

**CITY OF SYRACUSE, NEW YORK**

**Financial Statements as of  
June 30, 2017  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# CITY OF SYRACUSE, NEW YORK

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**INDEPENDENT AUDITOR'S REPORT**

March 14, 2018

To the Honorable Mayor, Ben Walsh  
and the Members of the Common Council  
City of Syracuse, New York:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information (nonmajor funds and fiduciary funds) of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Syracuse Industrial Development Agency, Syracuse Economic Development Corporation and Syracuse Regional Airport Authority, which represent 92% of the assets, 92% of the net position and 89% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

### ***Auditor's Responsibility (Continued)***

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information (nonmajor funds and fiduciary funds) of the City of Syracuse, New York, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter - Correction of Errors***

As described in Note 15 to the financial statements, the fund balance and net position of the Joint Schools Construction Board Fund and the City School District Special Revenue Fund at July 1, 2016 of the governmental funds financial statements were decreased and increased by \$1,596,046, respectively, to reflect a correction of an error related to debt service transactions between the funds. As described in Note 15 to the financial statements, net position at July 1, 2016 of the government-wide financial statements was increased by \$35,831,033 to reflect a correction of an error in recognizing capital assets.

Our opinions are not modified with respect to these matters.

### ***Report on Required Supplementary Information***

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

(Continued)

## **INDEPENDENT AUDITOR'S REPORT**

(Concluded)

### **Report on Other Supplementary Information**

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

## **CITY OF SYRACUSE, NEW YORK**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2017**

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Our discussion and analysis of City of Syracuse's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017.

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 position decreased by approximately \$70.6 as a result of this year's operations. Net position of our governmental activities decreased by \$61.5, while business-type activities decreased by approximately \$9.1. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$70.6 less than the \$842.1 in total program expenses. Last year expenses exceeded revenues by \$27.7.

In the City's business-type activities, revenues decreased to \$43.6, a 13.1% decrease from last year's revenues of \$50.2. Expenses for this year (before transfers) increased to \$49.9, an 8.0% increase from last year's \$46.2.

In the City's governmental activities, revenues before transfers increased to \$727.9 versus last year's revenues of \$704.8, a 3.3% increase. Expenses increased this year to \$792.2 versus last year at \$736.5, a 7.6% increase.

Of the City's total net position reported at June 30, 2017, \$460.8 was net investment in capital assets versus \$431.6 the previous year. Unrestricted net position this year was a deficit balance of \$868 versus last year's deficit of \$740.5.

The City's General Fund reported a deficit for this year of \$2.4, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$0.8 less than the revised budget. Expenditures, including transfers out, were approximately \$13.2 less than the revised budget. The revised budget had assumed an overall deficit of \$12.1. At the end of the current fiscal year, unassigned fund balance of the City's General Fund was \$35.9 and 15.1% of total General Fund actual expenditures (including transfers out).

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

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

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

In the Statement of Net Position 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, urban development and parks & recreation departments, and general administration. The City School District's operations are also reported here. State aid, sales tax, property taxes and federal and state grants finance most of these activities.
- Business-type activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. Charges for these services are intended to allow the service to be self-supporting. The City's water and sewer systems, as well as support services to the Syracuse Regional Airport Authority, are reported here.
- Component units - The City includes four separate legal entities in its report, the Syracuse Industrial Development Agency, the Syracuse Economic Development Corporation, the Syracuse Regional Airport Authority and the Greater Syracuse Property Development Corporation.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

### 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 the use of certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

- *Governmental funds* - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and 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 Position 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 Position and Changes in Fiduciary Net Position on pages 27 and 28. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

(Continued)

**THE CITY AS A WHOLE**

The City's combined net position decreased from \$(273.8) at June 30, 2016 to \$(344.4) at June 30, 2017. The following analysis focuses on the net position (Table 1) and changes to net position (Table 2) of the City's governmental and business-type activities.

