163,969 | 24,941 | - | 188,910 | 91 | 189,001 |
| Interest expense | (2,495,386) | (1,634,207) | (230,661) | (4,360,254) | - | (4,360,254) |
| Total nonoperating revenues (expenses) net | <u>8,869,504</u> | <u>(1,104,618)</u> | <u>(33,835)</u> | <u>7,731,051</u> | <u>91</u> | <u>7,731,142</u> |
| NET INCOME BEFORE | | | | | | |
| OPERATING TRANSFERS | 3,337,266 | 2,719,652 | 707,865 | 6,764,783 | 1,008,237 | 7,773,020 |
| OPERATING TRANSFERS OUT | <u>-</u> | <u>(2,300,000)</u> | <u>(525,000)</u> | <u>(2,825,000)</u> | <u>-</u> | <u>(2,825,000)</u> |
| CHANGES IN NET POSITION | 3,337,266 | 419,652 | 182,865 | 3,939,783 | 1,008,237 | 4,948,020 |
| NET POSITION AT BEGINNING OF YEAR | <u>128,186,539</u> | <u>27,106,444</u> | <u>9,599,656</u> | <u>164,892,639</u> | <u>(2,336,145)</u> | <u>162,556,494</u> |
| NET POSITION AT END OF YEAR | <u>\$ 131,523,805</u> | <u>\$ 27,526,096</u> | <u>\$ 9,782,521</u> | <u>\$ 168,832,422</u> | <u>\$ (1,327,908)</u> | <u>\$ 167,504,514</u> |

See Notes to Financial Statements

**CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

| | Business-type Activities | | | | | Total |
|--------------------------------------------------------------------------------------------------------------|--------------------------|----------------------|---------------------|----------------------|-------------------------------------------|----------------------|
| | Enterprise Funds | | | | | |
| | Aviation | Water | Sewer | Total - City | City School District - Food Service | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Receipts from customers | \$ 28,118,834 | \$ 21,263,454 | \$ 5,911,598 | \$ 55,293,886 | \$ 271,867 | \$ 55,565,753 |
| Receipts from federal and state sources | - | - | - | - | 11,774,743 | 11,774,743 |
| Payments to vendors | (15,060,587) | (4,446,158) | (544,399) | (20,051,144) | (5,223,993) | (25,275,137) |
| Payments to employees | (4,271,495) | (4,620,310) | (2,024,935) | (10,916,740) | (5,579,300) | (16,496,040) |
| Internal activity-receipts and (payments) with other funds - net | (2,892,501) | - | - | (2,892,501) | (1,243,396) | (4,135,897) |
| Claims paid | (288,154) | (1,623,579) | (752,149) | (2,663,882) | - | (2,663,882) |
| Net cash provided by (utilized in) operating activities | <u>5,606,097</u> | <u>10,573,407</u> | <u>2,590,115</u> | <u>18,769,619</u> | <u>(79)</u> | <u>18,769,540</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Operating subsidies and transfers to other funds | - | (2,300,000) | (525,000) | (2,825,000) | - | (2,825,000) |
| Payments from (to) other governments | - | 740,232 | 400,613 | 1,140,845 | (12) | 1,140,833 |
| Net cash utilized in noncapital financing activities | <u>-</u> | <u>(1,559,768)</u> | <u>(124,387)</u> | <u>(1,684,155)</u> | <u>(12)</u> | <u>(1,684,167)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Proceeds from capital debt | 5,040,000 | 10,114,000 | - | 15,154,000 | - | 15,154,000 |
| Capital grants | 2,589,849 | - | - | 2,589,849 | - | 2,589,849 |
| Purchases of capital assets | (29,961,052) | (16,300,476) | (1,756,169) | (48,017,697) | - | (48,017,697) |
| Proceeds from sale of capital assets | - | 59,286 | - | 59,286 | - | 59,286 |
| Principal paid on capital debt | (7,081,954) | (2,730,053) | (535,768) | (10,347,775) | - | (10,347,775) |
| Interest paid on capital debt | (3,332,891) | (1,613,802) | (234,406) | (5,181,099) | - | (5,181,099) |
| Other receipts | 4,002,010 | - | - | 4,002,010 | - | 4,002,010 |
| Net cash utilized in capital and related financing activities | <u>(28,744,038)</u> | <u>(10,471,045)</u> | <u>(2,526,343)</u> | <u>(41,741,426)</u> | <u>-</u> | <u>(41,741,426)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest and dividends received | 163,969 | 24,941 | - | 188,910 | 91 | 189,001 |
| Net cash provided by investing activities | <u>163,969</u> | <u>24,941</u> | <u>-</u> | <u>188,910</u> | <u>91</u> | <u>189,001</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <u>(22,973,972)</u> | <u>(1,432,465)</u> | <u>(60,615)</u> | <u>(24,467,052)</u> | <u>-</u> | <u>(24,467,052)</u> |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>69,797,399</u> | <u>22,455,997</u> | <u>6,941,686</u> | <u>99,195,082</u> | <u>-</u> | <u>99,195,082</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 46,823,427</u> | <u>\$ 21,023,532</u> | <u>\$ 6,881,071</u> | <u>\$ 74,728,030</u> | <u>\$ -</u> | <u>\$ 74,728,030</u> |
| Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities: | | | | | | |
| Operating income (loss) | \$ (5,532,238) | \$ 3,824,270 | \$ 741,700 | \$ (966,268) | \$ 1,008,146 | \$ 41,878 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | | | | |
| Depreciation expense | 10,378,291 | 2,458,343 | 568,346 | 13,404,980 | 27,410 | 13,432,390 |
| (Gain) on sale of capital assets | - | 58,652 | 8,897 | 67,549 | - | 67,549 |
| Uncollectible accounts | 1,882 | 36,671 | 6,567 | 45,120 | - | 45,120 |
| Change in assets and liabilities: | | | | | | |
| Accounts receivable | 1,357,303 | 109,242 | 191,051 | 1,657,596 | (22,334) | 1,635,262 |
| Deferred charges | 296,005 | 143,353 | 6,174 | 445,532 | - | 445,532 |
| Due to other funds | (2,892,501) | 4,236 | 194 | (2,888,071) | (1,243,396) | (4,131,467) |
| Due to component units | (2,553) | - | - | (2,553) | - | (2,553) |
| Inventories | - | - | - | - | (10,258) | (10,258) |
| Prepaid expenses and other | 130,639 | - | - | 130,639 | - | 130,639 |
| Accounts payable and accrued expenses | 584,658 | 1,068,425 | 168,126 | 1,821,209 | (680,946) | 1,140,263 |
| Amounts due to retirement systems | (114,728) | (86,889) | (30,968) | (232,585) | (88,382) | (320,967) |
| Other Postemployment Benefits | 1,427,900 | 2,693,100 | 931,100 | 5,052,100 | 1,161,734 | 6,213,834 |
| Self-insurance claims | 20,653 | 334,518 | 37,284 | 392,455 | (196,817) | 195,638 |
| Accrued compensated absences | 11,286 | (70,514) | (38,356) | (97,584) | 44,764 | (52,820) |
| Deferred revenue | (60,500) | - | - | (60,500) | - | (60,500) |
| Net cash provided by (utilized in) operating activities | <u>\$ 5,606,097</u> | <u>\$ 10,573,407</u> | <u>\$ 2,590,115</u> | <u>\$ 18,769,619</u> | <u>\$ (79)</u> | <u>\$ 18,769,540</u> |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

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 | \$ 15,562,305 | \$ 54,235,094 | \$ 69,797,399 |
| Water Fund | 9,630,914 | 12,825,083 | 22,455,997 |
| Sewer Fund | 6,878,070 | 63,616 | 6,941,686 |
| Total beginning of year | <u>\$ 32,071,289</u> | <u>\$ 67,123,793</u> | <u>\$ 99,195,082</u> |
| | | | |
| End of Year: | | | |
| Aviation Fund | \$ 16,647,666 | \$ 30,175,761 | \$ 46,823,427 |
| Water Fund | 13,362,962 | 7,660,570 | 21,023,532 |
| Sewer Fund | 6,881,071 | - | 6,881,071 |
| Total end of year | <u>\$ 36,891,699</u> | <u>\$ 37,836,331</u> | <u>\$ 74,728,030</u> |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

| | 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 | | | | |
| ASSETS: | | | | | | |
| Pooled restricted cash and cash equivalents | \$ - | \$ 1,675 | \$ 42,019,982 | \$ 42,021,657 | \$ - | \$ 42,021,657 |
| Restricted cash | - | - | - | - | 433,995 | 433,995 |
| Taxes receivable | - | - | 53,626,729 | 53,626,729 | - | 53,626,729 |
| Due from other funds | - | - | - | - | 95,801 | 95,801 |
| TOTAL ASSETS | - | 1,675 | 95,646,711 | 95,648,386 | 529,796 | 96,178,182 |
| LIABILITIES: | | | | | | |
| Accounts payable and accrued expenditures | - | - | 6,742 | 6,742 | - | 6,742 |
| Due to other funds | - | - | 39,294,620 | 39,294,620 | 1,000 | 39,295,620 |
| Due to other governments | - | - | 1,476,976 | 1,476,976 | - | 1,476,976 |
| Deferred revenue | - | - | 53,626,729 | 53,626,729 | - | 53,626,729 |
| Other liabilities | - | - | 1,241,644 | 1,241,644 | 364,717 | 1,606,361 |
| TOTAL LIABILITIES | - | - | 95,646,711 | 95,646,711 | 365,717 | 96,012,428 |
| NET POSITION: | | | | | | |
| Held in trust | \$ - | \$ 1,675 | \$ - | \$ 1,675 | \$ 164,079 | \$ 165,754 |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Pension Trust Fund | Private Purpose Funds | | Combined City School District | |
|------------------------------------------|------------------------------|-----------------------------------|------------------|-------------------------------------|-------------------|
| | Local Police Pension Fund | Coca Cola & Mayor's Round Ball | Total City | | Total |
| ADDITIONS: | | | | | |
| Contributions | \$ - | \$ - | \$ - | \$ 25,750 | \$ 25,750 |
| Investment income | - | - | - | 18,653 | 18,653 |
| Total additions | <u>-</u> | <u>-</u> | <u>-</u> | <u>44,403</u> | <u>44,403</u> |
| DEDUCTIONS: | | | | | |
| Scholarships and awards | - | - | - | 10,750 | 10,750 |
| Total deductions | <u>-</u> | <u>-</u> | <u>-</u> | <u>10,750</u> | <u>10,750</u> |
| CHANGES IN NET POSITION | - | - | - | 33,653 | 33,653 |
| NET POSITION AT BEGINNING OF YEAR | 429,160 | 1,675 | 430,835 | 130,426 | 561,261 |
| RESIDUAL EQUITY TRANSFER OUT | <u>(429,160)</u> | <u>-</u> | <u>(429,160)</u> | <u>-</u> | <u>(429,160)</u> |
| NET POSITION AT END OF YEAR | <u>\$ -</u> | <u>\$ 1,675</u> | <u>\$ 1,675</u> | <u>\$ 164,079</u> | <u>\$ 165,754</u> |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2013

