

BASIC FINANCIAL STATEMENTS

CITY OF SYRACUSE, NEW YORK

JUNE 30, 2010

CITY OF SYRACUSE, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Syracuse Urban Renewal Agency, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Syracuse, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Syracuse Industrial Development Agency or the Syracuse Economic Development Corporation, both of which are discretely presented component units, which collectively represent 85.1% and 95.4%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Syracuse Industrial Development Agency and Syracuse Economic Development Corporation, is based solely on the reports of the other auditors.

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

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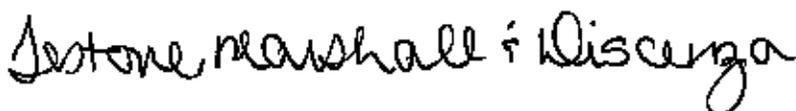
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York, as of June 30, 2010, and the respective changes in financial position and cash flows of its business-type activities, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the financial statements, the City School District of Syracuse, New York changed its policy for the capitalization of fixed assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2011, on our consideration of the City of Syracuse, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Other Postemployment Benefits-Schedule of Funding Progress on pages 3 through 16 and pages 68 through 70, respectively, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Jestone Marshall

February 9, 2011
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

Our discussion and analysis of the City of Syracuse's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010.

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

FINANCIAL HIGHLIGHTS

The City's total net assets decreased by approximately \$96.3 as a result of this year's operations. Net assets of our governmental activities decreased by \$98.8, while business-type activities increased by approximately \$2.5. This decrease will be discussed in a subsequent section of this document.

During the year, excluding capital contributions of \$6.2, the City had revenues that were \$102.5 less than the \$818.7 in total program expenses. Last year expenses exceeded revenues by \$47.2 before capital contributions of \$6.0.

In the City's business-type activities, revenues (excluding contributions) decreased to \$65.2, a 2.0% decrease from last year's revenues of \$66.5. Expenses for this year (before transfers) increased to \$68.0, an 8.1 % increase from last year's \$62.9.

In the City's governmental activities, revenues increased to \$651.1 versus last year's revenues of \$643.4, a 1.2% increase. Expenses increased this year (before transfers) to \$750.7 versus last year at \$694.2, an 8.1% increase.

Of the City's total net assets reported at June 30, 2010, \$280.6 was invested in capital assets (net of related debt) versus \$287.5 the previous year. Unrestricted net assets this year were a deficit balance of \$315.5 versus last year's deficit of \$165.4.

The City's general fund reported a deficit for this year of \$9.2, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$2.5 more than the revised budget. Expenditures, including transfers out, were approximately \$ 13.3 under the revised budget. At the end of the current fiscal year, undesignated fund balance of the City's general fund was \$32.2 and 14.8% of total general fund actual expenditures (including transfers out).

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

USING THIS ANNUAL REPORT

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

Reporting the City as a Whole

Our analysis of the City as a whole begins on page 6. This section attempts to illustrate whether the City is better off or worse off as a result of the year's activities. The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that allows the user to determine if the City's financial condition has improved or deteriorated in comparison with the previous fiscal year. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

Reporting the City as a Whole (Cont'd)

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

Reporting the City's Most Significant Funds

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

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

The City as Trustee

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

Agency funds are reported on a full accrual basis and only present a statement of assets and liabilities.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

THE CITY AS A WHOLE

The City's combined net assets decreased from \$129.9 at June 30, 2009 to \$33.6 at June 30, 2010. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

**Table 1
Net Assets
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 309.2	\$ 266.7	\$ 71.0	\$ 81.2	\$ 380.2	\$ 347.9
Capital assets	346.9	355.9	196.0	184.9	542.9	540.8
Total assets	<u>656.1</u>	<u>622.6</u>	<u>267.0</u>	<u>266.1</u>	<u>923.1</u>	<u>888.7</u>
General obligation & School Facility bonds	264.1	277.4	84.2	53.1	348.3	330.5
Other long-term liabilities	445.1	299.7	24.0	53.5	469.1	353.2
Other liabilities	62.3	62.1	9.8	13.0	72.1	75.1
Total liabilities	<u>771.5</u>	<u>639.2</u>	<u>118.0</u>	<u>119.6</u>	<u>889.5</u>	<u>758.8</u>
Net assets:						
Invested in capital assets, net of related debt	164.2	171.3	116.4	116.2	280.6	287.5
Restricted	68.5	7.8	-	-	68.5	7.8
Unrestricted (deficit)	(348.1)	(195.7)	32.6	30.3	(315.5)	(165.4)
Total net assets	<u>\$ (115.4)</u>	<u>\$ (16.6)</u>	<u>\$ 149.0</u>	<u>\$ 146.5</u>	<u>\$ 33.6</u>	<u>\$ 129.9</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 assets reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt still outstanding that was used to acquire those assets. At June 30, 2010, this balance was \$280.6 versus \$287.5 at June 30, 2009. 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, 2010**

THE CITY AS A WHOLE (CONT'D)

An additional portion of the City's total net assets, \$68.5 at June 30, 2010, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net assets. The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, total unrestricted net assets as June 30, 2010 were a *deficit* of \$315.5, versus a *deficit* at June 30, 2009 of \$165.4.

Governmental activities

Total net assets of the City's governmental activities decreased substantially from a *deficit* balance of \$16.6 at June 30, 2009 to a *deficit* balance of \$115.4 as of June 30, 2010, a decrease of \$98.8. The primary cause for this decline, as was the case in previous fiscal years, is the requirement that municipalities report a liability for the unfunded cost of providing post-employment benefits to employees. For the City of Syracuse, this represents the probable cost of providing subsidized health insurance for retirees combined with the potential for currently active employees to receive this benefit. This calculation was performed by an independent actuarial firm to arrive at a potential total liability for the potential benefit to be paid out based on the life expectancy of the present retired and active employee pool. Though this figure represents the total estimated cost of providing the benefit to all employees over many years, only a portion of this liability is required to be reported in the government-wide portion of the City's financial statements. This additional liability is reflected in the Statement of Net Assets and the Statement of Activities. The amount reported for this liability at June 30, 2010 is \$256.4, as compared with \$174.8 for the year ended June 30, 2009, an increase of \$81.6. Also, the liability for amounts which might potentially be awarded due to the City's outstanding litigation activity was increased by \$7.0. And finally, the City School District revised its capitalization policy during the fiscal year, resulting in a net downward restatement of its capital assets net of depreciation expense in the amount of \$6.3. The balance of the decrease was distributed throughout various liability and asset variances in the fiscal year.

The *deficit* in *unrestricted* net assets also increased substantially, increasing to a *deficit* of \$348.1 at June 30, 2010 compared to the previous year *deficit* of \$195.7. This was a negative change of \$152.4 in the unrestricted net assets of the City's governmental activities. This decrease is primarily a reflection of the overall drop in net assets explained above and a large increase in the amount of net assets being reported as restricted for capital projects. This amount increased by \$60.7 from \$7.8 in 2009 to 68.5. This increase reflects funds set aside for School District renovations and other capital improvements.

Business-type activities

The total net assets of the City's business-type activities increased by 1.7% for the year ended June 30, 2010 (\$149.0 compared to a previous fiscal year balance of \$146.5). This increase is simply the results of the year's business-type activities. This overall increase generally cannot be used to make up for the decrease reported in the governmental activities. The City can generally only use these net assets to finance the continuing operations of the airport, water, sewer operations and the food service program.

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on page 18. Key elements of this change are illustrated in Table 2.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

THE CITY AS A WHOLE (CONT'D)

**Table 2
Changes in Net Assets
(In Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 19.9	\$ 19.3	\$ 55.2	\$ 53.6	\$ 75.1	\$ 72.9
Grants and contributions	107.6	90.0	9.6	12.3	117.2	102.3
General revenues:						
Property taxes and tax items	86.5	87.5	-	-	86.5	87.5
Other taxes	3.7	3.5	-	-	3.7	3.5
Sales and use taxes	71.2	67.1	0.1	0.1	71.3	67.2
Unallocated State Aid	335.6	364.6	-	-	335.6	364.6
Unallocated Federal Aid	18.1	3.8	-	-	18.1	3.8
Investment earnings	1.7	3.1	.3	.5	2.0	3.6
Other general revenues	6.8	4.5	-	-	6.8	4.5
Total revenues	651.1	643.4	65.2	66.5	716.3	709.9
Program expenses						
Total governmental	750.7	694.2	-	-	750.7	694.2
School District Food Service	-	-	9.6	9.6	9.6	9.6
Aviation	-	-	37.3	33.4	37.3	33.4
Water	-	-	16.1	15.3	16.1	15.3
Sewer	-	-	5.0	4.6	5.0	4.6
Total expenses	750.7	694.2	68.0	62.9	818.7	757.1
Excess (deficiency) before transfers	(99.6)	(50.8)	(2.8)	3.6	(102.4)	(47.2)
Transfers	0.8	0.8	(0.8)	(0.8)	-	-
Capital contributions	-	-	6.2	6.0	6.2	6.0
Increase (decrease) in net assets	\$ (98.8)	\$ (50.0)	\$ 2.6	\$ 8.8	\$ (96.2)	\$ (41.2)

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

THE CITY AS A WHOLE (CONT'D)

The City's total revenues for the year ended June 30, 2010 (excluding capital contributions) increased by 0.9% (\$716.3 compared to the previous year of \$709.9). There were several substantial fluctuations that contributed to this increase. Most notably, the largest negative fluctuation was in New York State Aid which decreased by \$29.0. This decline, however, was offset by increased Federal Aid (14.3) and Operating Grants (14.9).

The total cost of all programs and services increased by approximately 8.1% (\$818.7 compared to \$757.1 in the prior year). This increase (\$61.6) is primarily due to the increase in other post-employment benefits (\$87.3) which resulted in increases in virtually all activities offset by cost containment measures within the activities.

Total revenues were not sufficient to cover this year's total costs. This deficit, combined with capital contributions of \$6.2, decreased the net assets of the City by \$96.2 for the year ended June 30, 2010 versus a decrease of \$41.2 for the year ended June 30, 2009. 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 \$643.4 for the year ended June 30, 2009 to \$651.1 for the year ended June 30, 2010, an increase of \$7.7. The primary reason for the increase was partially discussed earlier. In summary, Sales Tax revenue rose by \$4.1, supplemented by smaller variances in other revenue items.

Program expenses increased for the year ended June 30, 2010, rising from \$694.2 for the year ended June 30, 2009 to \$750.7 for the year ended June 30, 2010, a 8.1% or \$56.5 increase. The major contributor to this increase was discussed in the section immediately preceding this one.

The increase in program expenses together with the increase in governmental revenues, as discussed above, resulted in a decrease in net assets for the year ended June 30, 2010 of \$98.8 after transfers, versus a decrease in net assets for the year ended June 30, 2009 of \$50.0.

Business-type Activities

Total revenues in the City's business-type activities (See Table 2) dropped slightly by 1.5 %, or \$1.1 (\$71.4 for the year ended June 30, 2010 as compared to \$72.5 for the year ended June 30, 2009). This decrease was related to a decrease in operating and capital grant revenues of approximately \$2.7 and a \$.2 decrease in revenue from investment earnings. These decreases were offset by an increase in charges for services of \$1.6 and an increase in capital contributions of \$.2.

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

THE CITY AS A WHOLE (CONT'D)

Business-type Activities (Cont'd)

Expenses of the City's business type activities increased by 8.1%, or \$5.1 (\$68.0 versus \$62.9 last year). The bulk of this variance was a \$3.9 increase in Aviation operating costs accompanied by a \$.8 increase in Water operating costs and a \$.4 increase in Sewer costs.

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 \$156.5, which is a 7.1% decrease (\$12.0) from last year's total of \$168.5. This decrease mainly reflects a \$6.8 surplus in the School District General Fund offset by a \$9.2 decrease in the City's General Fund and an \$8.4 decrease in the balance of the Joint School Construction Board Fund. Approximately \$77.1 this year, versus \$82.6 last year, is available for spending at the government's discretion (*unreserved fund balance*). The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for a particular purpose by law or other legal provision.