Table 1  
Net Position  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 278.9	\$ 362.6	\$ 21.8	\$ 24.4	\$ 300.7	\$ 387.0
Capital assets	<u>513.4</u>	<u>508.7</u>	<u>252.8</u>	<u>261.6</u>	<u>766.2</u>	<u>770.3</u>
Total assets	<u>792.3</u>	<u>871.3</u>	<u>274.6</u>	<u>286.0</u>	<u>1,066.9</u>	<u>1,157.3</u>
Deferred Outflows of Resources	<u>174.2</u>	<u>131.3</u>	<u>4.0</u>	<u>8.1</u>	<u>178.2</u>	<u>139.4</u>
General obligation & School Facility bonds	246.6	252.8	107.0	114.8	353.6	367.6
Other long-term liabilities	1,073.1	1,035.1	45.9	44.5	1,119.0	1,079.6
Other liabilities	87.7	61.9	2.4	2.2	90.1	64.1
Total liabilities	<u>1,407.4</u>	<u>1,349.8</u>	<u>155.3</u>	<u>161.5</u>	<u>1,562.7</u>	<u>1,511.3</u>
Deferred Inflows of Resources	<u>25.9</u>	<u>58.1</u>	<u>0.9</u>	<u>1.1</u>	<u>26.8</u>	<u>59.2</u>
Net Position:						
Net invested in capital assets	313.8	283.1	147.0	148.5	460.8	431.6
Restricted	61.4	32.8	1.3	2.3	62.7	35.1
Unrestricted (deficit)	<u>(842.0)</u>	<u>(721.2)</u>	<u>(25.9)</u>	<u>(19.3)</u>	<u>(867.9)</u>	<u>(740.5)</u>
Total net position	<u>\$ (466.8)</u>	<u>\$ (405.3)</u>	<u>\$ 122.4</u>	<u>\$ 131.5</u>	<u>\$ (344.4)</u>	<u>\$ (273.8)</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far, the largest positive portion of the City's total net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt still outstanding that was used to acquire those assets. At June 30, 2017, this balance was \$460.8 versus \$431.6 at June 30, 2016. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$62.7 at June 30, 2017, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net position. The remaining category of total net position, *unrestricted* net position may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, the amount of unrestricted net position as of June 30, 2017 was a *deficit* of \$867.9, versus a *deficit* at June 30, 2016 of \$740.5.

### Governmental Activities

Total net position of the City's governmental activities decreased from a *deficit* balance of \$405.3 at June 30, 2016 to a *deficit* balance of \$466.8 as of June 30, 2017, a decrease of \$61.5.

The *deficit* in *unrestricted* net position also increased, increasing to a *deficit* of \$842.0 at June 30, 2017 compared to the previous year *deficit* of \$721.2. This was a negative change of \$120.8 in the unrestricted net position of the City's governmental activities. The primary causes of this decrease were the cumulative effect of pension liability and asset reporting changes pursuant to GASB Statement 68 and an increase to the liability for post-employment benefits.

### Business-Type Activities

The total net position of the City's business-type activities decreased for the fiscal year ended June 30, 2017 (\$122.4 compared to a previous fiscal year balance of \$131.5). Deficits were reported in the Aviation Fund (\$6.3), Water Fund (\$2.2), and Non-Major/Sewer Funds (\$0.4).

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

(Continued)

The change in net position 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.

Table 2  
Changes in Net Position  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Fees, fines and charges for services	\$ 22.3	\$ 22.1	\$ 35.8	\$ 35.6	\$ 58.1	\$ 57.7
Grants and contributions	110.9	117.7	2.2	8.5	113.1	126.2
General revenues:						
Property taxes and tax items	94.7	91.9	-	-	94.7	91.9
Other taxes	3.1	3.1	-	-	3.1	3.1
Sales and use taxes	82.0	82.3	-	-	82.0	82.3
Unallocated State Aid	405.0	377.0	-	-	405.0	377.0
Unallocated Federal Aid	2.3	3.8	-	-	2.3	3.8
Investment earnings	0.7	0.6	-	-	0.7	0.6
Other general revenues	<u>6.9</u>	<u>6.3</u>	<u>5.6</u>	<u>6.1</u>	<u>12.5</u>	<u>12.4</u>
Total revenues	<u>727.9</u>	<u>704.8</u>	<u>43.6</u>	<u>50.2</u>	<u>771.5</u>	<u>755.0</u>
<b>Program expenses</b>						
Total governmental	792.2	736.5	-	-	792.2	736.5
Aviation	-	-	23.8	23.0	23.8	23.0
Water	-	-	20.5	18.0	20.5	18.0
Sewer	-	-	5.6	5.2	5.6	5.2
Total expenses	792.2	736.5	49.9	46.2	842.1	782.7
Excess (deficiency) before transfers	(64.3)	(31.7)	(6.3)	4.0	(70.6)	(27.7)
Transfers	<u>2.8</u>	<u>2.2</u>	<u>(2.8)</u>	<u>(2.2)</u>	-	-
Increase (decrease) in net position	<u>\$ (61.5)</u>	<u>\$ (29.5)</u>	<u>\$ (9.1)</u>	<u>\$ 1.8</u>	<u>\$ (70.6)</u>	<u>\$ (27.7)</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City's total revenues for the fiscal year ended June 30, 2017 increased by 2.2% (\$771.5 compared to the previous year of \$755.0), a \$16.6 increase. Most notably, unallocated state aid to the City governmental funds increased by \$28.0 and grants and contributions decreased by \$13.1. Minor increases and decreases in other areas comprised the balance of the change.