| | Syracuse Industrial Development Agency | Syracuse Economic Development Corporation | Syracuse Regional Airport Authority | Total |
|--------------------------------------------------------|-------------------------------------------------|----------------------------------------------------|----------------------------------------------|----------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | \$ 4,794,722 | \$ 2,238,162 | \$ 93,598 | \$ 7,126,482 |
| Restricted cash | 582 | 15,053 | - | 15,635 |
| Loans receivable - current portion | 86,395 | 245,569 | - | 331,964 |
| Notes receivable - current portion | - | 118,321 | - | 118,321 |
| Other receivables | 81,084 | 96,366 | - | 177,450 |
| Due from other component units - current portion | 118,322 | - | - | 118,322 |
| Other assets | 985,220 | 14,794 | - | 1,000,014 |
| Loans receivable - long-term portion | 223,821 | 4,326,354 | - | 4,550,175 |
| Notes receivable - long-term portion | - | 5,266,850 | - | 5,266,850 |
| Due from other component units- long-term | 5,266,849 | - | - | 5,266,849 |
| Future Destiny USA fees receivable | 22,800,000 | - | - | 22,800,000 |
| Future Destiny USA fees payable to the City and County | (22,800,000) | - | - | (22,800,000) |
| Capital assets: | | | | |
| Nondepreciable | 50,000 | - | - | 50,000 |
| Depreciable, net | 675,677 | - | - | 675,677 |
| TOTAL ASSETS | \$ 12,282,672 | \$ 12,321,469 | \$ 93,598 | \$ 24,697,739 |
| LIABILITIES: | | | | |
| Accounts payable and accrued expenses | \$ 142,563 | \$ 608,108 | \$ - | \$ 750,671 |
| Accrued interest expense | 20,612 | - | - | 20,612 |
| Due to primary government | - | 103,252 | - | 103,252 |
| Due to other component units | - | 187,167 | - | 187,167 |
| Deferred revenue | 36,000 | - | - | 36,000 |
| Grant payable | 735,368 | - | - | 735,368 |
| Non-current liabilities: | | | | |
| Due within one year | 466,000 | - | - | 466,000 |
| Due within more than one year | 2,183,000 | - | - | 2,183,000 |
| Due to primary government - long-term portion | 2,020,387 | 3,824,699 | - | 5,845,086 |
| Due to other component units - long-term portion | - | 5,266,849 | - | 5,266,849 |
| Total liabilities | 5,603,930 | 9,990,075 | - | 15,594,005 |
| NET POSITION: | | | | |
| Net investment in capital assets | (239,323) | - | - | (239,323) |
| Restricted for Lakefront Development Programs | 479,486 | - | - | 479,486 |
| Restricted for Urban Development Action Grant | - | 674,018 | - | 674,018 |
| Restricted for Parking Mitigation | 93,644 | - | - | 93,644 |
| Unrestricted | 6,344,935 | 1,657,376 | 93,598 | 8,095,909 |
| Total net position | 6,678,742 | 2,331,394 | 93,598 | 9,103,734 |
| TOTAL LIABILITIES AND NET POSITION | \$ 12,282,672 | \$ 12,321,469 | \$ 93,598 | \$ 24,697,739 |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2013

| | Syracuse Industrial Development Agency | Syracuse Economic Development Corporation | Syracuse Regional Airport Authority | Total |
|---------------------------------------------------------|-------------------------------------------------|----------------------------------------------------|----------------------------------------------|---------------------|
| EXPENSES: | | | | |
| Destiny USA Fee to City of Syracuse and Onondaga County | \$ 3,800,000 | \$ - | \$ - | \$ 3,800,000 |
| Pilot Payments | - | - | 420,000 | 420,000 |
| Airport operating expenses | - | - | 2,492,090 | 2,492,090 |
| Public improvements | 806,627 | - | - | 806,627 |
| Development projects | 320,042 | - | - | 320,042 |
| Other costs | 550,969 | 236,540 | - | 787,509 |
| Interest | 170,612 | 170,980 | - | 341,592 |
| Depreciation | 112,613 | - | - | 112,613 |
| | <u>5,760,863</u> | <u>407,520</u> | <u>2,912,090</u> | <u>9,080,473</u> |
| Total expenses | | | | |
| PROGRAM REVENUE: | | | | |
| Financing fees | 4,881,918 | - | - | 4,881,918 |
| Appropriation from the City Aviation Fund | - | - | 2,997,500 | 2,997,500 |
| Grant and contribution income | 206,730 | 73,326 | - | 280,056 |
| Mortgage interest income | - | 163,430 | - | 163,430 |
| Miscellaneous income | 540,498 | 12,102 | 31 | 552,631 |
| | <u>5,629,146</u> | <u>248,858</u> | <u>2,997,531</u> | <u>8,875,535</u> |
| Total program revenue | | | | |
| NET PROGRAM REVENUE (EXPENSE) | <u>(131,717)</u> | <u>(158,662)</u> | <u>85,441</u> | <u>(204,938)</u> |
| GENERAL REVENUE: | | | | |
| Property taxes | 107,401 | - | - | 107,401 |
| Investment earnings | 144,822 | 87,764 | - | 232,586 |
| | <u>252,223</u> | <u>87,764</u> | <u>-</u> | <u>339,987</u> |
| Total general revenue | | | | |
| CHANGES IN NET POSITION | 120,506 | (70,898) | 85,441 | 135,049 |
| FORGIVENESS OF DEBT | - | 10,044,086 | - | 10,044,086 |
| NET POSITION AT BEGINNING OF YEAR (as restated) | <u>6,558,236</u> | <u>(7,641,794)</u> | <u>8,157</u> | <u>(1,075,401)</u> |
| NET POSITION AT END OF YEAR | <u>\$ 6,678,742</u> | <u>\$ 2,331,394</u> | <u>\$ 93,598</u> | <u>\$ 9,103,734</u> |

See Notes to Financial Statements

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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 145,000 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. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

| | |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Primary Government: | City of Syracuse, New York |
| Blended Component Units: | Syracuse City School District Syracuse Urban Renewal Agency |
| Discretely Presented Component Units: | Syracuse Economic Development Corporation Syracuse Industrial Development Agency Syracuse Regional Airport Authority |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

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

Blended Component Units:

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

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.

Syracuse Urban Renewal Agency (SURA) - SURA is an agency used to account for federal, state and local capital grant funds for the redevelopment of land in the City of Syracuse. The City is financially accountable for SURA. The Mayor appoints the voting majority of the governing body. SURA is included in the basic financial statements as a nonmajor governmental fund in the fund financial statements. In the government-wide statements SURA is included in the governmental activities.

Discretely Presented Component Units:

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

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

(Continued)

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

A. Financial Reporting Entity (Cont'd)

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

Syracuse Regional Airport Authority (the Authority) – The Authority is a public benefit corporation established in August 2011 to maintain and operate Syracuse Hancock International Airport. The Syracuse Regional Airport Authority submitted a joint application to the Federal Aviation Administration (FAA), along with the City of Syracuse, to transfer the Federal Aviation Regulation Part 139 Operating Certificate from the City to the Authority. Attached to the application was several exhibits, including a Lease Agreement, Services Agreement, Assignment and Assumption Agreement, and narratives regarding the Airport's bond amounts, obligation and indentures, and the enterprise fund. The three agreements were approved by the Authority on July 12, 2013, and approved by the Syracuse Common Council in November 2013. The application was submitted to the FAA for review with a request to issue the operating certificate and make the transfer in 2014. The FAA approved the transfer from the City to the Authority in February 2014. On March 1, 2014 the Authority assumed operational control over the Airport. Separate audited financial statements are prepared for the Authority and reports may be obtained by writing to the Executive Director at 1000 Colonel Eileen Collins Boulevard, Syracuse, New York, 13212.

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

(Continued)

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

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities and Changes in Net Position present financial information about the reporting government as a whole. They include all funds of the reporting entity except those that are fiduciary. The City's fiduciary funds are presented in the fund financial statements by type (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 and Changes in Net Position presents a comparison between program expenses and revenues for each function of the City's activities. Direct expenses are those that are specifically associated with and are clearly identified to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

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

Fund Financial Statements:

Fund financial statements 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:

(Continued)

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements (Cont'd):

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

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

Governmental Fund Types:

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Fund

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

(Continued)

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

B. Basis of Presentation (Cont'd)

Joint Schools Construction Board (JSCB) Fund

The JSCB fund, which is a fund of the District, is used to account for transactions associated with the design, construction, reconstruction, and financing of public educational facilities in the City. The JSCB is authorized to act as an agent to enter into contracts on behalf of the District and the Common Council of the City of Syracuse, New York (the Council) for the construction of new educational facilities in accordance with applicable state and local laws.

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 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.

(Continued)

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

B. Basis of Presentation (Cont'd)

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.

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. There are no longer any beneficiaries of the fund. The remaining funds were transferred to the City's general fund in 2013.

Private Purpose Funds

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

Major and Nonmajor Funds

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

Major Funds:

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

(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
Syracuse Urban Renewal Agency
Miscellaneous Trust Funds
Neighborhood and Business Development
- Joint Schools Construction Board (JSCB) Fund
- Debt Service Fund
- Permanent Funds:
Francis Hendrick's
The Ed Smith School Fund
- Proprietary Funds:
Sewer
City School District - Food Service

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

C. Measurement Focus and Basis of Accounting

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

(Continued)

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

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. 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 position (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 position.
- 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 Position and Statement of Activities and Changes in Net Position, 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 3rd.

(Continued)

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

D. Budgets and Budgetary Accounting (Cont'd)

- The Mayor has the authority to transfer budgeted amounts between accounts within a department, but increases to department totals must be approved by the Common Council.
- Budget amendments occurring subsequent to the adoption of the budget are drafted and reviewed by the Budget Director and submitted to the Common Council for approval. If amendments are passed by the Common Council, they are submitted to the Mayor for final approval.