- **General Fund** --- The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the general fund was \$48.6, while total fund balance was \$49.2. Last year unreserved fund balance was \$57.8 and total fund balance was \$58.4. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For the current year ending June 30, 2010, unreserved fund balance represents 22.4% of total fund expenditures (including transfers out) totaling \$217.4, while total fund balance represents 22.6% of that same amount. The fund balance of the City's general fund decreased by \$9.2 during the current fiscal year. The original adopted budget for the year ended June 30, 2010 included appropriated fund balance of \$24.9 as budget revenue to balance the budget with expenditures. Thus, from a financial statement presentation view, it would have been expected that actual expenditures would have exceeded revenues by \$24.9 if actual performance mirrored the original budget's projections. An analysis of the variance is presented in the section following titled **General Fund Budgetary Highlights**.

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

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 \$19.8. Of this amount \$1.4 was encumbered for contracts underway and \$18.4 was reserved for bonded capital projects.
- *Joint School Construction Board Fund* --- The joint school construction board fund is a school district fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The joint school construction board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. At the end of the current fiscal year, the fund had a balance of \$36.2. 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.
- *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 \$38.6, last year it was \$31.8. The increase of \$6.8 is related to continuing operating efficiencies for the year in the School District's general fund. Revenues in the School District's general fund for the year (including transfers in) were \$341.3 and expenditures (including transfers out) were \$334.4.
- *Neighborhood and Business Development Special Revenue Fund* --- The Neighborhood and Business Development fund (NBD) 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 NBD 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 \$17.4 in both revenues and expenditures. For the year ended June 30, 2009, the fund recorded revenues and expenditures of \$15.7 (recorded as the Community Development Fund). At June 30, 2010, total assets of the fund were \$11.6 and total liabilities were \$11.6. At the end of the previous fiscal year, total assets were \$ 10.4 and liabilities were \$10.4.

Proprietary funds --- The City's proprietary funds provide the same type of information found in the government - wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the airport, water, sewer and the School District's food service fund. The net assets of the proprietary funds at the end of the current fiscal year totaled \$149.0. The increase of \$2.5 in total net assets of the proprietary funds resulted from the following activity: the aviation fund declined by \$1.6; the water fund increased by \$3.2, the sewer fund increased by \$.5, and the city school district food service fund had a \$1.3 *deficit* balance.

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

THE CITY'S FUNDS (CONT'D)

General Fund Budgetary Highlights

According to the City Charter, the City must adopt its budget no later than May 8 of each year for the ensuing fiscal year beginning on July 1. The City's general fund original budget, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$227.1. Included in the estimated revenues was an appropriation of fund balance of \$24.9.

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 \$230.7, utilizing \$25.0 of fund balance. Please refer to page 68 [Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis)] for presentation of the general fund original budget and final budget.

The actual performance of the general fund resulted in a *deficit* for the current year of \$9.2, as compared to a final adopted budget with a *deficit* of \$25.0. 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 sales tax (\$1.7) and higher than anticipated property tax revenues (\$.8). Expenditures varied from projected amounts in several respects. Prominent variances of note were lower than anticipated Public Safety costs (\$6.3), General Government support costs (\$1.4), Culture and Recreation costs (\$.8), Transportation expenditures (\$3.1), Home and Community Expenditures (\$.5) and interest on short-term financing (\$.5). The higher revenues received combined with lower than expected expenditures through all of the governmental activities produced a considerable deficit reduction.

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, 2010, amounted to \$542.9 (net of accumulated depreciation). The previous year's amount was restated as \$534.4. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

The City's governmental capital assets were \$346.9 (net of accumulated depreciation) this year as compared to a restated \$349.6 balance last year. For the City's business-type activities, the balance at the end of this year was \$196.0 (net of accumulated depreciation) as compared to a restated balance of \$184.8 last year.

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Capital Assets (Cont'd)

Please refer to Note 3 in the notes to the basic financial statements for more detailed information regarding capital assets and accumulated depreciation. Additionally, Note 3 contains an explanation for the restatement of the prior year's balances.

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 -- \$10.7
- School District Machinery, Equipment and Software -- \$5.4
- School District Vehicles -- \$.5
- Fire Department Building and Facility improvements -- \$2.6
- Oiling and Flushing Equipment -- \$.5
- DPW Equipment -- \$.9
- Fire Department Equipment -- \$1.2
- Parks Improvements -- \$.3
- Parks Equipment -- \$.3
- Police Department Equipment -- \$1.7
- Sewer Department Equipment -- \$.1
- Water Department Improvements -- \$.1
- Water Department Equipment -- \$.6
- Water System Infrastructure -- \$3.0
- Airport Buildings -- \$2.9
- Airport Equipment -- \$1.4
- Airport Improvements/Infrastructure -- \$4.7

Depreciation expense for the current fiscal year was \$28.3 for governmental activities and \$13.3 for business-type activities.

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt

At year-end the City had \$40.6 outstanding in bonds and notes versus \$369.4 last year, an increase of 10.1%. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 264.1	\$ 277.4	\$ 45.2	\$ 53.1	\$ 309.3	\$ 330.5
Construction bonds payable	-	-	38.9	-	38.9	-
Construction notes payable	-	-	-	36.3	-	36.3
Bond anticipation notes	-	-	3.6	2.6	3.6	2.6
Revenue anticipation notes	54.8	-	-	-	54.8	-
Total	\$ 318.9	\$ 277.4	\$ 87.7	\$ 92.0	\$ 406.6	\$ 369.4

With respect to general obligation bonds, total new debt issued during the year was \$13.1. Proceeds were generally used to finance capital expenditures. Major projects funded with these proceeds are as follows:

- School District Vehicles -- \$.5
- Settlement of Claim -- \$3.0
- Sidewalk and Streetscape Improvements -- \$1.0
- Road Reconstruction -- \$3.0
- Traffic Signal Improvements -- \$.1
- Street Lighting Improvements -- \$.3
- Sibley's Garage Study -- \$.5
- Police Vehicles -- \$.8
- DPW Equipment -- \$.5
- Parks Equipment -- \$.3
- Fire Department Vehicles and Apparatus -- \$1.7
- Parking Garage Rehabilitation -- \$.2
- Culvert and drainage Improvements -- \$.2
- Storm Sewer Valley Drive -- \$1.0

(Continued)

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)

Long-term Debt (Cont'd)

The City redeemed \$2.6 of Bond Anticipation Notes for the Airport which were outstanding at June 30, 2009 during the current fiscal year. Bond Anticipation Notes of \$3.6 were issued during the year ended June 30, 2010 for Airport purposes. These notes were still outstanding at June 30, 2010.

The City issued \$140.8 in Revenue Anticipation Notes (RANs) during the fiscal year; \$98.8 on behalf of the School District and \$42.0 for the City for cash flow purposes. A large portion of both the City and School District's state aid is not received until the last quarter of the fiscal year; and therefore, necessitates cash flow borrowing to fund day-to-day operations. RANs in the amount of \$86.0 were paid off prior to the end of the fiscal period (\$21.0 for the City and \$65.0 for the School District). Balances outstanding at June 30, 2010 included \$21.0 for City purposes and \$33.8 for School District purposes.

The City refinanced \$36.3 in Water Department construction notes that were outstanding on June 30, 2009 with long-term bonds during the fiscal year.

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

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

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 \$373.3, which is above the City's outstanding general obligation debt after exclusions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

**CITY OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

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

In setting the budget for the year ended June 30, 2011, the City portion of the property tax levy was increased by approximately 1.5 % as compared to the previous fiscal year. The actual combined property tax levy of the City and School District for fiscal year ending June 30, 2011 is \$86.2 (\$29.4 for the City and \$56.8 for the School District), compared with the previous year of \$80.1 million (\$23.9 for the City and \$56.2 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, 2011 is \$26.4734 per \$1,000 of assessed property value (\$9.1363 for the City and \$17.3371 for the School District).

The City's budget for the year ending June 30, 2011 includes \$16.0 use of fund balance for the City General Fund and the School District included \$15.0 use of fund balance to satisfy appropriations.

The Airport fund will remain self-sufficient and will not affect the City's general fund operations for the year ending June 30, 2011.

Water and Sewer rates remain the same as the previous year. The last rate adjustment was on July 1, 2009.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

(Concluded)

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2010

	PRIMARY GOVERNMENT			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS:				
Pooled cash and cash equivalents	\$ 32,607,011	\$ 10,798,973	\$ 43,405,984	\$ -
Cash and cash equivalents	-	15,657,238	15,657,238	17,881,838
Receivables:				
Accounts	6,358,471	6,128,043	12,486,514	-
Taxes (net of allowance of \$19,689,137)	14,540,650	-	14,540,650	-
Other	921,698	15,979	937,677	263,456
Loans receivable - due within one year	5,482,180	-	5,482,180	417,613
Due from other governments	86,643,182	2,255,091	89,098,273	298,195
Due from primary government	-	-	-	538,741
Due from component units (net of allowance of \$ 5,573,338)	854,354	-	854,354	12,360
Internal balances	1,918,239	(1,918,239)	-	-
Due from fiduciary funds	76,396,438	1,190,783	77,587,221	-
Inventories	344,998	253,798	598,796	-
Other assets	114,879	1,105,112	1,219,991	1,015,220
Restricted assets:				
Pooled cash and cash equivalents	39,922,390	2,606,678	42,529,068	-
Cash and cash equivalents	40,328,820	32,244,401	72,573,221	-
Deferred charges	2,569,049	733,180	3,302,229	-
Loans receivable - due in more than one year	-	-	-	10,706,519
Notes receivable-long-term portion	-	-	-	5,500,000
Capital assets:				
Nondepreciable	93,116,740	48,897,845	142,014,585	103,793
Depreciable, net	253,797,867	147,071,003	400,868,870	1,110,682
TOTAL ASSETS	\$ 656,116,966	\$ 267,039,885	\$ 923,156,851	\$ 37,848,417
LIABILITIES:				
Accounts payable and accrued expenses	39,373,044	8,718,793	48,091,837	750,536
Accrued interest expense	1,789,107	611,200	2,400,307	152,943
Due to other governments	6,580,902	-	6,580,902	10,593
Due to fiduciary funds	25,550	-	25,550	-
Due to component units	51,648	25,303	76,951	429,636
Deferred revenues	13,818,272	454,251	14,272,523	3,228,124
Other liabilities	618,634	-	618,634	-
Long-term liabilities - due within one year	121,984,486	11,975,368	133,959,854	2,547,000
Due to primary government - due within one year	-	-	-	1,005,851
Long-term liabilities - due in more than one year	587,249,965	96,266,456	683,516,421	8,175,000
Due to primary government - due in more than one year	-	-	-	5,816,093
Due to other component units-due in more than one year	-	-	-	15,496,014
Total liabilities	<u>771,491,608</u>	<u>118,051,371</u>	<u>889,542,979</u>	<u>37,611,792</u>
NET ASSETS:				
Invested in capital assets, net of related debt	164,160,548	116,442,609	280,603,157	(261,473)
Restricted for:				
Debt service	11,754,596	-	11,754,596	-
Project Orange	258,404	-	258,404	-
EMS training	247,399	-	247,399	-
Trusts and permanent funds	925,661	-	925,661	-
Special Grants	797,045	-	797,045	-
Clinton Square Project	43,488	-	43,488	-
Parking Mitigation	-	-	-	2,200,000
Capital Projects	54,561,192	-	54,561,192	-
Grant and loan programs	-	-	-	6,683,271
Unrestricted	(348,122,975)	32,545,905	(315,577,070)	(8,385,173)
Total net assets	<u>(115,374,642)</u>	<u>148,988,514</u>	<u>33,613,872</u>	<u>236,625</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 656,116,966	\$ 267,039,885	\$ 923,156,851	\$ 37,848,417