The total cost of all programs and services increased by approximately 7.6% (\$842.1 compared to \$782.7 in the prior year). This increase (\$59.4) is primarily due to a \$45.1 increase in the amount spent for education. Increases in economic development costs (\$2.4), public safety (\$3.6) and general government (\$3.4) comprise the bulk of the remainder of the change.

Total revenues were not sufficient to cover this year's total costs. This deficit decreased the net position of the City by \$70.6 for fiscal year ended June 30, 2017 versus a decrease of \$27.7 for fiscal year ended June 30, 2016. 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 \$704.8 during the fiscal year ended June 30, 2016 to \$727.9 for the year ended June 30, 2017, an increase of \$23.1. In summary, the City realized an increase of \$28.0 in unallocated state aid.

Program expenses increased for the year ended June 30, 2017, rising from \$736.5 in the fiscal year ended June 30, 2016 to \$792.2 for the year ended June 30, 2017, an increase of 7.6% or \$55.7. Decreases in home and community services costs (\$2.0) were offset by increased public safety costs (up \$3.7) and increases in economic opportunity and development (\$2.4), general government (\$3.4) and education costs (\$46.4) to produce the increase in overall costs.

The increase in program revenues and general revenues coupled with an increase in program expenditures produced a decrease in governmental net position for the year ended June 30, 2017 of \$61.5 after transfers, versus a decrease in net position for the year ended June 30, 2016 of \$29.5.

### Business-Type Activities

Total revenues in the City's business-type activities (See Table 2) decreased by \$6.5 or 13.1% for the year ended June 30, 2017 (\$43.6 in the current year as compared to \$50.2 in the prior year). This reflects a \$5.9 decrease in the Aviation fund and small decreases in other funds and categories. Expenses of the City's business-type activities before transfers increased by 8.0%, or \$3.7 (\$49.9 versus \$46.2 last year). This resulted from an increase of \$2.5 in the Water fund and smaller increases in both the Aviation and Sewer funds.

## 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$146.3, which is a 4.4% increase from last year's total of \$140.1. This increase (\$6.2) is primarily due to an operating surplus in the School District Special Revenue Fund of \$7.4 and a deficit in the General Fund of \$2.4.

Approximately \$6.1 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$61.4 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$77.1 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$1.7) is non-spendable. This includes inventories, prepaid items and bequests that must remain intact.

- *General Fund* --- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$36.0, while total fund balance was \$52.8. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For the current year ending June 30, 2017, unassigned fund balance represents 15.1% of total fund expenditures (including transfers out) totaling \$237.0, while total fund balance represents 22.3% of that same amount. The fund balance of the City's General Fund decreased by \$2.4 during the current fiscal year. The adopted budget for the year ended June 30, 2017, included the use of fund balance (\$12.1) to balance budget revenues to budget expenditures. An analysis of the variance is presented in the section following titled General Fund Budgetary Highlights.
- *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 \$35.1. The entire balance of the fund is required to be used in the completion of City and School District capital projects.
- *Joint School Construction Board Fund* --- The Joint School Construction Board Fund is a School District Fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The Joint School Construction Board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. The entire balance is reserved for the purposes of this project and is not available for appropriation for any other purpose. The revenue for this fund is provided by bond proceeds and interest paid on the unspent proceeds. A decline in fund balance simply reflects the spending of bond proceeds to repair schools and conversely, an increase indicates that bond proceeds exceeded amounts spent. During the year ended June 30, 2017, the JSCB made a prior period adjustment to correct financial reporting errors for debt payments and interest in the amount of \$1,596,046 in the JSCB's government wide and fund financial statements.
- *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 \$44.2, last year it was \$36.8 (which includes the prior period adjustment made). The increase of \$7.4 reflects that revenues recorded exceeded the expenditures of the current fiscal year. Revenues in the School District's General Fund for the year (including transfers in) were \$470.7 and expenditures (including transfers out) were \$463.3.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

- *Neighborhood and Business Development Special Revenue Fund* - The Neighborhood and Business Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. The fund accounts for its revenue and expenditures using grant accounting; therefore, revenues are accrued as the expenditures are incurred. During the year, the fund recorded \$7.6 in both revenues and expenditures. For the prior fiscal year, the fund recorded revenues and expenditures of \$8.7. At June 30, 2017, total assets of the fund were \$15.5 and total liabilities were \$15.5. At the end of the previous fiscal year, total assets and total liabilities were \$14.6.

**Proprietary Funds** - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the Airport, Water and Sewer Funds. The net position of the proprietary funds at the end of the current fiscal year totaled \$122.4. The decrease of \$9.1 in total net position of the proprietary funds from \$131.5 resulted from deficits in all the funds as follows: The Aviation fund \$6.4, Water fund \$2.2 and the Sewer fund \$0.5.