E. Cash Equivalents

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

F. Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales and use taxes, mortgage taxes, franchise taxes, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Fee for service receivables and grant related earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

G. Inventories

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

(Continued)

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

H. Capital Assets (Fixed Assets)

The accounting treatment of capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, capital assets are defined by the City as assets with an initial cost of more than \$5,000 and a useful life of two or more years. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets of business-type activities, if any, are included as part of the capitalized value of the assets constructed. Interest capitalized for the year ended June 30, 2013 amounted to \$363,292.

The City has works of art such as maps and valuable documents, paintings, sculptures, exhibits, monuments and statues. These items are not capitalized because they are not held for financial gain, are protected and preserved, and the City's policy requires any sale proceeds to be used to acquire other collection items.

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

| | |
|----------------------------------|--------------|
| Buildings | 20-40 years |
| Parking garages | 20 years |
| Machinery and equipment | 3-10 years |
| Improvements - land and building | 20-40 years |
| Improvements - parking garages | 10 years |
| Infrastructure | 20-100 years |
| Furniture | 5-10 years |
| Vehicles | 3-9 years |

(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. Vacation is granted in varying amounts based primarily on length of service and service position. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. The liability for these compensated absences is broken out and recorded as current and long-term debt in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable and available financial resources. The proprietary funds report the liability as it is incurred.

J. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Long-term debt is not reported as a liability of the governmental funds and any debt issued is reported as an other financing source in the Statement of Revenues, Expenditures and Changes in Fund Balances. Payments of principal and interest on general long-term debt are recognized when paid from a governmental fund. Issuance costs are reported as General Fund expenditures.

K. Equity Classifications

Government-wide Financial Statements

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

K. Equity Classifications (Cont'd)

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

Restricted net position in the governmental activities include the following:

| | |
|----------------------------------|----------------------|
| Nonspendable permanent funds | \$ <u>26,962</u> |
| Restricted: | |
| Capital projects | 12,088,707 |
| Debt service | 7,034,055 |
| Miscellaneous trusts | 1,018,826 |
| Joint Schools Construction Board | 16,390,986 |
| EMS training | 302,387 |
| Clinton Square maintenance | 108,539 |
| School District Special Aid Fund | 85,017 |
| Syracuse Urban Renewal Agency | <u>2,166,719</u> |
| Total restricted | <u>39,195,236</u> |
| Total restricted net position | <u>\$ 39,222,198</u> |

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

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

Fund Financial Statements

The City previously implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a fund’s net resources. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

(Continued)

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

K. Equity Classifications (Cont'd)

Fund Financial Statements (Cont'd)

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

- a. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory and prepaid expenses.
- b. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds and remaining funds not otherwise classified as nonspendable, committed or assigned in funds other than the General Fund and School District fund are classified as restricted fund balance.
- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's and School District's highest level of decision making authority, i.e., the Common Council and Board of Education. Committed fund balance includes \$427,000 designated for technology in the City School District Special Revenue Fund. Committed Capital Projects Fund balance of \$11,413,024 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$469,173 for Special Assessment Districts.
- d. Assigned - Includes all amounts in the City School District Special Revenue Fund. Included in the District's assigned fund balance are encumbrances of \$5,028,909 and \$8,000,000 of appropriations to fund fiscal year 2013-2014 operating expenditures. Assigned fund balance in the City's General Fund consists of encumbrances of \$85,606 and \$18,000,000 of appropriations to fund fiscal year 2013-2014 operating expenditures. Under the City's adopted policy, the Board of Education and the Common Council may assign amounts for specific purposes.
- e. Unassigned - Includes all other General Fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the City.

(Continued)

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

K. Equity Classifications (Cont'd)

Fund Financial Statements (Cont'd)

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

Order of Use of Fund Balance

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

L. Retirement and Other Postemployment Benefits

The City provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (ERS), New York State and Local Teachers' Retirement System (TRS) and Policemen's and Firemen's Retirement System (PFRS). The systems provide various plans and options, some of which require employee contributions. The systems compute the cost of retirement benefits based upon their respective fiscal years: ERS and PFRS – April 1 to March 31, and TRS – July 1 to June 30. See note 9 for further information.

In addition to providing pension benefits, the City provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the City and the retired employee. See note 11 for further information.

(Continued)

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

M. Revenue, Expenditures and Expenses

Property Taxes

The property tax levy is approved by the Common Council in May for the following year on the basis of the final assessment roll on July 1. The City bills and collects its own property taxes including school taxes and the property taxes levied by Onondaga County. City and District taxes are attached as an enforceable lien on property as of July 1 and are payable in four equal installments in July, October, January and April. County taxes are attached as an enforceable lien on property as of January 1 and are payable in four equal installments in January, April, July and October. City and School District property tax revenues are recognized when levied to the extent they result in current receivables, less an allowance for amounts estimated to be uncollectible. The allowance for City School District taxes is offset against City taxes as the City guarantees 100% of the levy to the School District. The City does not guarantee the collection of County taxes. The City is required to pay the County only when, and if, the tax is collected. In addition, the receivables in the governmental funds which are not available to finance current operations are offset by the recording of deferred revenue. Deferred revenues are recognized as revenue in the fiscal year that such amounts become available. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. In the government-wide financial statements, property taxes are recorded as revenue when levied, less an allowance for uncollectible amounts.

Assessment Tax Revenue

In the fund financial statements, sidewalk and sewer assessments are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments receivable of \$4,576,938 at June 30, 2013 are offset by deferred revenue and included in the Debt Service Fund. In the government-wide financial statements, assessment revenue is recorded when it is added to the property tax levy annually. Only the portion of the assessments due in the current period is accrued as revenue, less an allowance for uncollectible amounts.

Intergovernmental Revenues - Grants

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

(Continued)

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

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

Other Revenues

In the fund financial statements, governmental funds record licenses and permits, certain charges for services, fines and forfeits and miscellaneous revenues on the cash basis because they are generally not measurable until actually received. Investment earnings are recorded on a modified accrual basis. Sales tax revenues are recorded on a modified accrual basis and include the portion of sales tax revenue attributable to the current year but remitted to the State, and ultimately to the City within 60 days of the end of the current fiscal year. In the government-wide financial statements and the proprietary funds, other revenues, if material, are recognized when earned.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. It also includes all revenues and expenses not related to capital and related financing or investing activities. The principal operating revenue of the Water and Sewer funds is charges to customers for sales and service. The principal operating revenues of the Aviation Fund are landing fees, parking fees, terminal rents and concession revenue. Operating expenses for the proprietary funds include the cost of sales and service, administrative expenses, uncollectible accounts and depreciation on capital assets.

Expenditures/Expenses

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

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

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

Proprietary Funds - By operating and nonoperating

(Continued)

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

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

In the fund financial statements, governmental funds report expenditures of financial resources. Most expenditures are measurable and are recorded when the related fund liability is incurred. However debt service expenditures are recorded only when payment is due. Allocations of costs, such as depreciation, are not recognized. Proprietary funds report expenses relating to use of economic resources. Expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

Interfund Transfers

The reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities and Changes in Net Position, transfers within governmental activities and within business-type activities are eliminated upon consolidation.

Payments Between the City and Component Units

Resource flows (except those that affect the Statement of Net Position, such as loans and repayments) between a primary government and its discretely presented component units are reported as external transactions - that is, as revenues and expenses. Resource flows between the primary government and its blended component unit are classified as interfund transactions in the financial statements.

Restricted and Unrestricted Resources

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

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, 2013, 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, 2013 were \$24,818,379 and \$16,805,975, respectively.

O. Deferred Charges

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

(Continued)

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

P. Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 56% expire in one year or less and 22% have expired. The remaining 22% of these agreements extend beyond one year.

Q. Economic Dependency

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

R. Restricted Cash and Cash Equivalents

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

S. Deficit Fund Balance

The oil and flushing fund, a non-major special revenue fund, has a deficit fund balance of \$230,055.

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.

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

U. New Accounting Standards

As of July 1, 2012, the City adopted the provision of GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity by requiring that a financial benefit or burden relationship also be present between the primary government and the potential component unit. SURA, which was

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

U. New Accounting Standards (Cont'd)

previously reported as a discretely presented component unit, is now reported as a blended non-major governmental fund of the City, as a result of the implementation of GASB 61. At June 30, 2012, SURA had net assets of \$872,081. In addition, the Syracuse Regional Airport Authority is now reported as a discretely presented component unit of the City for the year ended June 30, 2013. The Authority had net assets of \$8,157 at June 30, 2012. Beginning net assets and beginning fund balances have been restated for this change in reporting entity.

As of July 1, 2012 the City adopted the provision of GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (“FASB”) and American Institute of Certified Public Accountant Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedure. In addition, GASB Statement No. 62 eliminated the election to apply post-November 30, 1989 FASB statements and interpretations that do not conflict with or contradict GASB pronouncements. The implementation of this guidance did not have a significant effect on the City’s financial statements.

As of July 1, 2012, the City adopted the provision of GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net asset reporting requirements in GASB 34 by incorporating deferred inflows of resources and deferred outflows of resources and by renaming the measure as net position, rather than assets.

2. CASH AND CASH EQUIVALENTS

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

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

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

2. CASH AND CASH EQUIVALENTS (CONT'D)

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 \$215,359,123 and the bank balance was \$227,100,339. As of June 30, 2013 all deposits were insured or collateralized.