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Fees, Fines and Charges for Services	Operating		Governmental Activities	Primary Government Business-type Activities	Total	
			Grants and Contributions	Capital Grants and Contributions				
PRIMARY GOVERNMENT:								
Governmental Activities:								
General government support	\$ 92,444,586	\$ 3,512,112	\$ 2,551,116	\$ 733,261	\$ (85,847,997)	\$ -	\$ (85,847,997)	\$ -
Police department	94,557,491	5,239,231	2,544,092	-	(86,774,168)	-	(86,774,168)	-
Fire department	56,730,881	80,725	350,471	-	(56,299,685)	-	(56,299,685)	-
Other public safety	6,139,024	2,921,101	-	-	(3,217,923)	-	(3,217,923)	-
Transportation	47,179,572	6,221,499	1,555,929	7,826,195	(31,575,949)	-	(31,575,949)	-
Economic opportunity and development	1,514,850	-	1,425,034	-	(88,816)	-	(88,816)	-
Home and community services	32,064,116	1,404,388	18,884,243	-	(11,775,485)	-	(11,775,485)	-
Culture and recreation	13,788,314	384,150	449,025	-	(12,955,139)	-	(12,955,139)	-
Education	371,891,215	160,723	71,141,738	-	(300,588,754)	-	(300,588,754)	-
Pupil transportation	20,903,401	-	299,144	-	(20,604,257)	-	(20,604,257)	-
Interest on long-term debt	13,492,355	-	-	-	(13,492,355)	-	(13,492,355)	-
Total governmental activities	750,705,805	19,923,929	99,001,792	8,559,556	(623,220,528)	-	(623,220,528)	-
Business-type Activities:								
Aviation	37,268,364	29,152,985	-	-	-	(8,115,379)	(8,115,379)	-
Water	16,110,528	20,051,919	-	-	3,941,391	-	3,941,391	-
Sewer	5,035,228	5,377,551	-	178,315	520,638	-	520,638	-
Food service	9,628,583	648,703	9,403,802	-	423,922	-	423,922	-
Total business-type activities	68,042,703	55,231,158	9,403,802	178,315	(3,229,428)	-	(3,229,428)	-
TOTAL PRIMARY GOVERNMENT	\$ 818,748,508	\$ 75,155,087	\$ 108,405,594	\$ 8,737,871	(623,220,528)	(3,229,428)	(626,449,956)	-
Component units:								
Syracuse Industrial Development Agency	12,575,451	5,909,680	2,225,035	-	-	-	-	(5,040,736)
Syracuse Economic Development Corporation	12,341,102	1,454,334	300,000	-	-	-	-	(10,586,768)
Syracuse Urban Renewal Agency	1,341,012	5,182	503,422	-	-	-	-	(832,408)
TOTAL COMPONENT UNITS	\$ 26,257,565	\$ 6,769,196	\$ 3,028,457	\$ -	-	-	(6,744,915)	(16,459,912)
General revenues:								
Property taxes and tax items					86,541,662	-	86,541,662	951,533
Sales and use taxes					71,218,505	50,000	71,268,505	-
Other taxes					3,705,911	-	3,705,911	-
Unallocated state aid					335,649,992	-	335,649,992	-
Unallocated federal aid					18,084,394	-	18,084,394	-
Investment earnings					1,657,589	293,356	1,950,945	93,517
Capital contributions					-	6,241,742	6,241,742	-
Transfers					800,000	(800,000)	-	-
Miscellaneous					6,744,915	-	6,744,915	330,775
Total general revenues, transfers and special items					524,402,968	5,785,098	530,188,066	1,375,825
Change in net assets					(98,817,560)	2,555,670	(96,261,890)	(15,084,087)
Net assets at beginning of year (as restated)					(16,557,082)	146,432,844	129,875,762	15,320,712
Net assets at end of year					\$ (115,374,642)	\$ 148,988,514	\$ 33,513,872	\$ 236,625

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

CITY OF SYRACUSE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Capital Projects Fund	Joint Schools Construction Board	Special Revenue			Total Governmental Funds
				City School District	Neighborhood & Business Development	Nonmajor Governmental Funds	
\$ 23,991,985	\$ 8,265,383	-	-	\$ -	\$ -	\$ 349,643	\$ 32,607,011
21,000,000	10,844,372	-	36,869,720	-	3,442,714	16,886	39,972,390
-	-	-	-	-	5,482,180	-	40,328,820
1,829,455	-	-	-	946,248	9,200	-	5,482,180
10,693,135	-	-	-	3,905,515	-	4,519,816	7,904,719
8,812,784	4,491,048	-	-	69,098,843	-	265,695	14,864,345
36,137,566	3,773,248	-	-	43,449,693	1,857,267	1,231,541	83,316,377
53,956	-	-	-	460,877	890,398	-	854,254
-	-	-	-	-	-	-	460,877
\$ 97,518,881	\$ 27,374,051	\$ 37,406,533	\$ 117,861,176	\$ 11,591,259	\$ 19,839,488	\$ -	\$ 311,590,388

ASSETS:

Pooled cash and cash equivalents
Pooled restricted cash and cash equivalents
Restricted cash and cash equivalents
Loans receivable
Accounts receivable
Taxes receivable (net of allowance of \$19,889,137)
Due from other funds
Due from other governments
Due from component units (net of allowance of \$5,573,338)
Other assets

TOTAL ASSETS

LIABILITIES AND FUND BALANCES:

Liabilities:
Accounts payable and accrued expenses
Revenue anticipation notes
Due to other funds
Due to other governments
Due to component units
Deferred revenues
Amounts due to retirement systems
Accrued compensated absences
Self-insurance claims
Other liabilities

Total liabilities:

Fund Balances:

Reserved for encumbrances
Reserved for bonded capital projects
Reserved for Project Orange
Reserved for EMS Training
Reserved for Clinton Square Maintenance
Reserved for debt ISCB
Reserved for bonded debt
Reserved for trusts and permanent funds
Unreserved:
Designated
Undesignated

Total fund balances

TOTAL LIABILITIES AND FUND BALANCES

\$ 7,545,311	\$ 4,030,581	\$ 1,203,262	\$ 23,792,395	\$ 2,406,210	\$ 354,684	\$ -	\$ 39,373,043
21,000,000	-	-	33,800,000	-	-	-	54,800,000
-	3,586,955	-	-	248,916	1,191,379	-	5,027,250
23,024	-	-	6,557,878	-	-	-	6,580,902
10,715,990	-	-	23,400	23,880	4,368	51,648	14,864,345
3,898,272	-	-	8,206,659	-	5,558,016	-	24,480,605
290,000	-	-	13,507,214	-	-	-	17,403,486
4,680,501	-	-	1,539,173	-	-	-	1,739,173
-	-	-	-	705,594	-	-	4,880,501
-	-	-	-	-	-	-	705,594
48,303,638	7,617,536	1,203,262	79,220,060	11,591,259	7,108,487	-	155,044,202

\$ 89,144	\$ 1,397,594	\$ -	\$ 10,157,788	\$ -	\$ -	\$ -	\$ 11,644,526
258,404	18,358,921	-	-	-	-	-	18,358,921
247,399	-	-	-	-	-	-	258,404
43,488	-	-	-	-	-	-	247,399
-	-	36,202,271	-	-	-	-	43,488
-	-	-	-	-	-	-	56,202,271
-	-	-	-	-	11,754,596	-	11,754,596
-	-	-	-	-	925,661	-	925,661
16,396,000	-	-	28,483,308	-	-	-	44,879,308
32,180,808	-	-	-	-	50,784	-	32,231,592
49,213,243	19,756,515	36,202,271	38,641,116	-	12,731,041	-	156,546,186
\$ 97,518,881	\$ 27,374,051	\$ 57,406,533	\$ 117,861,176	\$ 11,591,259	\$ 19,839,488	\$ -	\$ 311,590,388

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances for governmental funds	\$ 156,546,186
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	346,914,607
Receivable not received within 60 days and therefore not reported in the funds.	393,867
Revenue collected after year end but not available to pay for current year expenditures and deferred in funds.	10,338,638
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.	(630,347,882)
Deferred charges expensed as incurred in funds.	2,569,049
Accrued interest not reported in the funds.	<u>(1,789,107)</u>
Total net assets of governmental activities	<u>\$ (115,374,642)</u>

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Capital Projects Fund	Joint Schools Construction Board	Special Revenue			Total Governmental Funds
				City School District	Neighborhood & Business Development	Nonmajor Governmental Funds	
REVENUES:							
General property taxes and tax items	\$ 29,192,100	\$ -	\$ -	\$ 56,036,474	\$ -	\$ 3,042,175	\$ 88,270,749
Sales and user taxes	66,919,011	-	-	4,299,493	-	-	71,218,504
Other local taxes	3,705,911	-	-	-	-	733,361	4,439,272
Departmental revenues	9,777,530	-	-	-	-	-	9,777,530
Intergovernmental charges	782,975	-	-	-	-	-	782,975
Licenses and permits	2,131,509	-	-	-	-	-	2,131,509
Fines and forfeitures	3,638,864	-	-	-	-	-	3,638,864
Sale of property and compensation for loss	644,483	-	-	242,233	-	-	886,716
Use of money and property	289,893	59,545	968	1,042,800	-	385,730	1,778,936
Federal and state and other grants	80,530,510	8,671,728	-	351,874,164	17,378,469	2,778,314	461,233,185
Other revenues	6,844,418	140,000	-	479,547	-	403,204	7,867,169
Total revenues	204,457,224	8,871,273	968	413,974,711	17,378,469	7,342,784	652,025,429
EXPENDITURES:							
Current							
General government support	24,831,295	-	-	50,962,880	794,550	876,416	77,365,141
Public safety	125,667,982	-	-	-	-	2,828,396	128,496,378
Transportation	23,488,804	-	-	-	-	2,319,548	25,808,352
Economic opportunity and development	88,816	-	-	-	1,426,034	-	1,514,850
Home and community services	13,469,064	-	-	2,405,660	15,157,885	26,368	31,059,977
Culture and recreation	9,683,315	-	-	-	-	55,845	9,739,160
Education	-	-	-	334,502,938	-	-	334,502,938
Principal debt payments	154,641	-	-	1,060,853	-	25,356,809	25,356,809
Interest on debt	-	21,611,145	-	-	-	11,826,405	13,031,879
Capital outlays	-	21,611,145	8,368,918	388,822,311	-	43,289,787	29,980,063
Total expenditures	197,383,917	21,611,145	8,368,918	388,822,311	17,378,469	43,289,787	676,854,547
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,073,307	(12,739,872)	(8,367,950)	25,152,400	-	(35,949,003)	(24,829,118)
OTHER FINANCING SOURCES (USES):							
Bond proceeds	3,000,000	9,056,500	-	-	-	-	12,056,500
Operating transfers in	800,000	3,028,950	3,388,413	3,666,998	-	36,998,150	47,882,511
Operating transfers out	(20,041,069)	(1,503,678)	(3,388,413)	(21,964,288)	-	(185,063)	(47,082,511)
Total other financing sources (uses) - net	(16,241,069)	10,581,772	-	(18,297,290)	-	36,813,087	12,856,500
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(9,167,762)	(2,158,100)	(8,367,950)	6,855,110	-	866,084	(11,972,618)
FUND BALANCES AT BEGINNING OF YEAR	58,383,005	21,914,615	44,570,221	31,786,006	-	11,864,957	168,518,804
FUND BALANCES AT END OF YEAR	\$ 49,215,243	\$ 19,756,515	\$ 36,202,271	\$ 38,641,116	\$ -	\$ 12,731,041	\$ 156,546,186

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

CITY OF SYRACUSE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds		\$ (11,972,618)
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p>		
<p>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.</p>		
	1,261,237	
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal or a capital lease obligation is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.</p>		
Debt issued:		
Bonds payable	(12,056,500)	
Repayments:		
Bond principal	25,356,809	13,300,309
<p>Revenue in the Statement of Activities that does not provide current financial resources and is not reported in the funds.</p>		
		2,256,194
<p>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.</p>		
		(100,093,900)
<p>Revenue recorded in the funds has been previously recognized in the Statement of Activities.</p>		
		(3,108,306)
<p>In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		(460,476)
Net change in net assets of governmental activities		\$ (98,817,560)