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2013:

| | Balance at June 30, 2012 | Additions | Disposals/ Transfers | Balance at June 30, 2013 |
|-------------------------------------------------|-----------------------------|-----------------------|-------------------------|-----------------------------|
| Governmental activities: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 16,269,801 | \$ - | \$ - | \$ 16,269,801 |
| Construction in progress | <u>102,838,359</u> | <u>67,376,216</u> | <u>15,913,679</u> | <u>154,300,896</u> |
| Subtotal | <u>119,108,160</u> | <u>67,376,216</u> | <u>15,913,679</u> | <u>170,570,697</u> |
| Other capital assets: | | | | |
| Buildings | 394,778,353 | 2,548,260 | - | 397,326,613 |
| Machinery and equipment | 84,112,399 | 4,343,994 | 5,098,266 | 83,358,127 |
| Improvements/infrastructure | <u>347,707,810</u> | <u>13,362,228</u> | <u>-</u> | <u>361,070,038</u> |
| Subtotal | <u>826,598,562</u> | <u>20,254,482</u> | <u>5,098,266</u> | <u>841,754,778</u> |
| Total capital assets | <u>945,706,722</u> | <u>87,630,698</u> | <u>21,011,945</u> | <u>1,012,325,475</u> |
| Accumulated depreciation: | | | | |
| Buildings | 262,807,226 | 6,772,826 | - | 269,580,052 |
| Machinery and equipment | 64,791,702 | 5,355,787 | 5,090,565 | 65,056,924 |
| Improvements/infrastructure | <u>227,987,096</u> | <u>12,547,825</u> | <u>-</u> | <u>240,534,921</u> |
| Total | <u>555,586,024</u> | <u>24,676,438</u> | <u>5,090,565</u> | <u>575,171,897</u> |
| Net capital assets - governmental activities | <u>\$390,120,698</u> | <u>\$62,954,260</u> | <u>\$ 15,921,380</u> | <u>\$437,153,578</u> |

Depreciation was charged to activities as follows:

Governmental activities:

| | |
|-------------------------------------------------------|----------------------|
| General government support | \$ 1,673,802 |
| Police department | 988,053 |
| Fire department | 1,598,149 |
| Other public safety | 5,829 |
| Transportation | 13,318,638 |
| Culture and recreation | 1,672,498 |
| Home and community services | 510,090 |
| Education | <u>4,909,379</u> |
| Total governmental activities depreciation expense | <u>\$ 24,676,438</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)

| | Balance at June 30, 2012 | Additions | Disposals/ Transfers | Balance at June 30, 2013 |
|--------------------------------------------------|-----------------------------|-----------------------|-------------------------|-----------------------------|
| Business-type activities: | | | | |
| Not being depreciated: | | | | |
| Land | \$ 6,535,440 | \$ 419,873 | \$ - | \$ 6,955,313 |
| Construction in progress | <u>37,718,340</u> | <u>51,708,511</u> | <u>66,151,616</u> | <u>23,275,235</u> |
| Subtotal | <u>44,253,780</u> | <u>52,128,384</u> | <u>66,151,616</u> | <u>30,230,548</u> |
| Other capital assets: | | | | |
| Buildings | 111,678,618 | 58,424,172 | - | 170,102,790 |
| Machinery and equipment | 26,808,811 | 722,547 | 973,181 | 26,558,177 |
| Improvements/infrastructure | <u>255,704,862</u> | <u>5,466,247</u> | <u>-</u> | <u>261,171,109</u> |
| Subtotal | <u>394,192,291</u> | <u>64,612,966</u> | <u>973,181</u> | <u>457,832,076</u> |
| Total capital assets | <u>438,446,071</u> | <u>116,741,350</u> | <u>67,124,797</u> | <u>488,062,624</u> |
| Accumulated depreciation: | | | | |
| Buildings | 89,698,905 | 3,794,583 | - | 93,493,488 |
| Machinery and equipment | 21,843,436 | 1,547,027 | 846,349 | 22,544,114 |
| Improvements/infrastructure | <u>107,478,976</u> | <u>8,090,780</u> | <u>-</u> | <u>115,569,756</u> |
| Total | <u>219,021,317</u> | <u>13,432,390</u> | <u>846,349</u> | <u>231,607,358</u> |
| Net capital assets - business-type activities | <u>\$219,424,754</u> | <u>\$ 103,308,960</u> | <u>\$66,278,448</u> | <u>\$256,455,266</u> |

Depreciation was charged to activities as follows:

Business-type activities:

| | |
|--------------------------------------------------------|----------------------|
| Aviation | \$ 10,378,291 |
| Water | 2,458,343 |
| Sewer | 568,346 |
| Food Service | <u>27,410</u> |
| Total business-type activities depreciation expense | <u>\$ 13,432,390</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

4. CAPITAL INDEBTEDNESS

General Obligations Bonds Payable

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 2.00% to 6.37% with maturity dates through June 30, 2040.

During the year ended June 30, 2013, the City issued general obligation bonds of \$23,298,000. Of this amount, \$8,144,000 was used for capital projects, \$10,114,000 was used to finance water fund projects, and \$5,040,000 was used to finance airport construction projects.

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2013:

| | Balance at June 30, 2012 | Additions | Reductions | Balance at June 30, 2013 | Amount due within one year |
|--------------------------------------------------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|-------------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation and school facility revenue bonds payable | \$ 313,509,150 | \$ 8,144,000 | \$ 27,394,355 | \$ 294,258,795 | \$ 28,222,968 |
| Premium on bonds payable | 5,434,104 | - | 526,790 | 4,907,314 | 315,041 |
| Discount on bonds payable | <u>(690,866)</u> | <u>-</u> | <u>(274,312)</u> | <u>(416,554)</u> | <u>(188,807)</u> |
| Total bonds payable | <u>318,252,388</u> | <u>8,144,000</u> | <u>27,646,833</u> | <u>298,749,555</u> | <u>28,349,202</u> |
| Other liabilities: | | | | | |
| Amount due to retirement systems | 35,964,480 | 49,799,711 | 52,509,513 | 33,254,678 | 27,042,345 |
| Accrued compensated absences | 22,849,645 | 12,788,064 | 13,309,580 | 22,328,129 | 7,057,969 |
| Self-insurance claims | 48,976,335 | 102,152,824 | 106,452,719 | 44,676,440 | 12,136,560 |
| Other postemployment benefits | 461,964,431 | 114,996,247 | - | 576,960,678 | - |
| Judgments and claims | 10,068,000 | 709,478 | 709,478 | 10,068,000 | - |
| Environmental remediation | 14,998,356 | 1,188,760 | - | 16,187,116 | - |
| Lottery aid payable | <u>24,133,333</u> | <u>-</u> | <u>1,016,666</u> | <u>23,116,667</u> | <u>1,016,667</u> |
| Total other liabilities | <u>618,954,580</u> | <u>281,635,084</u> | <u>173,997,956</u> | <u>726,591,708</u> | <u>47,253,541</u> |
| Governmental activities long-term liabilities | <u>\$ 937,206,968</u> | <u>\$ 289,779,084</u> | <u>\$ 201,644,789</u> | <u>\$ 1,025,341,263</u> | <u>\$ 75,602,743</u> |

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

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

4. CAPITAL INDEBTEDNESS (CONT'D)

Long-term liability activity for business-type activities for the year ended June 30, 2013:

| | Balance at June 30, 2012 | Additions | Reductions | Balance at June 30, 2013 | Amount due within one year |
|------------------------------------------------------|-----------------------------|---------------|---------------|-----------------------------|-------------------------------|
| Business-Type Activities: | | | | | |
| Bonds payable and capital lease obligations: | | | | | |
| General obligation bonds payable | \$ 90,743,835 | \$ 15,154,000 | \$ 5,693,147 | \$ 100,204,688 | \$ 8,149,007 |
| Construction bonds payable | 36,555,000 | - | 1,235,000 | 35,320,000 | 1,265,000 |
| Capital lease obligation | 147,292 | - | 39,625 | 107,667 | 45,030 |
| Total bonds payable and capital lease obligations | 127,446,127 | 15,154,000 | 6,967,772 | 135,632,355 | 9,459,037 |
| Other liabilities: | | | | | |
| Amounts due to retirement systems | 2,001,791 | 2,695,359 | 3,016,328 | 1,680,822 | 1,136,831 |
| Accrued compensated absences | 875,075 | 714,783 | 767,603 | 822,255 | 460,471 |
| Self-insurance claims | 2,236,499 | 4,248,818 | 4,094,486 | 2,390,831 | 1,258,988 |
| Other postemployment benefits | 24,045,720 | 6,213,834 | - | 30,259,554 | - |
| Total other liabilities | 29,159,085 | 13,872,794 | 7,878,417 | 35,153,462 | 2,856,290 |
| Business-type activities long term liabilities | \$ 156,605,212 | \$ 29,026,794 | \$ 14,846,189 | \$ 170,785,817 | \$ 12,315,327 |

Construction Bonds Payable

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

Summary of Debt Service on Bonds to Maturity

As of June 30, 2013, amounts due to service general obligation, school facility revenue bonds payable and construction bonds, principal and interest in future years, are as follows:

| Year Ending June 30, | Governmental Activities | | Business-type activities | | Total |
|-------------------------|-------------------------|---------------|--------------------------|---------------|----------------|
| | Principal | Interest | Principal | Interest | |
| 2014 | \$ 28,222,968 | \$ 12,550,135 | \$ 9,414,007 | \$ 4,913,414 | \$ 55,100,524 |
| 2015 | 29,283,626 | 11,398,679 | 8,530,376 | 4,646,471 | 53,859,152 |
| 2016 | 24,154,863 | 10,315,997 | 7,925,137 | 4,378,613 | 46,774,610 |
| 2017 | 24,653,611 | 9,330,060 | 7,681,386 | 4,124,274 | 45,789,331 |
| 2018 | 23,832,677 | 8,306,383 | 5,812,323 | 3,866,137 | 41,817,520 |
| 2019-2023 | 98,122,297 | 27,613,744 | 27,622,706 | 16,489,076 | 169,847,823 |
| 2024-2028 | 61,682,723 | 9,787,165 | 24,386,275 | 11,966,181 | 107,822,344 |
| 2029-2033 | 4,306,030 | 335,039 | 23,262,699 | 7,587,310 | 35,491,078 |
| 2034-2038 | - | - | 18,000,000 | 2,609,029 | 20,609,029 |
| 2039 | - | - | 2,889,779 | 133,545 | 3,023,324 |
| TOTALS | \$ 294,258,795 | \$ 89,637,202 | \$ 135,524,688 | \$ 60,714,050 | \$ 580,134,735 |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

4. CAPITAL INDEBTEDNESS (CONT'D)

Short-term Debt

Revenue Anticipation Notes Payable

For governmental funds, notes issued in anticipation of the receipt of revenues are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The revenue anticipation 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 and business-type funds, notes issued in anticipation of proceeds from the subsequent sale of serial bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the serial bond. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

Short-term debt activity for the year ended June 30, 2013:

| | Balance at June 30, 2012 | Additions | Reductions | Balance at June 30, 2013 |
|----------------------------|-----------------------------|----------------|----------------|-----------------------------|
| Governmental Activities: | | | | |
| Revenue anticipation notes | \$ 43,500,000 | \$ 121,000,000 | \$ 164,500,000 | \$ _____ - |
| | | | | |
| | Balance at June 30, 2012 | Additions | Reductions | Balance at June 30, 2013 |
| Business-type Activities: | | | | |
| Bond anticipation notes | \$ 3,380,000 | \$ _____ - | \$ 3,380,000 | \$ _____ - |

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.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

5. AIRPORT LEASE AND USE AGREEMENTS (CONT'D)

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, 2013 under non-cancelable operating leases were as follows:

| YEAR ENDING JUNE 30, | AMOUNT |
|-------------------------|---------------------|
| 2014 | \$ 3,603,528 |
| 2015 | 2,953,274 |
| 2016 | 2,952,977 |
| 2017 | 2,783,335 |
| 2018 | 1,692,722 |
| Thereafter | <u>9,453,301</u> |
| TOTAL | <u>\$23,439,137</u> |

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2013 were approximately \$854,000. The minimum future non-cancelable operating lease payments as of June 30, 2013 were as follows:

| YEAR ENDING JUNE 30, | AMOUNT |
|-------------------------|---------------------|
| 2014 | \$ 721,607 |
| 2015 | 360,836 |
| 2016 | 280,341 |
| 2017 | 186,183 |
| 2018 | <u>83,873</u> |
| TOTAL | <u>\$ 1,632,840</u> |

The City leases a parking garage from a component unit. In addition, the City leases property from an unrelated entity. Total rental expenditures on these leases for the fiscal year ended June 30, 2013 were approximately \$410,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2013:

| YEAR ENDING JUNE 30, | AMOUNT |
|-------------------------|--------------------|
| 2014 | \$ 406,747 |
| 2015 | 250,175 |
| 2016 | 242,825 |
| 2017 | 237,920 |
| 2018 | <u>242,237</u> |
| TOTAL | <u>\$1,379,904</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS (CONT'D)

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages cost approximately \$61,800,000 with accumulated depreciation of \$59,717,740 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2013 under non-cancelable operating leases were as follows:

| YEAR ENDING JUNE 30, | AMOUNT |
|-------------------------|--------------------|
| 2014 | \$ 758,100 |
| 2015 | 735,300 |
| 2016 | 443,100 |
| 2017 | 328,260 |
| 2018 | 327,600 |
| Thereafter | <u>4,477,200</u> |
| TOTAL | <u>\$7,069,560</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 Fund of \$398,241, which are fully depreciated at June 30, 2013. The related obligations are accounted for as liabilities in the Statement of Net Position. 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, 2013.

| | |
|----------------------------------------------------------------------|--------------------------------------|
| | <u>Business -Type Activities</u> |
| Year ending June 30, | |
| 2014 | \$ 48,600 |
| 2015 | 48,600 |
| Thereafter | <u>14,000</u> |
| Minimum lease payments - capital leases | 111,200 |
| Less: Amounts representing interest between 5% and 8.5% per annum | <u>(3,533)</u> |
| Present value - minimum lease payments | <u>\$ 107,667</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, most disbursements are made from a pooled account in the general fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. With the exception of a receivable in the Aviation Fund and payable in the Capital Projects Fund of \$212,250, 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, 2013:

| | <u>AMOUNT RECEIVABLE</u> | <u>AMOUNT PAYABLE</u> |
|---------------------------------------|------------------------------|---------------------------|
| General Fund | \$ 4,030,829 | \$ - |
| City School District | 42,465,740 | 12,511,822 |
| Neighborhood and Business Development | 176,331 | 306,080 |
| Capital Projects Fund | 3,265,358 | 272,750 |
| Joint Schools Construction Board | - | 655,716 |
| Proprietary Funds: | | |
| Aviation | 272,750 | 2,456,310 |
| Water | - | 17,720 |
| Sewer | - | 2,175 |
| Food Service | 4,546,076 | - |
| Nonmajor governmental funds: | | |
| Debt Service | 2,090,183 | - |
| Special Grants | - | 1,085,776 |
| Oil and Flushing | - | 24,163 |
| SURA | - | 314,936 |
| Fiduciary | 95,801 | 39,295,620 |
| Total | <u>\$ 56,943,068</u> | <u>\$ 56,943,068</u> |

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2013:

| | <u>AMOUNT RECEIVABLE</u> | <u>AMOUNT PAYABLE</u> |
|---------------------------------------|------------------------------|---------------------------|
| General Fund | \$ 3,925,483 | \$ - |
| Neighborhood and Business Development | 352,928 | - |
| Nonmajor governmental fund: | | |
| Local Development | 1,672,358 | - |
| SURA | 152,566 | - |
| Component units: | | |
| SIDA | 5,317,624 | 2,046,986 |
| SEDCO | - | 9,373,973 |
| Total | <u>\$ 11,420,959</u> | <u>\$ 11,420,959</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

Receivables and Payables (Cont'd)

The amounts receivable and payable above are as of June 30, 2013. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2012. 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. Most interfund transfers are routine in nature. The transfer from the Pension Trust Fund to the General Fund is nonroutine. There are no longer beneficiaries in the local police pension which was originally funded by the City. The remaining funds were transferred back to the General Fund. Transfers are as follows:

| | Transfers In | Transfers Out |
|---------------------------------|-----------------------------|-----------------------------|
| General Fund | \$ 3,254,160 | \$ 20,521,750 |
| Capital Projects Fund | 7,004,199 | 1,473,787 |
| Joint School Construction Board | 8,214,122 | 10,540,356 |
| Special revenue funds: | | |
| City School District | 8,429,774 | 30,736,629 |
| Oil and Flushing | - | 215,538 |
| Debt Service Fund | 39,839,965 | - |
| Proprietary funds: | | |
| Water | - | 2,300,000 |
| Sewer | - | 525,000 |
| Pension Trust Fund | - | 429,160 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 66,742,220</u> | <u>\$ 66,742,220</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

9. RETIREMENT PLANS

The City participates in the New York State and Local Employees' Retirement System (ERS) and the New York State Policemen's and Firemen's Retirement System (PFRS). The School District also participates in the New York State and Local Employees' Retirement System and in the New York State and Local Teachers' Retirement System (TRS). These are cost sharing multiple public employer defined benefit retirement systems (Systems). The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute, and benefits to employees, are governed by the New York State Retirement and Social Security Law (NYSRSSL). The Systems offer a wide range of plans and benefits which are related to years of service, final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service.

All participating employers in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Systems. The Systems are noncontributory except for employees who joined the ERS after July 26, 1976, or the TRS after June 26, 1976, who contribute 3% of their salary during the first 10 years of service. For employees who joined after January 1, 2010, employees in NYSERS and PFRS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees who joined on or after April 1, 2012, employees contribute 3% to 6% of their salary depending on the amount of their salary throughout their active membership. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Systems.

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

ERS and PFRS:

The New York State and Local Retirement Systems, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

TRS:

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

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

9. RETIREMENT PLANS (CONT'D)

The City is required to contribute at a rate determined actuarially by the retirement systems. The City contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and the two preceding years were:

| | <u>TRS</u> | <u>ERS</u> | <u>PFRS</u> |
|---------------|---------------|---------------|---------------|
| June 30, 2013 | \$ 19,677,719 | \$ 14,391,433 | \$ 19,402,089 |
| June 30, 2012 | \$ 21,252,794 | \$ 12,802,192 | \$ 14,560,983 |
| June 30, 2011 | \$ 15,539,793 | \$ 9,777,603 | \$ 13,976,448 |

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

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

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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. Benefit provisions are established and amended through negotiations between the City and the respective unions. The financial information for the City's plan is contained solely within these basic financial statements.

Funding Policy

The contribution requirements of the plan members and the City are established on an annual premium equivalent rate calculated by a third party administrator based on a projected pay-as-you-go financing requirement. For the year ended June 30, 2013, the City contributed approximately \$21,200,000 for the total cost of the plan net of retiree contributions of approximately \$1,900,000. The District contributed approximately \$21,500,000 net of retiree contributions of approximately \$1,700,000.

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 | \$ 81,417,002 | \$ 91,116,078 |
| Interest on net OPEB obligation | 8,684,429 | 10,755,978 |
| Adjustment to annual required contribution | <u>(12,555,534)</u> | <u>(15,550,482)</u> |
| Annual OPEB cost (expense) | 77,545,897 | 86,321,574 |
| Contributions made | <u>(21,204,697)</u> | <u>(21,452,693)</u> |
| Increase in net OPEB obligation | 56,341,200 | 64,868,881 |
| Net OPEB obligation - Beginning of Year | <u>217,110,700</u> | <u>268,899,451</u> |
| Net OPEB obligation - End of Year | <u>\$ 273,451,900</u> | <u>\$ 333,768,332</u> |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | Percentage of Annual | |
|--------------------------|-------------------------|----------------------|----------------------------|
| | | <u>OPEB Cost</u> | <u>Net OPEB Obligation</u> |
| | | <u>Contributed</u> | |
| June 30, 2011 | \$ 72,801,036 | 22.38% | \$ 207,859,607 |
| June 30, 2012 | \$ 82,403,445 | 25.93% | \$ 268,899,451 |
| June 30, 2013 | \$ 86,321,574 | 24.85% | \$ 333,768,332 |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | Percentage of Annual <u>OPEB Cost</u> <u>Contributed</u> | <u>Net OPEB Obligation</u> |
|--------------------------|-------------------------|----------------------------------------------------------------|----------------------------|
| June 30, 2011 | \$ 67,161,400 | 37.6% | \$ 163,561,900 |
| June 30, 2012 | \$ 74,982,712 | 28.7% | \$ 217,110,700 |
| June 30, 2013 | \$ 77,545,897 | 27.3% | \$ 273,451,900 |

Funding Status and Funding Progress

As of June 30, 2013, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$897,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$197,000,000 and the ratio of the liability to the covered payroll was 454%.

As of July 1, 2012, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately \$933,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$111,500,000 and the ratio of the liability to the covered payroll was 836%.

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

Actuarial Methods and Assumptions

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

(Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

In the most recent actuarial valuations the Projected Unit Credit Cost Method was used for both the City and the District. The actuarial assumptions include a 4% investment rate of return for both the City and the District, which is based on the portfolio of the City and District's general assets used to pay for these benefits. For the City, the annual medical and prescription cost trend is 7%, decreasing to 5% for all benefits after 2022 for both Pre-65 and Post-65 individuals. For the District, the annual health care cost trend rate of 8.00% is used initially, decreasing to 5.00% after ten years for Pre-65 individuals and 7.00% initially, decreasing to 5.00% for Post-65 individuals after ten years. The prescription cost trend begins at 7.00% initially and decreases to 5.00% after ten years. Both rates include an inflation assumption of 3.00% for the City and the District. The UAAL is being amortized based on a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2013 was thirty years.