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Enterprise Funds					
	Business-type Activities				City School District-Food Service	
	Aviation	Water	Sewer	Total City	Service	Total
ASSETS:						
Current:						
Pooled cash and cash equivalents	\$ -	\$ 6,581,333	\$ 4,120,826	\$ 10,702,159	\$ 96,814	\$ 10,798,973
Cash and cash equivalents	15,657,238	-	-	15,657,238	-	15,657,238
Accounts receivable	2,740,063	2,625,492	762,488	6,128,043	-	6,128,043
Due from other governments	1,442,772	-	-	1,442,772	812,319	2,255,091
Due from other funds	60,500	-	-	60,500	1,190,783	1,251,283
Inventories	-	-	-	-	233,798	233,798
Prepaid expenses and other	150,661	873,827	41,224	1,105,112	15,979	1,121,091
Total current assets	20,090,634	10,080,652	4,924,538	35,095,824	2,369,693	37,465,517
Noncurrent:						
Pooled restricted cash and cash equivalents	-	1,209,375	1,397,303	2,606,678	-	2,606,678
Restricted cash and cash equivalents	25,101,925	7,142,476	-	32,244,401	-	32,244,401
Deferred charges	733,180	-	-	733,180	-	733,180
Due from other funds	393,750	-	-	393,750	-	393,750
Capital assets (net)	111,693,485	72,221,734	11,963,768	195,878,987	89,861	195,968,848
Total noncurrent assets	137,922,340	80,573,585	13,361,071	231,856,996	89,861	231,946,857
TOTAL ASSETS	\$ 158,012,974	\$ 90,654,237	\$ 18,285,609	\$ 266,952,820	\$ 2,459,554	\$ 269,412,374
LIABILITIES:						
Current:						
Accounts payable and accrued expenses	\$ 4,174,546	\$ 3,854,547	\$ 134,515	\$ 8,163,608	\$ 355,185	\$ 8,718,793
Bond anticipation notes payable	3,567,000	-	-	3,567,000	-	3,567,000
Capital lease obligation	39,626	-	-	39,626	-	39,626
Accrued interest	422,263	136,396	52,341	611,200	-	611,200
Due to other funds	2,372,489	-	-	2,372,489	-	2,372,489
Due to component unit	12,636	12,667	-	25,303	-	25,303
Current portion of bonds payable	3,064,232	2,686,662	491,774	6,242,669	-	6,242,668
Amounts due to retirement systems	212,145	111,818	42,096	366,059	197,069	563,128
Accrued compensated absences	226,327	26,157	15,112	267,596	186,608	454,204
Self-insurance claims	289,995	492,238	220,458	1,002,691	106,051	1,108,742
Deferred revenue	60,500	-	-	60,500	-	60,500
Total current liabilities	14,441,759	7,320,685	956,296	22,718,740	1,044,913	23,763,653
Noncurrent:						
Bonds - net of current portion	16,081,362	54,372,562	7,497,482	77,951,406	-	77,951,406
Capital lease obligation - net of current portion	188,644	-	-	188,644	-	188,644
Amounts due to retirement systems	123,190	-	-	123,190	-	123,190
Accrued compensated absences	-	306,591	98,806	405,397	-	405,397
Self-insurance claims	167,126	327,445	146,594	641,165	401,743	1,042,908
Other postemployment benefits	5,377,500	6,237,800	2,671,000	14,286,300	2,268,611	16,554,911
Deferred revenue	393,751	-	-	393,751	-	393,751
Total noncurrent liabilities	22,331,573	61,244,398	10,413,882	93,989,853	2,670,354	96,660,207
Total liabilities	36,773,332	68,565,083	11,370,178	116,708,593	3,715,267	120,423,860
NET ASSETS:						
Invested in capital assets, net of related debt	88,953,483	21,992,267	5,406,998	116,352,748	89,861	116,442,609
Unrestricted:						
Designated	-	1,000,000	-	1,000,000	-	1,000,000
Undesignated	32,286,159	(903,113)	1,508,433	32,891,479	(1,345,574)	31,545,905
Total net assets	121,239,642	22,089,154	6,915,431	150,244,227	(1,255,713)	148,988,514
TOTAL LIABILITIES AND NET ASSETS	\$ 158,012,974	\$ 90,654,237	\$ 18,285,609	\$ 266,952,820	\$ 2,459,554	\$ 269,412,374

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities					
	Enterprise Funds				City School District - Food Service	
	Aviation	Water	Sewer	Total City		Total
OPERATING REVENUES:						
Charges for services	\$ -	\$ 19,484,304	\$ 5,366,956	\$ 24,851,260	\$ 648,703	\$ 25,499,963
Federal and state sources	-	-	-	-	8,724,371	8,724,371
Landing fees	4,749,984	-	-	4,749,984	-	4,749,984
Parking rents	3,348,020	-	-	3,348,020	-	3,348,020
Terminal rents	8,720,490	-	-	8,720,490	-	8,720,490
Concession	5,925,986	-	-	5,925,986	-	5,925,986
Miscellaneous	69,962	567,615	10,593	648,172	-	648,172
Total operating revenues	25,014,442	20,051,919	5,377,551	50,443,912	9,373,074	59,816,986
OPERATING EXPENSES:						
Cost of sales and services	8,442,350	13,371,799	4,162,885	25,977,034	9,293,584	35,272,618
Administration	16,383,309	420,366	6,452	16,810,121	300,805	17,110,926
Depreciation	11,323,762	1,336,310	608,574	13,268,646	32,194	13,300,840
Uncollectible accounts	24,986	280,822	-	305,808	-	305,808
Total operating expenses	36,174,401	15,409,297	4,777,911	36,361,600	9,628,583	63,990,192
NET OPERATING INCOME (LOSS)	(11,159,959)	4,642,622	599,640	(3,917,697)	(255,509)	(6,173,205)
NONOPERATING REVENUES (EXPENSES):						
Sales tax	-	50,000	-	50,000	-	50,000
Grants received	-	-	178,315	178,315	-	178,315
Passenger facility charges	4,138,543	-	-	4,138,543	-	4,138,543
Donated commodities	-	-	-	-	679,431	679,431
Investment income	224,919	43,298	22,985	293,202	154	293,356
Interest expense	(1,093,963)	(701,231)	(257,317)	(2,052,511)	-	(2,052,511)
Total nonoperating revenues (expenses) net	3,269,499	(605,933)	(56,017)	2,607,549	679,585	3,287,134
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND OPERATING TRANSFERS	(7,890,460)	4,036,689	543,623	(3,310,148)	424,076	(2,886,072)
CAPITAL CONTRIBUTIONS	6,241,742	-	-	6,241,742	-	6,241,742
OPERATING TRANSFERS OUT	-	(800,000)	-	(800,000)	-	(800,000)
CHANGE IN NET ASSETS	(1,648,718)	3,236,689	543,623	2,131,594	424,076	2,555,670
NET ASSETS AT BEGINNING OF YEAR (AS RESTATED)	122,888,360	18,852,465	6,371,808	148,112,633	(1,679,789)	146,432,844
NET ASSETS AT END OF YEAR	\$ 121,239,642	\$ 22,089,154	\$ 6,915,431	\$ 150,244,227	\$ (1,255,713)	\$ 148,988,314

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total - City	City School District - Food Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$ 24,282,291	\$ 19,982,669	\$ 5,344,832	\$ 49,609,792	\$ 648,834	\$ 50,258,626
Receipts from federal and state sources	-	-	-	-	8,571,149	8,571,149
Payments to vendors	(15,115,301)	(9,528,299)	(1,236,320)	(25,880,120)	(3,119,918)	(29,400,038)
Payments to employees	(4,459,922)	(2,627,002)	(1,815,924)	(11,902,848)	(4,813,080)	(16,715,928)
Interfund activity—receipts and (payments) with other funds - net	719,853	-	-	719,853	(995,324)	(275,471)
Claims paid	(1,438,756)	(1,491,426)	(322,482)	(3,252,664)	-	(3,252,664)
Net cash provided by (utilized in) operating activities	<u>3,988,165</u>	<u>3,335,942</u>	<u>1,969,906</u>	<u>9,294,013</u>	<u>(108,339)</u>	<u>9,185,674</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating subsidies and transfers to other funds	-	(800,000)	-	(800,000)	-	(800,000)
Payments from other governments	-	2,501,750	267,492	2,769,242	1,729	2,770,971
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,701,750</u>	<u>267,492</u>	<u>1,969,242</u>	<u>1,729</u>	<u>1,970,971</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from capital debt	3,567,000	39,208,930	1,000,000	43,775,930	-	43,775,930
Capital contributions	5,478,348	-	-	5,478,348	-	5,478,348
Purchases of capital assets	(12,124,808)	(1,605,725)	(602,191)	(24,332,724)	-	(24,332,724)
Principal paid on capital debt	(6,617,544)	(41,014,858)	(461,677)	(48,094,079)	-	(48,094,079)
Interest paid on capital debt	(1,173,137)	(718,042)	(259,438)	(2,150,617)	-	(2,150,617)
Other receipts	9,997,125	30,000	-	4,147,125	-	4,147,125
Net cash utilized in capital and related financing activities	<u>(6,773,016)</u>	<u>(14,079,695)</u>	<u>(323,306)</u>	<u>(21,176,017)</u>	<u>-</u>	<u>(21,176,017)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest and dividends received	224,919	45,298	22,985	293,202	154	293,356
Net cash provided by investing activities	<u>224,919</u>	<u>45,298</u>	<u>22,985</u>	<u>293,202</u>	<u>154</u>	<u>293,356</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,559,932)	(8,996,705)	1,937,077	(9,619,560)	(106,456)	(9,726,016)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	43,319,095	21,929,889	3,581,052	70,830,036	209,270	71,033,306
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 40,759,163	\$ 14,933,184	\$ 5,518,129	\$ 61,210,476	\$ 96,814	\$ 61,307,290
Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:						
Operating income (loss)	\$ (11,159,959)	\$ 4,642,622	\$ 399,640	\$ (5,917,697)	\$ (255,509)	\$ (6,173,206)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	11,323,762	1,336,310	608,574	13,268,646	32,194	13,300,840
Uncollectible accounts	24,986	280,822	-	305,808	-	305,808
Donated commodities	-	-	-	-	679,431	679,431
Change in assets and liabilities:						
Accounts receivable	(671,652)	(68,150)	(32,719)	(773,621)	-	(773,621)
Deferred charges	139,233	(671,799)	2,412	(530,154)	-	(530,154)
Due to other funds	719,853	-	-	719,853	(995,324)	(275,471)
Due to component units	3,754	(27,412)	-	(23,658)	-	(23,658)
Due from other governments	-	-	-	-	(153,092)	(153,092)
Inventories	-	-	-	-	(68,353)	(68,353)
Prepaid expenses and other	38,835	-	-	38,835	-	38,835
Accounts payable and accrued expenses	1,473,173	(4,376,325)	(128,972)	(3,032,124)	(55,671)	(3,087,795)
Amounts due to retirement systems	(1,396)	23,342	8,810	30,756	(30,176)	580
Self-insurance claims	2,151,062	2,140,182	913,340	5,204,584	687,625	5,912,209
Accrued compensated absences	7,013	37,450	(1,179)	43,284	50,536	93,820
Other liabilities	-	-	-	-	-	-
Deferred revenue	(60,499)	-	-	(60,499)	-	(60,499)
Net cash provided by (utilized in) operating activities	<u>\$ 3,988,165</u>	<u>\$ 3,335,942</u>	<u>\$ 1,969,906</u>	<u>\$ 9,294,013</u>	<u>\$ (108,339)</u>	<u>\$ 9,185,674</u>

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

**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	\$ 20,002,901	\$ 23,316,194	\$ 43,319,095
Water Fund	370,768	23,559,121	23,929,889
Sewer Fund	3,128,917	452,135	3,581,052
Food Service Fund	203,270	-	203,270
Total beginning of year	<u>\$ 23,705,856</u>	<u>\$ 47,327,450</u>	<u>\$ 71,033,306</u>
End of Year:			
Aviation Fund	\$ 15,657,238	\$ 25,101,925	\$ 40,759,163
Water Fund	6,581,333	8,351,851	14,933,184
Sewer Fund	4,120,826	1,397,303	5,518,129
Food Service Fund	96,814	-	96,814
Total end of year	<u>\$ 26,456,211</u>	<u>\$ 34,851,079</u>	<u>\$ 61,307,290</u>

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	City						Total			
	Pension Trust Fund	Private Purpose Funds	Coca Cola & Mayor's Round Ball		Agency Funds	Total City		Combined City School District		
			Local Police Pension Fund	1,625					-	
									-	-
ASSETS:										
Pooled restricted cash and cash equivalents	\$ 337,158	\$ 1,625	\$ 79,661,761	\$ 80,000,544	\$ 80,000,544	\$ -	\$ 80,000,544			
Restricted cash	-	-	-	-	-	662,408	662,408			
Taxes receivable	-	-	52,238,541	52,238,541	52,238,541	-	52,238,541			
Due from other funds	-	-	-	-	-	25,550	25,550			
TOTAL ASSETS	337,158	1,625	131,900,302	132,239,085	132,239,085	687,958	132,927,043			
LIABILITIES:										
Accounts payable and accrued expenditures	-	-	11,884	11,884	11,884	-	11,884			
Due to other funds	-	-	77,586,221	77,586,221	77,586,221	1,000	77,587,221			
Due to other governments	-	-	932,963	932,963	932,963	-	932,963			
Deferred revenue	-	-	52,238,541	52,238,541	52,238,541	-	52,238,541			
Other liabilities	-	-	1,130,693	1,130,693	1,130,693	582,253	1,712,946			
TOTAL LIABILITIES	-	-	131,900,302	131,900,302	131,900,302	582,253	132,482,555			
NET ASSETS:										
Held in trust	\$ 337,158	\$ 1,625	\$ -	\$ 338,783	\$ 338,783	\$ 104,705	\$ 443,488			

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

CITY OF SYRACUSE, NEW YORK
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Pension Trust Fund		Private Purpose Funds		Total City	Combined City School District		Total
	Local Police Pension Fund		Coca Cola & Mayor's Round Ball			City School District		
ADDITIONS:								
Contributions	\$ -	\$ -	\$ 13,420	\$ -	\$ 13,420	\$ 8,966	\$ -	\$ 22,386
Local sources and other	-	-	-	-	-	6,551	-	6,551
Total additions	-	-	13,420	-	13,420	15,517	-	28,937
DEDUCTIONS:								
Scholarships and awards	-	-	-	-	-	11,100	-	11,100
Other expenses	-	-	16,589	-	16,589	-	-	16,589
Total deductions	-	-	16,589	-	16,589	11,100	-	27,689
CHANGE IN NET ASSETS	-	-	(3,169)	(3,169)	(3,169)	4,417	-	1,248
NET ASSETS AT BEGINNING OF YEAR	337,158		4,794		341,952	100,288		442,240
NET ASSETS AT END OF YEAR	\$ 337,158	\$ -	\$ 1,625	\$ -	\$ 338,783	\$ 104,705	\$ -	\$ 443,488

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2010

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
ASSETS:				
Cash and cash equivalents	\$ 10,464,016	\$ 2,404,391	\$ 5,013,431	\$ 17,881,838
Other receivables	240,272	23,184	-	263,456
Loans receivable-current portion	71,700	345,913	-	417,613
Due from other governments	-	272,863	25,332	298,195
Due from primary government	-	-	538,741	538,741
Due from other component units	-	-	12,360	12,360
Other assets	1,915,220	-	-	1,915,220
Loans receivable - long-term portion	6,397,250	4,309,269	-	10,706,519
Notes receivable-long-term portion	-	5,500,000	-	5,500,000
Capital assets:				
Nondepreciable	50,000	-	53,793	103,793
Depreciable, net	1,013,515	85,000	12,157	1,110,682
TOTAL ASSETS	\$ 19,251,973	\$ 12,940,620	\$ 5,655,824	\$ 37,848,417
LIABILITIES:				
Accounts payable and accrued expenses	\$ 146,015	\$ 341,082	\$ 263,519	\$ 750,616
Accrued interest expense	152,943	-	-	152,943
Due to other governments	-	-	10,595	10,595
Due to primary government	-	290,594	715,257	1,005,851
Due to other component units	-	429,636	-	429,636
Deferred revenue	-	-	3,228,124	3,228,124
Non-current liabilities:				
Due within one year	2,547,000	-	-	2,547,000
Due within more than one year	8,175,000	-	-	8,175,000
Due to primary government - long-term portion	2,020,353	3,793,740	-	5,814,093
Due to other component units-long-term portion	-	13,496,014	-	13,496,014
Total liabilities	13,041,311	20,352,986	4,217,495	37,611,792
NET ASSETS:				
Invested in capital assets	(327,433)	-	63,960	(263,473)
Restricted for Lakefront Development programs	2,781,129	-	-	2,781,129
Restricted for Urban Development Action Grant	-	674,018	-	674,018
Restricted for Grant programs	-	-	3,228,124	3,228,124
Restricted for Parking Mitigation	2,200,000	-	-	2,200,000
Unrestricted	1,556,966	(8,086,384)	(1,835,755)	(8,365,173)
Total net assets (Deficit)	6,210,662	(7,412,366)	1,438,329	236,625
TOTAL LIABILITIES AND NET ASSETS	\$ 19,251,973	\$ 12,940,620	\$ 5,655,824	\$ 37,848,417

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2010

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
EXPENSES:				
Destiny USA Fee to City of Syracuse and Onondaga County Economic Development	\$ 3,800,000	\$ -	\$ -	\$ 3,800,000
Development projects	565,198	406,936	1,341,012	2,313,146
Loan programs	5,458,771	-	-	5,458,771
Parking garage	1,398,218	-	-	1,398,218
Rental of real property	228,087	-	-	228,087
Loss on sale of Day's Centennial Plaza Project	-	1,478,617	-	1,478,617
Impairment of investment properties	-	10,435,549	-	10,435,549
	1,125,177	-	-	1,125,177
Total expenses	12,375,451	12,341,102	1,341,012	26,257,565
PROGRAM REVENUE:				
Charges for services	3,309,680	1,454,334	5,182	6,769,196
Operating grants	2,225,035	300,000	503,422	3,028,457
Total program revenue	7,534,715	1,754,334	508,604	9,797,653
NET PROGRAM EXPENSE	(5,040,736)	(10,586,768)	(832,408)	(16,459,912)
GENERAL REVENUE:				
Property taxes	951,533	-	-	951,533
Investment earnings	72,150	17,683	3,684	93,517
Miscellaneous	50,092	280,683	-	330,775
Total general revenue	1,073,775	298,366	3,684	1,375,825
CHANGES IN NET ASSETS	(3,966,961)	(10,288,402)	(828,724)	(15,084,087)
NET ASSETS AT BEGINNING OF YEAR	10,177,623	2,876,036	2,267,053	15,320,712
NET ASSETS (DEFICIT) AT END OF YEAR	\$ 6,210,662	\$ (7,412,366)	\$ 1,438,329	\$ 236,625

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Syracuse, New York (the City) was incorporated in 1848 and operates under an elected Mayor. The Common Council is the elected legislative body and consists of a Council President and four members elected at large plus five district members. The City provides service of general government, public works, public safety, education, community enrichment and economic development to its approximately 138,000 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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

Blended Component Units:

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

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

Discretely Presented Component Units:

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

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

(Continued)

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

A. Financial Reporting Entity (Cont'd)

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

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

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

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Assets and Statement of Activities present financial information about the reporting government as a whole. They include all funds of the reporting entity except those that are fiduciary. The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. Eliminations have been made to minimize the double counting of internal transactions. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Statement of Activities presents a comparison between program expenses and revenues for each function of the City's activities. Direct expenses are those that are specifically associated with and are clearly identified to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

(Continued)

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

B. Basis of Presentation (Cont'd)

Government-wide Financial Statements (Cont'd):

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

Fund Financial Statements:

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

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

The funds of the financial reporting entity are described below:

(Continued)

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

B. Basis of Presentation (Cont'd)

Governmental Fund Types:

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Fund

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

Joint Schools Construction Board (JSCB) Fund

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

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

B. Basis of Presentation (Cont'd)

Permanent Fund

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

Proprietary Fund Types:

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

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

Aviation Fund

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

Food Service Fund

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

(Continued)

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

B. Basis of Presentation (Cont'd)

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

Agency Funds

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

Pension Trust Fund

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

Private Purpose Funds

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

Major and Nonmajor Funds

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

Major Funds:

- General Fund - See above for description.
- Special Revenue funds:

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

Neighborhood & Business Development (formerly the Community Development Fund) - This fund is used to account for Federal funds received for community development purposes.

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

(Continued)

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

B. Basis of Presentation (Cont'd)

Major and Nonmajor Funds (Cont'd)

- **Proprietary Funds:**

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

Nonmajor Funds:

- **Special Revenue Funds:**

 - Special Grants
 - Special Assessment Districts
 - Local Development
 - Oil and Flushing
 - Miscellaneous Trust Funds

- **Debt Service Fund**

- **Permanent Funds:**

 - Francis Hendrick's
 - The Ed Smith School Fund

- **Proprietary Funds:**

 - Sewer
 - City School District - Food Service

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

C. Measurement Focus and Basis of Accounting

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

(Continued)

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

(Continued)

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

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

Basis of Accounting (Cont'd)

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

D. Budgets and Budgetary Accounting

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

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

All unencumbered budget appropriations lapse at year-end. The General Fund's budget is adopted on a departmental basis, which is the level of control at which expenditures may not legally exceed appropriations. On a budgetary basis, current year encumbrances are included with expenditures, while expenditures of prior years' encumbrances are excluded.

The Common Council follows these procedures in establishing the budgetary data reported in the financial statements:

- By April 8th, the Mayor submits to the Common Council operating budgets for the City and City School District, including the means of financing them, for the fiscal year commencing the following July 1st.
- Following a public hearing on the proposed budget, the Common Council must adopt the proposed or amended budget no later than May 8th.
- Any amendments approved by the Common Council are presented to the Mayor for consideration. Should the Mayor object to any amendment, the Common Council has an opportunity to override the Mayor's objection until June.

(Continued)

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

D. Budgets and Budgetary Accounting (Cont'd)

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

E. Cash Equivalents

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

F. Receivables

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

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

G. Inventories

Inventories of food and/or supplies in the Food Service Fund, included as a proprietary fund, are recorded at cost on a first-in, first-out basis or, in the case of commodities, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

(Continued)

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

H. Capital Assets (Fixed Assets)

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

Government-wide Financial Statements

In the government-wide financial statements, capital assets are defined by the City 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, 2010 amounted to \$422,915.

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

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

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

(Continued)

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

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Equity Classifications

Government-wide Financial Statements

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

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

(Continued)

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

K. Equity Classifications (Cont'd)

- b. Restricted net assets - net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Financial Statements

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

L. Retirement and Other Postemployment Benefits

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

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

(Continued)

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

M. Revenue, Expenditures and Expenses

Property Taxes

The property tax levy is approved by the Common Council in May for the following year on the basis of the final assessment roll 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 deferrals for a period of up to ten years with 7% interest. Assessments receivable of \$4,511,079 at June 30, 2010 are offset by deferred revenue and included in the Debt Service Fund. In the government-wide financial statements, assessment revenue is recorded when it is added to the property tax levy annually. Only the portion of the assessments due in the current period is accrued as revenue, less an allowance for uncollectible amounts.

Intergovernmental Revenues - Grants

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

(Continued)

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

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

Other Revenues

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Funds - By operating and nonoperating

(Continued)

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

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

Expenditures/Expenses (Cont'd)

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

Interfund Transfers

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

Payments Between the City and Component Units

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

Restricted and Unrestricted Resources

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

N. Delinquent Property Taxes

Delinquent taxes receivable from the prior year are converted to tax sale certificates annually in April and October for the County and the City, respectively. At June 30, 2010, 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, 2010 were \$19,689,137 and \$10,599,483, respectively.

O. Deferred Charges

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

(Continued)

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

P. Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 57% expire in one year or less. The remaining 43% 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 due to the New York State and Local Teachers' Retirement System and amounts collected on behalf of other governments.

S. Reservations and Designations of Fund Equity

Reserved fund balances represent fund equity reserved for specific appropriations and legal or contractual obligations. Designations of unreserved fund balances in governmental funds indicate the use of these resources in the ensuing year's budget or tentative plans for future use. The 2009/2010 City School District budget specifically designates the use of \$28,483,328 for future years use and technology. The City's 2009/2010 budget specifically designates \$16,396,000 and \$1,000,000 of fund balance for future budget years for the General Fund and Water Fund, respectively.

T. Deficit Fund Balance

The Oil & Flushing Fund, a non-major special revenue fund, has a deficit fund balance of \$316,584.