12. JOINT SCHOOLS CONSTRUCTION BOARD

The City and the District entered into an agreement in April 2004 to create the Joint Schools Construction Board (JSCB). The JSCB manages and administers the design, renovation and financing for existing public schools in the District. 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 law by the Governor in 2006. The Act authorizes the 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.

In May 2013, the Legislature approved an amended version of the Syracuse Cooperative School Reconstruction Act that authorizes a second phase of up to twenty school reconstruction projects for an amount not to exceed \$300,000,000. Specific schools to be renovated are not named in the legislation. Rather, projects are to be recommended as part of a comprehensive planning process to be undertaken by the District. The comprehensive plan would include information on financing, project selection, cost estimates, timeframe, and a diversity plan. The plan would consider public input and would be provided to the JSCB and the State Comptroller for approval. The legislation also specifically authorizes the use of Bond Anticipation Notes (BANs) issued by the City of Syracuse to finance initial design and planning costs for JSCB projects. The JSCB Phase II bill was signed into law by the Governor in October 2013.

(Continued)

12. JOINT SCHOOLS CONSTRUCTION BOARD (CONT'D)

Financing of JSCB

In accordance with Chapter 58 Pt. A-4 of the Laws of 2006 of the State of New York pursuant to Indenture of Trusts (Series 2008 Project) between the SIDA (the Issuer) and M&T Trust Company (the Trustee), School Facility Revenue Bonds, Series 2008A, dated March 12, 2008, totaling \$49,230,000 and Series 2010A, dated December 23, 2010, totaling \$31,470,000, Series 2011A dated July 12, 2011, totaling \$31,860,000 and series 2011B, dated July 12, 2011, totaling \$15,000,000, 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, 2010A, 2011A and 2011B Bonds are special limited obligations of the issuer payable solely from (i) the payment of installment purchase payments by the District 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 District 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 receipt by the New York State Comptroller (the State Comptroller) of a certificate from the Series 2008A, 2010A, 2011A and 2011B 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 District or the City to the extent of the amount so stated in such certificate as not having been made, and shall immediately pay over to the Series 2008A, 2010A, 2011A and 2011B Trustee on behalf of the Issuer the amount withheld.

The obligation of the District and the City under the Installment Sale Agreement to pay installment purchase payments is not a general obligation of the District 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 District and the City under the Installment Sale Agreement to pay installment purchase payments in any fiscal year of the District or the City constitutes a current expense of the District for such fiscal year and shall not constitute an indebtedness or moral obligation of the District, 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, 2010A, 2011A and 2011B Bonds is installment purchase payments made by the District and the City under the Installment Sale Agreement to the extent of State Aid to Education appropriated by the State and available to the District and/or the City and appropriated by the City and the District 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 District to the extent of any installment purchase deficiency. The Series 2008A, 2010A, 2011A and 2011B Bonds are neither a general obligation of the Issuer, nor a debt or indebtedness of the City or the State and neither the City nor the State shall be liable thereon. The District will be responsible for the maintenance and operation of the facilities constructed and/or repaired with the Series 2008A, 2010A, 2011A and 2011B proceeds.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

12. JOINT SCHOOLS CONSTRUCTION BOARD (CONT'D)

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

13. CONTINGENCIES AND COMMITMENTS

Numerous real estate tax certiorari proceedings are presently pending against the City of Syracuse, New York on grounds of alleged inequality of assessment. Adverse decisions to the City could have a substantial impact through the reduction of assessments and tax refunds to successful litigants. Since the outcome of these proceedings cannot presently be determined, no provision for this exposure, if any, has been included in the accompanying basic financial statements.

The City has a potential liability for employees who are not entered into the Retirement System due to the fact that they were never offered the right to join. Any potential liability relating to this contingency is not determinable at June 30, 2013.

The District has a potential liability for the overbilling of tuition to other districts for students in attendance at Elmcrest Children’s Center. It is uncertain if the districts involved are entitled to or will seek restitution. As such any potential liability relating to this contingency cannot be determined at June 30, 2013.

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

SIDA has HUD-108 loans payable amounting to \$1,684,000. These loans bear interest at rates varying from .3 to 5.8%. The following is a schedule of annual principal payments due on the HUD-108 loans outstanding on SIDA’s statement of net assets at December 31, 2012:

| Year ending December 31, | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|---------------------|------------------|---------------------|
| 2013 | \$ 301,000 | \$ 17,825 | \$ 318,825 |
| 2014 | 277,000 | 16,176 | 293,176 |
| 2015 | 283,000 | 14,991 | 297,991 |
| 2016 | 324,000 | 13,605 | 337,605 |
| 2017 | 148,000 | 11,345 | 159,345 |
| 2018-2022 | <u>351,000</u> | <u>17,878</u> | <u>368,878</u> |
| Total | <u>\$ 1,684,000</u> | <u>\$ 91,820</u> | <u>\$ 1,775,820</u> |

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

13. CONTINGENCIES AND COMMITMENTS (CONT'D)

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

14. ENVIRONMENTAL REMEDIATION

Asbestos remediation obligations related to school district buildings have been recognized at June 30, 2013. The estimated liability at June 30, 2013 is based on management's estimated cost to perform remediation. There is potential for changes due to price increase or technology advancements.

15. TERMINATION BENEFITS OBLIGATED DURING THE YEAR

During the year ended June 30, 2013, the cost of termination benefits was \$1,272,164 for the District employees who agreed to retire under the terms of the retirement incentive offered during the current year.

16. GREATER SYRACUSE LAND BANK

The City of Syracuse and County of Onondaga entered into an inter-municipal agreement on March 27, 2012 for the purpose of creating the Greater Syracuse Property Development Corporation, a not-for-profit corporation, operating as the Greater Syracuse Land Bank (Land Bank) under the New York Land Bank Act of 2011. The purpose of the Land Bank is to address problems regarding vacant and abandoned property in a coordinated manner and to further foster the development of such property and promote economic growth through the return of vacant, abandoned, and tax-delinquent properties to productive use. The City and County, while under no obligation, may contribute to the annual Land Bank budget in such manner agreed upon. In July 2013, the Common Council approved a funding agreement with the Land Bank for up to \$1,500,000. The Land Bank will be a discretely presented component unit of the City in future years. The Land Bank operates under a calendar year end resulting in potential inconsistencies in amounts reported due to and/or from the Land Bank.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

17. SUBSEQUENT EVENTS

On August 21, 2013, the City issued \$53,800,000 in Revenue Anticipation Notes at 0.67% maturing on June 30, 2014 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the District. The request was approved by the City of Syracuse, New York Common Council on July 15, 2013.

On November, 2013, the City issued \$26,600,000 in Revenue Anticipation Notes at .67% maturing on June 30, 2014 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. The request was approved by the City of Syracuse, New York Common Council on October 7, 2013.

(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, 2013

| | General Fund | | | Variance Favorable (Unfavorable) |
|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|----------------------|----------------------------------------|
| | Original Budget | Final Budget | Actual | |
| REVENUES: | | | | |
| General property taxes and tax items | \$ 36,182,268 | \$ 36,182,268 | \$ 37,576,182 | \$ 1,393,914 |
| Sales tax and use taxes | 75,593,000 | 75,593,000 | 76,140,101 | 547,101 |
| Other local taxes | 4,211,000 | 4,211,000 | 4,281,408 | 70,408 |
| Departmental revenues | 10,347,542 | 10,378,031 | 11,318,986 | 940,955 |
| Intergovernmental charges | 371,852 | 371,852 | 391,061 | 19,209 |
| Licenses and permits | 2,250,945 | 2,250,945 | 2,716,844 | 465,899 |
| Fines and forfeitures | 3,128,500 | 3,128,500 | 2,875,549 | (252,951) |
| Sale of property and compensation for loss | 423,200 | 423,200 | 2,328,600 | 1,905,400 |
| Use of money and property | 261,000 | 261,000 | 220,591 | (40,409) |
| Federal and state aid and other grants | 99,054,289 | 99,054,289 | 101,050,488 | 1,996,199 |
| Other revenues | 5,898,175 | 5,898,175 | 6,590,283 | 692,108 |
| Total revenues | <u>237,721,771</u> | <u>237,752,260</u> | <u>245,490,093</u> | <u>7,737,833</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government support | 27,405,217 | 28,669,940 | 25,337,492 | 3,332,448 |
| Public safety | 142,532,724 | 142,642,901 | 134,588,119 | 8,054,782 |
| Transportation | 22,907,259 | 23,106,347 | 20,578,381 | 2,527,966 |
| Home and community services | 14,386,275 | 13,535,144 | 12,475,168 | 1,059,976 |
| Culture and recreation | 11,551,964 | 11,731,267 | 9,728,967 | 2,002,300 |
| Interest on debt | 400,000 | 400,000 | 282,900 | 117,100 |
| Total expenditures | <u>219,183,439</u> | <u>220,085,599</u> | <u>202,991,027</u> | <u>17,094,572</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>18,538,332</u> | <u>17,666,661</u> | <u>42,499,066</u> | <u>24,832,405</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating transfers in | 2,825,000 | 2,825,000 | 3,254,160 | 429,160 |
| Operating transfers out | (21,363,332) | (21,363,332) | (20,521,750) | 841,582 |
| Total other financing uses - net | <u>(18,538,332)</u> | <u>(18,538,332)</u> | <u>(17,267,590)</u> | <u>1,270,742</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES | <u>\$ -</u> | <u>\$ (871,671)</u> | 25,231,476 | <u>\$ 26,103,147</u> |
| EFFECT OF ENCUMBRANCES | | | <u>(244,362)</u> | |
| CHANGE IN FUND BALANCE | | | <u>\$ 24,987,114</u> | |