U. Use of Estimates

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

(Continued)

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

U. Use of Estimates (Cont'd)

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

V. Future Changes in Accounting Standards

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

2. CASH AND CASH EQUIVALENTS

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

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

Deposits

Deposits include demand deposits, time deposits and certificate of deposits with original maturities of three months or less with all short-term cash surpluses invested at money market rates in overnight accounts. All deposits with financial institutions must be collateralized in an amount equal to 102% of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to the obligations of the United States or any obligation fully insured as to the principal and interest by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York and must be held either by the financial institution's trust department or by a third party custodial bank. At year end, the carrying amount of the City's deposits, including certificate of deposits, was \$254,828,463 and the bank balance was \$258,985,085. As of June 30, 2010 all deposits were insured or collateralized.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2010:

	Restated Balance at June 30, 2009	Additions	Disposals/ Transfers	Balance at June 30, 2010
Governmental activities:				
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>82,933,693</u>	<u>16,507,215</u>	<u>(22,593,969)</u>	<u>76,846,939</u>
Subtotal	<u>99,203,494</u>	<u>16,507,215</u>	<u>(22,593,969)</u>	<u>93,116,740</u>
Other capital assets:				
Buildings	340,290,132	10,740,710	-	351,030,842
Machinery and equipment	75,165,197	10,054,259	(1,982,884)	83,236,572
Improvements/infrastructure	<u>322,818,790</u>	<u>10,935,163</u>	<u>-</u>	<u>333,753,953</u>
Subtotal	<u>738,274,119</u>	<u>31,730,132</u>	<u>(1,982,884)</u>	<u>768,021,367</u>
Total capital assets	<u>837,477,613</u>	<u>48,237,347</u>	<u>(24,576,853)</u>	<u>861,138,107</u>
Accumulated depreciation:				
Buildings	243,387,912	9,203,578	-	252,591,490
Machinery and equipment	54,211,509	5,859,329	(1,875,636)	58,195,202
Improvements/infrastructure	<u>190,249,583</u>	<u>13,187,225</u>	<u>-</u>	<u>203,436,808</u>
Total	<u>487,849,004</u>	<u>28,250,132</u>	<u>(1,875,636)</u>	<u>514,223,500</u>
Net capital assets - governmental activities	<u>\$349,628,609</u>	<u>\$19,987,215</u>	<u>\$(22,701,217)</u>	<u>\$346,914,607</u>

Depreciation was charged to activities as follows:

Governmental activities:

General government support	\$ 1,944,745
Police department	712,678
Fire department	1,270,256
Other public safety	2,388
Transportation	13,816,992
Culture and recreation	1,620,763
Home and community services	322,359
Education	<u>8,559,951</u>
Total governmental activities depreciation expense	<u>\$ 28,250,132</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)

	Restated Balance at June 30, 2009	Increases	Decreases	Balance at June 30, 2010
Business-type activities:				
Not being depreciated:				
Land	\$ 6,409,953	\$ 125,487	\$ -	\$ 6,535,440
Construction in progress	<u>30,837,015</u>	<u>25,610,134</u>	<u>(14,084,744)</u>	<u>42,362,405</u>
Subtotal	<u>37,246,968</u>	<u>25,735,621</u>	<u>(14,084,744)</u>	<u>48,897,845</u>
Other capital assets:				
Buildings	106,332,383	2,890,169	(40,000)	109,182,552
Machinery and equipment	26,337,355	2,123,317	(303,494)	28,157,178
Improvements/infrastructure	<u>197,255,243</u>	<u>7,838,977</u>	<u>-</u>	<u>205,094,220</u>
Subtotal	<u>329,924,981</u>	<u>12,852,463</u>	<u>(343,494)</u>	<u>342,433,950</u>
Total capital assets	<u>367,171,949</u>	<u>38,588,084</u>	<u>(14,428,238)</u>	<u>391,331,795</u>
Accumulated depreciation:				
Buildings	77,722,972	3,872,243	-	81,595,215
Machinery and equipment	20,196,617	1,812,558	(300,875)	21,708,300
Improvements/infrastructure	<u>84,443,393</u>	<u>7,616,039</u>	<u>-</u>	<u>92,059,432</u>
Total	<u>182,362,982</u>	<u>13,300,840</u>	<u>(300,875)</u>	<u>195,362,947</u>
Net capital assets - business-type activities	<u>\$184,808,967</u>	<u>\$25,287,244</u>	<u>\$(14,127,363)</u>	<u>\$195,968,848</u>

Depreciation was charged to activities as follows:

Business-type activities:

Aviation	\$ 11,323,762
Water	1,336,310
Sewer	608,574
Food Service	<u>32,194</u>
Total business-type activities depreciation expense	<u>\$ 13,300,840</u>

Effective July 1, 2009, the District adopted a policy whereby capital assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years are capitalized. Such change improves reporting to include only significant items that have initial useful lives extending beyond a single reporting period. Capital assets, net of depreciation/amortization in the government-wide financial statements as of July 1, 2009 have been decreased by \$6,297,909 and \$104,861 in the governmental and business-type activities, respectively.

(Continued)

**CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

4. CAPITAL INDEBTEDNESS

General Obligations Bonds Payable

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 3.13% to 6.37% with maturity dates through June 30, 2031.

During the year ended June 30, 2010, the City issued general obligation bonds of \$13,056,500. Of this amount, \$10,056,500 was used for capital projects and \$3,000,000 was used to settle a legal claim.

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2010:

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Amount due within one year
Governmental Activities:					
Bonds and notes payable:					
General obligation and school facility revenue bonds payable	\$ 277,435,614	\$ 12,056,500	\$ 25,356,809	\$ 264,135,305	\$ 25,752,366
Revenue anticipation notes payable	-	140,800,000	86,000,000	54,800,000	54,800,000
Total bonds and notes payable	<u>277,435,614</u>	<u>152,856,500</u>	<u>111,356,809</u>	<u>318,935,305</u>	<u>80,552,366</u>
Other liabilities:					
Amount due to retirement systems	23,425,765	25,995,969	27,366,896	22,054,838	17,595,816
Accrued compensated absences	20,010,636	15,407,757	14,619,367	20,799,026	9,370,355
Self-insurance claims	38,776,170	104,391,927	101,581,713	41,586,384	12,149,282
Other postemployment benefits	174,786,497	104,018,624	22,383,000	256,422,121	-
Judgments and claims	3,000,000	10,447,065	3,379,065	10,068,000	1,300,000
Environmental remediation	12,585,999	646,111	-	13,202,110	-
Lottery aid payable	27,183,333	-	1,016,666	26,166,667	1,016,667
Total other liabilities	<u>299,738,400</u>	<u>260,907,453</u>	<u>170,346,707</u>	<u>390,299,146</u>	<u>41,432,120</u>
Governmental activities long-term liabilities	<u>\$ 577,174,014</u>	<u>\$ 413,763,953</u>	<u>\$ 281,703,516</u>	<u>\$ 709,234,451</u>	<u>\$ 121,984,486</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

4. CAPITAL INDEBTEDNESS (CONT'D)

Changes in Long-term Liabilities (Cont'd)

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the debt service fund.

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

Long-term liability activity for business-type activities for the year ended June 30, 2010:

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010	Amount due within one year
Business-Type Activities:					
Bonds, notes payable and capital lease obligations:					
General obligation bonds payable	\$ 53,119,384	\$ 1,000,000	\$ 8,874,240	\$ 45,245,144	\$ 3,062,668
Construction bonds payable	-	39,208,930	260,000	38,948,930	1,180,000
Construction notes payable	36,289,867	-	36,289,867	-	-
Bond anticipation notes payable	2,632,000	3,567,000	2,632,000	3,567,000	3,567,000
Capital lease obligation	266,241	-	37,971	228,270	39,626
Total bonds, notes payable and capital lease obligations	<u>92,307,492</u>	<u>43,775,930</u>	<u>48,094,078</u>	<u>87,989,344</u>	<u>9,849,294</u>
Other liabilities:					
Amount due to retirement systems	685,737	1,218,814	1,218,233	686,318	563,128
Accrued compensated absences	765,781	716,307	622,487	859,601	454,204
Self-insurance claims	1,915,794	4,628,867	4,393,011	2,151,650	1,108,742
Other postemployment benefits	10,878,558	7,045,353	1,369,000	16,554,911	-
Total other liabilities	<u>14,245,870</u>	<u>13,609,341</u>	<u>7,602,731</u>	<u>20,252,480</u>	<u>2,126,074</u>
Business-type activities long term liabilities	<u>\$ 106,553,362</u>	<u>\$ 57,385,271</u>	<u>\$ 55,696,809</u>	<u>\$ 108,241,824</u>	<u>\$ 11,975,368</u>

Construction Notes and Bonds Payable

The State made available to the City notes from the New York State Environmental Facilities Corporation in the amount of \$40,000,000. The notes outstanding at June 30, 2009 were refinanced with permanent subsidized bonds in 2010.

**CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010**

4. CAPITAL INDEBTEDNESS (CONT'D)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2010, 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	
2011	\$ 25,752,366	\$ 11,258,278	\$ 6,242,668	\$ 2,746,025	\$ 45,999,337
2012	23,779,690	10,269,391	6,390,737	2,684,822	43,124,640
2013	24,221,584	9,231,584	6,518,412	2,457,440	42,429,020
2014	22,727,755	8,214,368	6,707,246	2,218,612	39,867,981
2015	22,625,160	7,213,675	5,394,848	1,965,128	37,198,811
2016-2020	79,407,665	24,063,307	19,087,082	7,250,938	129,808,992
2021-2025	52,198,679	9,379,165	12,406,320	4,882,487	78,866,651
2026-2030	13,422,406	1,419,053	7,656,772	3,389,684	25,887,915
2031-2036	-	-	13,789,989	3,208,688	16,998,677
TOTALS	\$ 264,135,305	\$ 81,048,821	\$ 84,194,074	\$ 30,803,824	\$ 460,182,024

Short-term Debt

Revenue and Tax Anticipation Notes Payable

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

Bond Anticipation Notes Payable

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

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

4. CAPITAL INDEBTEDNESS (CONT'D)

Short-term Debt (Cont'd)

Short-term debt activity for the year ended June 30, 2010:

	Balance at June 30, 2009	Additions	Reductions	Balance at June 30, 2010
Governmental Activities:				
Revenue anticipation notes	\$ -	\$ 140,800,000	\$ 86,000,000	\$ 54,800,000
Business-type Activities:				
Bond anticipation notes	\$ 2,632,000	\$ 3,567,000	\$ 2,632,000	\$ 3,567,000

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.

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, 2010 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2011	\$ 4,442,795
2012	4,317,084
2013	2,093,526
2014	666,869
2015	648,139
Thereafter	<u>5,013,498</u>
TOTAL	<u>\$17,181,911</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010 were approximately \$1,350,000. The minimum future non-cancelable operating lease payments were as follows as of June 30, 2010:

YEAR ENDING JUNE 30,	AMOUNT
2011	\$ 1,102,409
2012	491,840
2013	185,401
2014	107,804
2015	63,926
Thereafter	<u>154,488</u>
TOTAL	<u>\$ 2,105,868</u>

The City leases a parking garage from a component unit. In addition, the City leases property from unrelated entities. Total rental expenditures on these leases for the fiscal year ended June 30, 2010 were approximately \$1,500,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2010:

YEAR ENDING JUNE 30,	AMOUNT
2011	\$ 1,548,317
2012	1,515,960
2013	1,491,601
2014	1,456,872
2015	1,298,314
Thereafter	<u>7,693,742</u>
TOTAL	<u>\$ 15,004,806</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

6. OPERATING LEASE COMMITMENTS (CONT'D)

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages cost approximately \$61,800,000 with accumulated depreciation of \$53,400,000 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2010 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2011	\$ 1,569,131
2012	1,659,136
2013	1,556,872
2014	1,434,162
2015	1,426,328
Thereafter	<u>12,460,355</u>
TOTAL	<u>\$ 20,105,984</u>

7. CAPITAL LEASE OBLIGATIONS

The Airport is obligated under certain leases accounted for as capital leases. The leased assets and related liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the assets. Capital assets include leased assets in the aviation activity of \$398,241 with accumulated depreciation of \$398,241. The related obligations are accounted for as liabilities in the Statement of Net Assets. Payments are expenditures of the Aviation Fund. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2010.

Year ending June 30,	Business -Type Activities
2011	\$ 48,600
2012	48,600
2013	48,600
2014	48,600
Thereafter	<u>60,751</u>
Minimum lease payments - capital leases	255,151
Less: Amounts representing interest between 5% and 8.5% per annum	<u>(26,881)</u>
Present value - minimum lease payments	<u>\$ 228,270</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, most disbursements are made from a pooled account in the general fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, are the main reason why interfund receivables and payables exist. With the exception of a receivable in the Aviation Fund and payable in the Capital Projects Fund of \$393,750, 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, 2010:

	<u>AMOUNT RECEIVABLE</u>	<u>AMOUNT PAYABLE</u>
General Fund	\$ 3,812,784	\$ -
City School District	69,098,843	-
Neighborhood and Business Development	-	248,916
Capital Projects Fund	4,491,048	3,586,955
Joint Schools Construction Board	535,813	-
Proprietary Funds:		
Aviation	454,250	2,372,489
Food Service	1,190,783	-
Nonmajor governmental funds:		
Debt Service	5,377,889	-
Special Grants	-	929,915
Oil and Flushing	-	261,464
Fiduciary	25,550	77,587,221
Total	<u>\$ 84,986,960</u>	<u>\$ 84,986,960</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2010:

	<u>AMOUNT RECEIVABLE</u>	<u>AMOUNT PAYABLE</u>
General Fund	\$ 3,955,057	\$ -
City School District	-	23,400
Neighborhood and Business Development	800,398	23,880
Proprietary Fund:		
Water Fund	-	12,667
Aviation	-	12,636
Nonmajor governmental fund:		
Local Development	1,672,237	-
Special Grants	-	4,368
Component units:		
SURA	538,741	715,257
SIDA	-	2,020,119
SEDCO	-	4,154,106
Total	<u>\$ 6,966,433</u>	<u>\$ 6,966,433</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

Receivables and Payables (Cont'd)

The amounts receivable and payable above are as of June 30, 2010. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2009. The interfund receivables and payables differences relating to SIDA and SEDCO result from loan and other transactions in the normal course of business.

Transfers

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to the Capital Projects and Debt Service Funds. They also facilitate the contribution of proprietary fund earnings to the General Fund. Interfund transfers for the fiscal year ended June 30, 2010, which were routine in nature, were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 800,000	\$ 20,041,069
Capital Projects Fund	3,028,950	1,503,678
Joint School Construction Board	3,388,413	3,388,413
Special revenue funds:		
City School District	3,666,998	21,964,288
Oil and Flushing	-	185,063
Debt Service Fund	36,998,150	-
Proprietary fund:		
Water	-	800,000
Total	<u>\$ 47,882,511</u>	<u>\$ 47,882,511</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

9. RETIREMENT PLANS

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

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

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

ERS and PFRS:

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

TRS:

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

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

	<u>TRS</u>	<u>ERS</u>	<u>PFRS</u>
June 30, 2010	\$ 12,819,586	\$ 7,413,538	\$ 10,996,599
June 30, 2009	14,888,732	5,625,648	12,777,941
June 30, 2008	15,899,162	6,277,641	11,504,241

These required contributions were fully paid for the above years.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

10. SELF INSURANCE

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

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

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

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

11. OTHER POSTEMPLOYMENT BENEFITS

For the fiscal year ending June 30, 2008, the City adopted Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB), on a prospective basis. This required the City to calculate and record a net other postemployment benefit obligation at year-end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contribution made. In the past, the City reported the cost of retiree benefits on a pay-as-you-go basis.

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010, the City contributed approximately \$21,300,000 for the total cost of the plan net of retiree contributions of approximately \$1,075,000. The District contributed approximately \$14,000,000 net of retiree contributions of approximately \$1,300,000.

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the City's and District's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City and District's net OPEB obligation.

	<u>City</u>	<u>District</u>
Annual required contribution	\$ 63,968,100	\$ 62,925,015
Interest on net OPEB obligation	3,200,700	4,225,858
Adjustment to annual required contribution	<u>(3,180,000)</u>	<u>(6,109,545)</u>
Annual OPEB cost (expense)	63,988,800	61,041,328
Contributions made	<u>(22,382,500)</u>	<u>(15,335,651)</u>
Increase in net OPEB obligation	41,606,300	45,705,677
Net OPEB obligation - Beginning of Year	<u>80,018,600</u>	<u>105,646,455</u>
Net OPEB obligation - End of Year	<u>\$ 121,624,900</u>	<u>\$ 151,352,132</u>

(Continued)

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 65,722,240	20.71%	\$ 52,109,499
June 30, 2009	\$ 68,304,977	21.62%	\$ 105,646,455
June 30, 2010	\$ 61,041,328	25.12%	\$ 151,352,132

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 59,561,400	32.7%	\$ 40,063,400
June 30, 2009	\$ 62,570,100	36.1%	\$ 80,018,600
June 30, 2010	\$ 63,988,800	35.0%	\$ 121,624,900

Funding Status and Funding Progress

As of July 1, 2009, the most recent actuarial date, the City's actuarial accrued liability for benefits was \$868,292,900 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$101,000,000 and the ratio of the liability to the covered payroll was 856%.

As of June 30, 2010, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$697,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$223,000,000 and the ratio of the liability to the covered payroll was 312%.

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

(Continued)

11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Actuarial Methods and Assumptions

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

In the most recent actuarial valuations the Projected Unit Credit Cost Method was used for both the City and the District. The actuarial assumptions include a 4% investment rate of return for both the City and the District, which is based on the portfolio of the City and District's general assets used to pay for these benefits. For the City, the annual medical and prescription cost trend is 10% initially, decreasing to 5% for all benefits after 5 years for both Pre-65 and Post-65 individuals. For the District, the annual medical trend for Pre-65 individuals is 9.5% and Post-65 individuals is 8% decreasing to 5% after 7 years for Post-65 individuals and 8 years for Pre-65 individuals. The prescription cost trend begins at 9% initially and decreases to 5% after seven years. The UAAL is being amortized based on a level percentage of payroll. The remaining amortization period as of June 30, 2010 was twenty-seven years.

12. JOINT SCHOOLS CONSTRUCTION BOARD

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

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

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 1, 2008, totaling \$49,230,000 were issued by the SIDA for the purpose of financing a portion of the cost of the project consisting of the design, reconstruction, rehabilitation, and equipping of certain existing school buildings for use by the District.

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

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

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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 City. Projects costs and debt service payments were recorded as expenditures of the District.

13. CONTINGENCIES AND COMMITMENTS

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

The City has a potential liability for employees who are not entered into the Retirement System due to the fact that they were never offered the right to join. Any liability relating to this contingency is not determinable at June 30, 2010.

The District has a potential liability for the overbilling of tuition to other districts for students in attendance at Elmcrest Children's Center. It is uncertain if the districts involved are entitled to or will seek restitution. As such any liability relating to this contingency cannot be determined at June 30, 2010.

SIDA has HUD-108 loans payable amounting to \$9,322,000. These loans bear interest at rates varying from 1.75 to 4.99%. The following is a schedule of annual principal payments due on the HUD-108 loans outstanding on SIDA's statement of net assets at December 31, 2009:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,412,000	\$ 309,901	\$ 2,721,901
2011	2,539,000	222,768	2,761,768
2012	2,687,000	122,881	2,809,881
2013	301,000	64,458	365,458
2014	277,000	55,132	332,132
2015-2021	<u>1,106,000</u>	<u>135,342</u>	<u>1,241,342</u>
Total due as of December 31, 2009	<u>\$ 9,322,000</u>	<u>\$ 910,482</u>	<u>\$ 10,232,482</u>

CITY OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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 and 2009, SIDA received no allocation from Community Development Block Grant funds.

14. ENVIRONMENTAL REMEDIATION

Asbestos remediation obligations related to school district buildings have been recognized at June 30, 2010. The estimated liability at June 30, 2010 was based on management's estimated cost to perform remediation. There is potential for changes due to price increase or technology.

15. SUBSEQUENT EVENTS

On September 16, 2010, the District issued \$75,000,000 in Revenue Anticipation Notes at 1.50% maturing on June 30, 2011 to cover an expected cash flow shortage due to the timing of cash receipts from all sources.

On September 30, 2010, the City issued \$34,420,000 in general obligation bonds with an average interest rate of 3.62% to advance refund \$33,445,000 of outstanding 1998E, 2001A, 2001D and 2002A Series bonds with an average interest rate of 4.33%. The City advance refunded the bonds to obtain a lower interest rate on the debt to reduce interest expense costs. The economic gain on the transaction (the difference between the present values of the debt service payments on the old and new debt) is approximately \$1,096,000.

On November 9, 2010, the City issued \$35,000,000 in Revenue Anticipation Notes at 1.5% maturing on June 30, 2011 to cover an expected cash flow shortage due to the timing of cash receipts from all sources.

On December 17, 2010, City of Syracuse Industrial Development Agency (SIDA) issued School Facility Revenue Bonds, Series 2010A totaling \$31,470,000 with an average interest rate of 4.80% for use by the District in financing a portion of the cost of the project consisting of the design, reconstruction and rehabilitation of various existing school buildings and the acquisition of certain equipment, fixtures and furnishings under the Cooperative School Reconstruction Act. Refer to Note 12 for further information on the District's renovation project under the Cooperative School Reconstruction Act and previous financing of the project.

(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, 2010

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES:				
General property taxes and tax items	\$ 28,378,429	\$ 28,378,429	\$ 29,192,100	\$ 813,671
Sales tax and use taxes	65,232,323	65,232,323	66,919,011	1,686,688
Other local taxes	3,557,241	3,557,241	3,705,911	148,670
Departmental revenues	10,010,332	10,033,370	9,777,550	(255,820)
Intergovernmental charges	268,378	818,378	782,975	(35,403)
Licenses and permits	1,898,236	1,898,236	2,131,509	233,273
Fines and forfeitures	3,286,725	3,286,725	3,638,864	352,139
Sale of property and compensation for loss	304,528	304,528	644,483	339,955
Use of money and property	427,580	427,580	289,893	(137,687)
Federal and state aid and other grants	82,603,307	82,603,307	80,530,510	(2,072,797)
Other revenues	5,418,401	5,418,401	6,844,418	1,426,017
Total revenues	<u>201,385,480</u>	<u>201,958,518</u>	<u>204,457,224</u>	<u>2,498,706</u>
EXPENDITURES:				
Current:				
General government support	26,275,903	26,277,816	24,833,658	1,444,158
Public safety	131,901,702	131,937,068	125,682,143	6,254,925
Transportation	23,604,129	26,559,159	23,497,070	3,062,089
Economic opportunity and development	115,916	115,916	88,816	27,100
Home and community services	13,358,400	13,969,832	13,469,064	500,768
Culture and recreation	10,448,676	10,479,859	9,683,382	796,477
Interest on debt	666,667	666,667	154,641	512,026
Total expenditures	<u>206,371,393</u>	<u>210,006,317</u>	<u>197,408,774</u>	<u>12,597,543</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,985,913)</u>	<u>(8,047,799)</u>	<u>7,048,450</u>	<u>15,096,249</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	3,000,000	3,000,000	-
Operating transfers in	800,000	800,000	800,000	-
Operating transfers out	(20,704,831)	(20,704,831)	(20,041,069)	663,762
Total other financing uses - net	<u>(19,904,831)</u>	<u>(16,904,831)</u>	<u>(16,241,069)</u>	<u>663,762</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (24,890,744)</u>	<u>\$ (24,952,630)</u>	<u>(9,192,619)</u>	<u>\$ 15,760,011</u>
EFFECT OF ENCUMBRANCES			<u>24,857</u>	
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES			<u>\$ (9,167,762)</u>	

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

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

	Special Revenue Fund - City School District				Less: Actual CSD Special Aid Fund	Actual CSD - General Fund	Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Total CSD	Total CSD			
REVENUES:							
General property taxes and tax items	\$ 55,506,227	\$ 55,506,227	\$ 56,056,474	\$ -	\$ -	\$ 530,247	
Sales tax and use taxes	4,200,000	4,200,000	4,299,493	-	-	4,299,493	99,493
Sale of property and compensation for loss	3,600	3,600	242,233	-	-	242,233	238,633
Use of money and property	1,431,000	1,431,000	1,042,800	-	-	1,042,800	(388,200)
Federal and state aid and other grants	282,165,066	281,115,066	351,874,164	74,236,988	74,236,988	277,637,176	(3,477,890)
Other revenues	217,650	217,650	479,547	-	-	479,547	261,897
Total revenues	343,523,543	342,473,543	413,974,711	74,236,988	74,236,988	339,737,723	(2,735,820)
EXPENDITURES:							
Current:							
General government support	56,815,636	56,641,812	50,147,912	469,675	469,675	49,678,237	6,963,575
Home and community services	-	-	2,405,660	2,405,660	2,405,660	-	-
Education	270,041,522	269,215,346	338,015,158	73,465,191	73,465,191	264,549,967	4,665,379
Interest on debt	2,609,750	2,609,750	1,050,833	-	-	1,050,833	1,558,917
Total expenditures	329,466,908	328,466,908	391,619,563	76,340,526	76,340,526	315,279,037	13,187,871
EXCESS OF REVENUES OVER EXPENDITURES	14,056,635	14,006,635	22,355,148	(2,103,538)	(2,103,538)	24,458,686	10,452,051
OTHER FINANCING SOURCES (USES):							
Operating transfers in	1,655,972	1,655,972	5,230,458	3,666,998	3,666,998	1,563,460	(92,512)
Operating transfers out	(24,012,607)	(24,012,607)	(23,527,748)	(1,563,460)	(1,563,460)	(21,964,288)	2,048,319
Total other financing uses - net	(22,356,635)	(22,356,635)	(18,297,290)	2,103,538	2,103,538	(20,400,828)	1,955,807
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	\$ (8,300,000)	\$ (8,350,000)	\$ 4,057,858	\$ -	\$ -	4,057,858	\$ 12,407,858
EFFECT OF ENCUMBRANCES							
						2,797,252	
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES						\$ 6,855,110	