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2013

| | Special Revenue Fund - City School District | | | | Actual CSD - General Fund | Variance Favorable (Unfavorable) |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------|------------------------|-----------------------------------------|---------------------------------|----------------------------------------|
| | Original Budget | Final Budget | Actual Total CSD | Less: Actual CSD Special Aid Fund | | |
| REVENUES: | | | | | | |
| General property taxes and tax items | \$ 57,420,000 | \$ 57,420,000 | \$ 57,321,520 | \$ - | \$ 57,321,520 | \$ (98,480) |
| Sales tax and use taxes | 1,000,000 | 1,000,000 | 1,244,984 | - | 1,244,984 | 244,984 |
| Sale of property and compensation for loss | 27,100 | 27,100 | 30,564 | - | 30,564 | 3,464 |
| Use of money and property | 531,000 | 531,000 | 414,299 | - | 414,299 | (116,701) |
| Federal and state aid and other grants | 297,198,475 | 297,198,475 | 357,435,971 | 61,343,386 | 296,092,585 | (1,105,890) |
| Other revenues | 1,715,000 | 1,715,000 | 602,578 | - | 602,578 | (1,112,422) |
| Total revenues | <u>357,891,575</u> | <u>357,891,575</u> | <u>417,049,916</u> | <u>61,343,386</u> | <u>355,706,530</u> | <u>(2,185,045)</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government support | 51,217,177 | 50,965,177 | 49,324,809 | - | 49,324,809 | 1,640,368 |
| Home and community services | - | - | 2,700,501 | 2,700,501 | - | - |
| Education | 279,392,492 | 277,679,492 | 329,434,814 | 64,704,561 | 264,730,253 | 12,949,239 |
| Interest on debt | 1,125,000 | 1,125,000 | 525,350 | - | 525,350 | 599,650 |
| Total expenditures | <u>331,734,669</u> | <u>329,769,669</u> | <u>381,985,474</u> | <u>67,405,062</u> | <u>314,580,412</u> | <u>15,189,257</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>26,156,906</u> | <u>28,121,906</u> | <u>35,064,442</u> | <u>(6,061,676)</u> | <u>41,126,118</u> | <u>13,004,212</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Operating transfers in | 1,500,000 | 1,500,000 | 8,429,774 | 7,019,820 | 1,409,954 | (90,046) |
| Operating transfers out | (27,656,906) | (29,621,906) | (30,736,629) | (1,409,954) | (29,326,675) | 295,231 |
| Total other financing uses - net | <u>(26,156,906)</u> | <u>(28,121,906)</u> | <u>(22,306,855)</u> | <u>5,609,866</u> | <u>(27,916,721)</u> | <u>205,185</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 12,757,587</u> | <u>\$ (451,810)</u> | <u>13,209,397</u> | <u>\$ 13,209,397</u> |
| EFFECT OF ENCUMBRANCES | | | | | <u>3,372,162</u> | |
| CHANGE IN FUND BALANCE | | | | | <u>\$ 16,581,559</u> | |

**CITY OF SYRACUSE, NEW YORK
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER
POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2013**

For the year ended June 30, 2013:

| | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|----------------------|--------------------------------|---------------------------------|------------------------------------------------------------|---------------------------|-----------------|-----------------------|--------------------------------------------------|
| City School District | 6/30/13 | \$- - | \$ 896,672,270 | \$ 896,672,270 | 0% | \$ 197,000,000 | 454 % |
| City | 7/1/12 | - | <u>932,523,611</u> | <u>932,523,611</u> | 0 % | <u>111,500,000</u> | 836 % |
| Total | | <u>\$ -</u> | <u>\$1,829,195,881</u> | <u>\$1,829,195,881</u> | | <u>\$ 308,500,000</u> | |

For the year ended June 30, 2012:

| | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|----------------------|--------------------------------|---------------------------------|------------------------------------------------------------|---------------------------|-----------------|-----------------------|--------------------------------------------------|
| City School District | 6/30/12 | \$ - | \$ 885,412,485 | \$ 885,412,485 | 0% | \$ 220,000,000 | 399% |
| City | 7/1/11 | - | <u>849,553,980</u> | <u>849,553,980</u> | 0% | <u>115,200,000</u> | 773% |
| Total | | <u>\$ -</u> | <u>\$1,734,966,465</u> | <u>\$1,734,966,465</u> | | <u>\$ 335,200,000</u> | |

For the year ended June 30, 2011:

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

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2013**

| | <u>CITY SCHOOL DISTRICT</u> | <u>CITY</u> | <u>TOTAL</u> |
|---------------------------------------------|---------------------------------|----------------------|----------------------|
| ASSETS: | | | |
| Pooled cash and cash equivalents | \$ - | \$ 12,934,035 | \$ 12,934,035 |
| Pooled restricted cash and cash equivalents | - | 8,940,669 | 8,940,669 |
| Accounts receivable | - | 272,250 | 272,250 |
| Due from other funds | 2,451,967 | - | 2,451,967 |
| Due from agency funds | 813,391 | - | 813,391 |
| Due from other governments | 40,000 | 2,506,046 | 2,546,046 |
| TOTAL ASSETS | <u>\$ 3,305,358</u> | <u>\$ 24,653,000</u> | <u>\$ 27,958,358</u> |
| LIABILITIES: | | | |
| Accounts payable and accrued expenses | \$ 157,320 | \$ 3,848,780 | \$ 4,006,100 |
| Deferred revenues | - | 177,777 | 177,777 |
| Due to other funds | - | 272,750 | 272,750 |
| Total liabilities | <u>157,320</u> | <u>4,299,307</u> | <u>4,456,627</u> |
| FUND BALANCES: | | | |
| Restricted | 3,148,038 | 8,940,669 | 12,088,707 |
| Committed | - | 11,413,024 | 11,413,024 |
| Total fund balance | <u>3,148,038</u> | <u>20,353,693</u> | <u>23,501,731</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,305,358</u> | <u>\$ 24,653,000</u> | <u>\$ 27,958,358</u> |

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2013

| | CITY SCHOOL DISTRICT | CITY | TOTAL |
|-----------------------------------------------------|-------------------------|----------------------|----------------------|
| REVENUES: | | | |
| Use of money and property | \$ - | \$ 14,251 | \$ 14,251 |
| Federal and state aid and other grants | 1,447,786 | 7,541,606 | 8,989,392 |
| Other revenues | - | 4,637,463 | 4,637,463 |
| Total revenues | <u>1,447,786</u> | <u>12,193,320</u> | <u>13,641,106</u> |
| EXPENDITURES: | | | |
| Capital outlays | <u>4,446,573</u> | <u>17,987,441</u> | <u>22,434,014</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | | | |
| | <u>(2,998,787)</u> | <u>(5,794,121)</u> | <u>(8,792,908)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Bond proceeds | - | 8,144,000 | 8,144,000 |
| Operating transfers in | 3,214,153 | 3,790,046 | 7,004,199 |
| Operating transfers out | (183,950) | (1,289,837) | (1,473,787) |
| Total other financing sources - net | <u>3,030,203</u> | <u>10,644,209</u> | <u>13,674,412</u> |
| CHANGES IN FUND BALANCE | 31,416 | 4,850,088 | 4,881,504 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>3,116,622</u> | <u>15,503,605</u> | <u>18,620,227</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 3,148,038</u> | <u>\$ 20,353,693</u> | <u>\$ 23,501,731</u> |

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

| | Debt Service (Combined) | Special Revenue | | | | | Permanent Funds (Combined) | Total Nonmajor Governmental Funds |
|------------------------------------------------------------|-------------------------------|---------------------|------------------------------------|----------------------|-------------------|-------------------------------------|----------------------------------|--------------------------------------------|
| | | Special Grants | Special Assessment Districts | Local Development | Oil & Flushing | Syracuse Urban Renewal Agency | | |
| ASSETS: | | | | | | | | |
| Pooled cash and cash equivalents | \$ - | \$ - | \$ 462,501 | \$ - | \$ - | \$ - | \$ - | \$ 462,501 |
| Pooled restricted cash and cash equivalents | 4,943,872 | 171,059 | - | - | - | 936,975 | 10,000 | 6,061,906 |
| Cash and cash equivalents | - | - | - | - | 788,904 | - | - | 788,904 |
| Restricted cash | - | - | - | - | 2,166,719 | - | 16,962 | 2,183,681 |
| Accounts receivable | 4,576,938 | - | 715 | - | - | 96,659 | - | 4,674,312 |
| Taxes receivable (net allowance of \$251,650) | - | - | 63,410 | - | - | - | - | 63,410 |
| Due from other funds | 2,090,183 | - | - | - | - | - | - | 2,090,183 |
| Due from other governments | - | 1,261,257 | - | - | - | - | - | 1,261,257 |
| Due from component units (net of allowance of \$1,672,358) | - | - | - | - | 152,566 | - | - | 152,566 |
| Other assets | - | - | - | - | 51,716 | - | - | 51,716 |
| TOTAL ASSETS | \$ 11,610,993 | \$ 1,432,316 | \$ 526,626 | \$ - | \$ - | \$ 3,159,905 | \$ 1,033,634 | \$ 17,790,436 |
| LIABILITIES AND FUND BALANCES: | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ - | \$ 166,388 | \$ - | \$ - | \$ 205,892 | \$ 321,540 | \$ 14,808 | \$ 708,628 |
| Due to other funds | - | 1,085,776 | - | - | 24,163 | 314,936 | - | 1,424,875 |
| Deferred revenues | 4,576,938 | 180,152 | 57,453 | - | - | 2,013,972 | - | 6,828,515 |
| Total liabilities | 4,576,938 | 1,432,316 | 57,453 | - | 230,055 | 2,650,448 | 14,808 | 8,962,018 |
| Fund Balances: | | | | | | | | |
| Nonspendable | - | - | - | - | - | - | 26,962 | 26,962 |
| Restricted | 7,034,055 | - | - | - | - | 2,166,719 | 1,018,826 | 10,219,600 |
| Committed | - | - | 469,173 | - | - | - | - | 469,173 |
| Unrestricted | - | - | - | - | (230,055) | (1,657,262) | - | (1,887,317) |
| Total fund balances | 7,034,055 | - | 469,173 | - | (230,055) | 509,457 | 26,962 | 8,828,418 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 11,610,993 | \$ 1,432,316 | \$ 526,626 | \$ - | \$ - | \$ 3,159,905 | \$ 1,033,634 | \$ 17,790,436 |

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Debt Service (Combined) | Special Revenue | | | | | Miscellaneous Trusts | Permanent Funds (Combined) | Total Nonmajor Governmental Funds |
|---------------------------------------------------------------|-------------------------------|-------------------|------------------------------------|----------------------|---------------------|-------------------------------------|-------------------------|----------------------------------|--------------------------------------------|
| | | Special Grants | Special Assessment Districts | Local Development | Oil & Flushing | Syracuse Urban Renewal Agency | | | |
| REVENUES: | | | | | | | | | |
| General property taxes and tax items | \$ - | \$ - | \$ 925,429 | \$ - | \$ 2,574,152 | \$ - | \$ - | \$ - | \$ 3,499,581 |
| Other local taxes | 804,052 | - | - | - | - | - | - | - | 804,052 |
| Sale of property and compensation for loss | - | - | - | - | - | - | 8,630 | - | 8,630 |
| Use of money and property | 296,445 | - | - | - | - | - | 703 | 26 | 297,174 |
| Federal and state aid and other grants | - | 6,260,578 | - | - | - | 249,431 | - | - | 6,510,009 |
| Other revenues | - | - | - | - | - | 29,711 | 361,785 | - | 391,496 |
| Total revenues | <u>1,100,497</u> | <u>6,260,578</u> | <u>925,429</u> | <u>-</u> | <u>2,574,152</u> | <u>279,142</u> | <u>371,118</u> | <u>26</u> | <u>11,510,942</u> |
| EXPENDITURES: | | | | | | | | | |
| Current: | | | | | | | | | |
| General government support | - | 178,454 | 907,306 | - | - | - | - | - | 1,085,760 |
| Public safety | - | 2,700,644 | - | - | - | - | 371,486 | - | 3,072,130 |
| Transportation | - | 126,845 | - | - | 2,277,117 | - | - | - | 2,403,962 |
| Economic opportunity and development | - | 2,731,760 | - | - | - | 641,766 | - | - | 3,373,526 |
| Home and community services | - | 272,462 | - | - | - | - | - | - | 272,462 |
| Culture and recreation | - | 250,413 | - | - | - | - | 96,426 | - | 346,839 |
| Principal debt payments | 27,394,355 | - | - | - | - | - | - | - | 27,394,355 |
| Interest on debt | 13,378,423 | - | - | - | - | - | - | - | 13,378,423 |
| Total expenditures | <u>40,772,778</u> | <u>6,260,578</u> | <u>907,306</u> | <u>-</u> | <u>2,277,117</u> | <u>641,766</u> | <u>467,912</u> | <u>-</u> | <u>51,327,457</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(39,672,281)</u> | <u>-</u> | <u>18,123</u> | <u>-</u> | <u>297,035</u> | <u>(362,624)</u> | <u>(96,794)</u> | <u>26</u> | <u>(39,816,515)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Operating transfers in | 39,839,965 | - | - | - | - | - | - | - | 39,839,965 |
| Operating transfers out | - | - | - | - | (215,538) | - | - | - | (215,538) |
| Total other financing sources (uses) | <u>39,839,965</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(215,538)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>39,624,427</u> |
| CHANGES IN FUND BALANCE | <u>167,684</u> | <u>-</u> | <u>18,123</u> | <u>-</u> | <u>81,497</u> | <u>(362,624)</u> | <u>(96,794)</u> | <u>26</u> | <u>(192,088)</u> |
| FUND BALANCES AT BEGINNING OF YEAR - (as restated) | <u>6,866,371</u> | <u>-</u> | <u>451,050</u> | <u>-</u> | <u>(311,552)</u> | <u>872,081</u> | <u>1,115,620</u> | <u>26,936</u> | <u>9,020,506</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 7,034,055</u> | <u>\$ -</u> | <u>\$ 469,173</u> | <u>\$ -</u> | <u>\$ (230,055)</u> | <u>\$ 509,457</u> | <u>\$ 1,018,826</u> | <u>\$ 26,962</u> | <u>\$ 8,828,418</u> |

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
DEBT SERVICE FUND
JUNE 30, 2013**

| | CITY SCHOOL DISTRICT | CITY | TOTAL |
|------------------------------------------------|-------------------------|---------------------|----------------------|
| ASSETS: | | | |
| Pooled restricted cash and cash equivalents | \$ - | \$ 4,943,872 | \$ 4,943,872 |
| Accounts receivable | - | 4,576,938 | 4,576,938 |
| Due from agency funds | 2,090,183 | - | 2,090,183 |
| TOTAL ASSETS | \$ 2,090,183 | \$ 9,520,810 | \$ 11,610,993 |
| Deferred revenue/LIABILITIES | \$ - | \$ 4,576,938 | \$ 4,576,938 |
| Restricted Fund Balance | 2,090,183 | 4,943,872 | 7,034,055 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,090,183 | \$ 9,520,810 | \$ 11,610,993 |

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2013

| | CITY SCHOOL DISTRICT | CITY | TOTAL |
|-----------------------------------------------------|-------------------------|---------------------|---------------------|
| REVENUES: | | | |
| Other local taxes | \$ - | \$ 804,052 | \$ 804,052 |
| Use of money and property | 3,052 | 293,393 | 296,445 |
| Total revenues | <u>3,052</u> | <u>1,097,445</u> | <u>1,100,497</u> |
| EXPENDITURES: | | | |
| Principal debt payments | 12,708,559 | 14,685,796 | 27,394,355 |
| Interest on debt | 8,848,590 | 4,529,833 | 13,378,423 |
| Total expenditures | <u>21,557,149</u> | <u>19,215,629</u> | <u>40,772,778</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (21,554,097) | (18,118,184) | (39,672,281) |
| OTHER FINANCING SOURCES: | | | |
| Operating transfers in | 21,602,886 | 18,237,079 | 39,839,965 |
| Total other financing sources | <u>21,602,886</u> | <u>18,237,079</u> | <u>39,839,965</u> |
| CHANGES IN FUND BALANCE | 48,789 | 118,895 | 167,684 |
| FUND BALANCES AT BEGINNING OF YEAR | <u>2,041,394</u> | <u>4,824,977</u> | <u>6,866,371</u> |
| FUND BALANCES AT END OF YEAR | <u>\$ 2,090,183</u> | <u>\$ 4,943,872</u> | <u>\$ 7,034,055</u> |

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
MISCELLANEOUS TRUST FUNDS
JUNE 30, 2013**

| | Police Trust | Parks Trusts | General Government Trusts | Francis Hendricks | Police State Seizures | Police Federal Seizures | Total City Miscellaneous Trust Funds |
|------------------------------------------------|--------------------------|-------------------------|---------------------------------|----------------------|-----------------------------|-------------------------------|--------------------------------------------|
| ASSETS: | | | | | | | |
| Pooled restricted cash | \$ 113,605 | \$ 89,208 | \$ 11,670 | \$ 404 | \$ 220,406 | \$ 501,682 | \$ 936,975 |
| Accounts receivable | 96,659 | - | - | - | - | - | 96,659 |
| TOTAL ASSETS | <u>\$ 210,264</u> | <u>\$ 89,208</u> | <u>\$ 11,670</u> | <u>\$ 404</u> | <u>\$ 220,406</u> | <u>\$ 501,682</u> | <u>\$ 1,033,634</u> |
| LIABILITIES AND FUND BALANCES: | | | | | | | |
| LIABILITIES: | | | | | | | |
| Accounts payable and accrued expenses | \$ 356 | \$ 10,800 | \$ - | \$ - | \$ 2,963 | \$ 689 | \$ 14,808 |
| Total Liabilities | <u>356</u> | <u>10,800</u> | <u>-</u> | <u>-</u> | <u>2,963</u> | <u>689</u> | <u>14,808</u> |
| FUND BALANCES/RESTRICTED | <u>209,908</u> | <u>78,408</u> | <u>11,670</u> | <u>404</u> | <u>217,443</u> | <u>500,993</u> | <u>1,018,826</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 210,264</u> | <u>\$ 89,208</u> | <u>\$ 11,670</u> | <u>\$ 404</u> | <u>\$ 220,406</u> | <u>\$ 501,682</u> | <u>\$ 1,033,634</u> |

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | Police Trust | Parks Trusts | General Government Trusts | Francis Hendricks | Police State Seizures | Police Federal Seizures | Total City Miscellaneous Trust Funds |
|--------------------------------------------|-----------------|-----------------|---------------------------------|----------------------|-----------------------------|-------------------------------|--------------------------------------------|
| REVENUES: | | | | | | | |
| Sale of property and compensation for loss | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,630 | \$ 8,630 |
| Use of money and property | - | - | - | 2 | 269 | 432 | 703 |
| Other revenues | 112,686 | 94,976 | 10,000 | - | 30,010 | 114,113 | 361,785 |
| Total revenues | 112,686 | 94,976 | 10,000 | 2 | 30,279 | 123,175 | 371,118 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| Public safety | 212,656 | - | - | - | 135,803 | 23,027 | 371,486 |
| Culture and recreation | - | 96,426 | - | - | - | - | 96,426 |
| Total expenditures | 212,656 | 96,426 | - | - | 135,803 | 23,027 | 467,912 |
| CHANGES IN FUND BALANCE | (99,970) | (1,450) | 10,000 | 2 | (105,524) | 100,148 | (96,794) |
| FUND BALANCES AT BEGINNING OF YEAR | 309,878 | 79,858 | 1,670 | 402 | 322,967 | 400,845 | 1,115,620 |
| FUND BALANCES AT END OF YEAR | \$ 209,908 | \$ 78,408 | \$ 11,670 | \$ 404 | \$ 217,443 | \$ 500,993 | \$ 1,018,826 |

**CITY OF SYRACUSE, NEW YORK
 COMBINING BALANCE SHEET
 PERMANENT FUNDS
 JUNE 30, 2013**

| | CITY SCHOOL DISTRICT | CITY | TOTAL |
|------------------------|-------------------------|------------------|------------------|
| ASSETS: | | | |
| Pooled restricted cash | \$ - | \$ 10,000 | \$ 10,000 |
| Restricted cash | 16,962 | - | 16,962 |
| TOTAL ASSETS | \$ 16,962 | \$ 10,000 | \$ 26,962 |
| FUND BALANCES/ | | | |
| Nonspendable | \$ 16,962 | \$ 10,000 | \$ 26,962 |

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | CITY SCHOOL DISTRICT | CITY | TOTAL |
|--------------------------------------------|-------------------------|-----------|-----------|
| REVENUES/Use of money and property | \$ 26 | \$ - | \$ 26 |
| EXPENDITURES/General government support | - | - | - |
| CHANGE IN FUND BALANCE | 26 | - | 26 |
| FUND BALANCES AT BEGINNING OF YEAR | 16,936 | 10,000 | 26,936 |
| FUND BALANCES AT END OF YEAR | \$ 16,962 | \$ 10,000 | \$ 26,962 |