**CITY OF SYRACUSE, NEW YORK
SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND OTHER
POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2010**

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

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

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry AGE</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
City School District	6/30/08	\$ -	\$ 657,276,913	\$ 657,276,913	0%	\$ 202,000,000	325%
City	7/1/07	-	812,620,800	812,620,800	0%	91,000,000	893%
Total		\$ -	\$1,469,897,713	\$1,469,897,713		\$ 293,000,000	

See Independent Auditor's Report

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
JUNE 30, 2010**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
ASSETS:			
Pooled cash and cash equivalents	\$ -	\$ 8,265,383	\$ 8,265,383
Pooled restricted cash and cash equivalents	-	10,844,372	10,844,372
Due from agency funds	4,491,048	-	4,491,048
Due from other governments	-	3,773,248	3,773,248
TOTAL ASSETS	<u>\$ 4,491,048</u>	<u>\$ 22,883,003</u>	<u>\$ 27,374,051</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 165,000	\$ 3,865,581	\$ 4,030,581
Due to other funds	3,132,705	454,250	3,586,955
Total liabilities	<u>3,297,705</u>	<u>4,319,831</u>	<u>7,617,536</u>
FUND BALANCES:			
Reserved for encumbrances	350,715	1,046,879	1,397,594
Reserved for bonded capital projects	842,628	17,516,293	18,358,921
Total fund balance	<u>1,193,343</u>	<u>18,563,172</u>	<u>19,756,515</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,491,048</u>	<u>\$ 22,883,003</u>	<u>\$ 27,374,051</u>

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
REVENUES:			
Use of money and property	\$ -	\$ 59,545	\$ 59,545
Federal and state aid and other grants	390,602	8,281,126	8,671,728
Other revenues	115,000	25,000	140,000
Total revenues	<u>505,602</u>	<u>8,365,671</u>	<u>8,871,273</u>
EXPENDITURES:			
Capital outlays	<u>4,079,243</u>	<u>17,531,902</u>	<u>21,611,145</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(3,573,641)</u>	<u>(9,166,231)</u>	<u>(12,739,872)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	500,000	8,556,500	9,056,500
Operating transfers in	-	3,028,950	3,028,950
Operating transfers out	(304,858)	(1,198,820)	(1,503,678)
Total other financing sources - net	<u>195,142</u>	<u>10,386,630</u>	<u>10,581,772</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>(3,378,499)</u>	<u>1,220,399</u>	<u>(2,158,100)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>4,571,842</u>	<u>17,342,773</u>	<u>21,914,615</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,193,343</u>	<u>\$ 18,563,172</u>	<u>\$ 19,756,515</u>

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

CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Debt Service (Combined)	Special Revenue					Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts		
ASSETS:								
Pooled cash and cash equivalents	\$ 6,376,707	\$ -	\$ 349,643	\$ -	\$ -	\$ -	\$ 349,643	
Pooled restricted cash	-	797,045	-	-	-	10,000	\$ 8,078,018	
Restricted cash	-	-	-	-	-	16,886	16,886	
Accounts receivable	4,511,079	-	1,972	-	-	-	4,519,816	
Taxes receivable (net allowance of \$298,580)	-	-	265,695	-	-	6,815	265,695	
Due from other funds	5,377,839	-	-	-	-	-	5,377,839	
Due from other governments	-	1,231,541	-	-	-	-	1,231,541	
Due from component units (net of allowance of \$1,672,237)	-	-	-	-	-	-	-	
TOTAL ASSETS	\$ 16,265,675	\$ 2,028,586	\$ 617,260	\$ -	\$ -	\$ 26,886	\$ 19,839,488	
LIABILITIES AND FUND BALANCES:								
Liabilities:								
Accounts payable and accrued expenses	\$ -	\$ 297,258	\$ -	\$ -	\$ 55,120	\$ -	\$ 354,684	
Due to other funds	-	929,915	-	-	261,464	-	1,191,379	
Due to component units	-	4,368	-	-	-	-	4,368	
Deferred revenues	4,511,079	797,045	249,892	-	-	-	5,558,016	
Total liabilities	4,511,079	2,028,586	249,892	-	316,584	-	7,108,447	
Fund Balances:								
Reserved for bonded debt	11,754,596	-	-	-	-	-	11,754,596	
Reserved for trusts and permanent funds	-	-	-	-	898,775	26,886	925,661	
Unreserved	-	-	367,368	(316,584)	-	-	50,784	
Total fund balances	11,754,596	-	367,368	(316,584)	898,775	26,886	12,731,041	
TOTAL LIABILITIES AND FUND BALANCES	\$ 16,265,675	\$ 2,028,586	\$ 617,260	\$ -	\$ -	\$ 26,886	\$ 19,839,488	

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Debt Service (combined)	Special Revenue					Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts		
REVENUES:								
General property taxes and tax items	\$ -	\$ -	\$ 899,792	\$ -	\$ 2,142,383	\$ -	\$ 3,042,175	
Other local taxes	733,361	-	-	-	-	-	733,361	
Use of money and property	362,817	-	-	-	-	2,868	365,730	
Federal and state aid and other grants	-	2,778,314	-	-	-	-	2,778,314	
Other revenues	-	6,470	-	-	-	396,734	403,204	
Total revenues	1,116,178	2,784,784	899,792	-	2,142,383	399,602	7,342,784	
EXPENDITURES:								
Current:								
General government support	-	-	871,556	-	-	4,860	876,416	
Public safety	-	2,718,481	-	-	-	109,915	2,828,396	
Transportation	-	-	-	2,319,548	-	-	2,319,548	
Home and community services	-	26,368	-	-	-	-	26,368	
Culture and recreation	-	39,935	-	-	-	15,910	55,845	
Principal debt payments	25,356,809	-	-	-	-	-	25,356,809	
Interest on debt	11,826,405	-	-	-	-	-	11,826,405	
Total expenditures	37,183,214	2,784,784	871,556	-	2,319,548	130,685	43,299,787	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(36,067,036)	-	28,236	(177,165)	268,917	45	(35,947,003)	
OTHER FINANCING SOURCES (USES):								
Operating transfers in	36,998,150	-	-	-	-	-	36,998,150	
Operating transfers out	-	-	-	(185,063)	-	-	(185,063)	
Total other financing sources - net	36,998,150	-	-	(185,063)	-	-	36,813,087	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING SOURCES	931,114	-	28,236	(362,228)	268,917	45	866,084	
FUND BALANCES AT BEGINNING OF YEAR	10,823,482	-	339,132	45,644	629,858	26,841	11,864,957	
FUND BALANCES AT END OF YEAR	\$ 11,754,596	\$ -	\$ 367,368	\$ (316,584)	\$ 898,775	\$ 26,886	\$ 12,731,041	

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

**CITY OF SYRACUSE, NEW YORK
 COMBINING BALANCE SHEET
 DEBT SERVICE FUND
 JUNE 30, 2010**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 6,376,707	\$ 6,376,707
Accounts receivable	-	4,511,079	4,511,079
Due from agency funds	<u>5,377,889</u>	<u>-</u>	<u>5,377,889</u>
TOTAL ASSETS	<u>\$ 5,377,889</u>	<u>\$ 10,887,786</u>	<u>\$ 16,265,675</u>
Deferred revenue/LIABILITIES	\$ -	\$ 4,511,079	\$ 4,511,079
Reserved for bonded debt/FUND BALANCES	<u>5,377,889</u>	<u>6,376,707</u>	<u>11,754,596</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,377,889</u>	<u>\$ 10,887,786</u>	<u>\$ 16,265,675</u>

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
REVENUES:			
Other local taxes	\$ -	\$ 733,361	\$ 733,361
Use of money and property	60,274	322,543	382,817
Total revenues	<u>60,274</u>	<u>1,055,904</u>	<u>1,116,178</u>
EXPENDITURES:			
Principal debt payments	11,810,968	13,545,841	25,356,809
Interest on debt	6,486,322	5,340,083	11,826,405
Total expenditures	<u>18,297,290</u>	<u>18,885,924</u>	<u>37,183,214</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(18,237,016)	(17,830,020)	(36,067,036)
OTHER FINANCING SOURCES/ Operating transfers in	<u>18,602,148</u>	<u>18,396,002</u>	<u>36,998,150</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	365,132	565,982	931,114
FUND BALANCES AT BEGINNING OF YEAR	<u>5,012,757</u>	<u>5,810,725</u>	<u>10,823,482</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,377,889</u>	<u>\$ 6,376,707</u>	<u>\$ 11,754,596</u>

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

CITY OF SYRACUSE, NEW YORK
 COMBINING BALANCE SHEET
 MISCELLANEOUS TRUST FUNDS
 JUNE 30, 2010

	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Total City Miscellaneous Trust Funds
ASSETS:						
Pooled restricted cash	\$ 77,244	\$ 1,552	\$ 361	\$ 417,905	\$ 397,204	\$ 894,266
Accounts receivable	250	-	-	2,487	4,078	6,815
TOTAL ASSETS	\$ 77,494	\$ 1,552	\$ 361	\$ 420,392	\$ 401,282	\$ 901,081
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 2,306	\$ 2,306
Total Liabilities	-	-	-	-	2,306	2,306
FUND BALANCES/Reserved for trusts	77,494	1,552	361	420,392	398,976	898,775
TOTAL LIABILITIES AND FUND BALANCES	\$ 77,494	\$ 1,552	\$ 361	\$ 420,392	\$ 401,282	\$ 901,081

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

CITY OF SYRACUSE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Total City Miscellaneous Trust Funds
REVENUES:						
Use of money and property	\$ -	\$ -	\$ 20	\$ 1,861	\$ 987	\$ 2,868
Other revenues	34,280	-	-	97,193	265,261	396,734
Total revenues	34,280	-	20	99,054	266,248	399,602
EXPENDITURES:						
Current:						
General government support	-	4,860	-	-	-	4,860
Public safety	-	-	-	58,134	51,781	109,915
Culture and recreation	15,910	-	-	-	-	15,910
Total expenditures	15,910	4,860	-	58,134	51,781	130,685
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	18,370	(4,860)	20	40,920	214,467	268,917
FUND BALANCES AT BEGINNING OF YEAR	59,124	6,412	341	379,472	184,509	629,858
FUND BALANCES AT END OF YEAR	\$ 77,494	\$ 1,552	\$ 361	\$ 420,392	\$ 398,976	\$ 898,775

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

**CITY OF SYRACUSE, NEW YORK
COMBINING BALANCE SHEET
PERMANENT FUNDS
JUNE 30, 2010**

	CITY SCHOOL DISTRICT	CITY	TOTAL
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	16,886	-	16,886
TOTAL ASSETS	\$ 16,886	\$ 10,000	\$ 26,886
FUND BALANCES/			
Reserved for permanent funds	\$ 16,886	\$ 10,000	\$ 26,886

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

**CITY OF SYRACUSE, NEW YORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010**

	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES/Use of money and property	\$ 45	\$ -	\$ 45
EXPENDITURES/General government support	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	45	-	45
FUND BALANCES AT BEGINNING OF YEAR	16,841	10,000	26,841
FUND BALANCES AT END OF YEAR	<u>\$ 16,886</u>	<u>\$ 10,000</u>	<u>\$ 26,886</u>

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