### General Fund Budgetary Highlights

According to the City Charter, the City must adopt its budget no later than May 8 of each year for the ensuing fiscal year beginning on July 1. The City's General Fund original budget for the fiscal year ended June 30, 2017, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$245.8.

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 \$247.5, utilizing \$12.1 of fund balance. Please refer to page 77 [Statement of Revenues, Expenditures and Encumbrances – Budget and Actual (Budgetary Basis)] for presentation of the General Fund original budget and final budget.

The actual performance of the General Fund resulted in a deficit for the current year of \$2.4, as compared to a final adopted budget with a projected *deficit* of \$12.1. This positive variance from the projected deficit was primarily the result of positive fluctuations in the expenditure projections.

On the revenue side, shortfalls in sales tax (\$4.2) were offset by a net surplus in federal and state aid (\$0.7), licenses and permits revenues (\$0.5) and fines and forfeitures (\$0.4) to produce a total net shortage of \$2.0.

Expenditures varied positively from budgeted amounts in every departmental category. Unspent funds were reported in general government support (\$6.8), public safety (\$3.6), transportation (\$2.1), culture and recreation (\$0.3) and home and community (\$0.3). These variances combined to produce a \$13.1 overall favorable expenditure variance, reducing the need to use fund balance.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

In accordance with GASB 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, 2017, amounted to \$766.2 (net of accumulated depreciation). The previous year's amount was \$770.3. 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 \$513.4 (net of accumulated depreciation) this year as compared to a \$508.7 balance last year. For the City's business-type activities, the balance at the end of this year was \$252.8 (net of accumulated depreciation) as compared to a balance of \$261.6 last year.

Please refer to Note 4 in the notes to the basic financial statements for more detailed information regarding capital assets and accumulated depreciation.

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

- School District Building and Improvements -- \$10.3
- School District Machinery and Equipment -- \$3.0
- Information Systems Equipment -- \$0.4
- DPW Equipment -- \$1.9
- City Infrastructure (Bridge Repairs, Traffic Signals, Sidewalks and Road Resurfacing) -- \$12.1
- Police Department Equipment -- \$1.1
- Citywide Improvements -- \$0.5
- Parks Equipment -- \$0.2
- Parks Improvements -- \$0.7
- Fire Department Equipment -- \$3.2
- Oiling and Flushing Equipment -- \$0.2
- Water Department Equipment -- \$0.3
- Water Infrastructure -- \$1.3
- Sewer Equipment -- \$0.4
- Sewer Infrastructure -- \$1.5

Depreciation expense for the current fiscal year was \$24.0 for governmental activities and \$14.4 for business-type activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

### Long-Term Debt

At year-end, the City had \$383.4 outstanding in bonds and notes versus \$375.5 last year, an increase of 0.02%. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds and school facility revenue bonds	\$ 246.6	\$ 252.8	\$ 76.9	\$ 83.3	\$ 323.5	\$ 336.1
Construction bonds payable	-	-	30.1	31.5	30.1	31.5
Bond anticipation notes	<u>29.8</u>	<u>7.9</u>	<u>-</u>	<u>-</u>	<u>29.8</u>	<u>7.9</u>
Total	<u>\$ 276.4</u>	<u>\$ 260.7</u>	<u>\$ 107.0</u>	<u>\$ 114.8</u>	<u>\$ 383.4</u>	<u>\$ 375.5</u>

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$20.0. Proceeds were used to finance capital expenditures, fund slurry seal for streets and to fund Water and Sewer fund projects. Major projects and satisfactions funded with these proceeds are as follows:

- Road Reconstruction -- \$6.3
- Sidewalk Improvements -- \$1.0
- Transportation Projects -- \$1.6
- Parks Equipment and Improvements -- \$0.6
- DPW Equipment -- \$3.0
- Fire Department Vehicles and Apparatus -- \$2.0
- Unimproved Street Slurry -- \$0.8
- School Facilities Renovations --\$3.5
- Legal Claims -- \$1.2

In addition, \$29.2 in SIDA revenue bonds were issued for JSCB purposes.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

(Continued)

The City issued \$29.8 of bond anticipation notes for the Joint Schools Construction Board which were outstanding at June 30, 2017.

The City issued \$103.4 in revenue anticipation notes (RANs) during the fiscal year; \$68.4 on behalf of the School District and \$35.0 for the City for cash flow purposes. A large portion of both the City and School District's state aid is not received until the last quarter of the fiscal year; and therefore, the City needs cash flow borrowing to fund day-to-day operations. Both of these issues were paid off during the fiscal year leaving no revenue anticipation notes outstanding at June 30, 2017.

The City had a rating of A1 from Moody's Investors Service, an A rating from Standard & Poor's and an A from Fitch at June 30, 2017.

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 \$419.0, which is above the City's outstanding general obligation debt after exclusions.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

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

In setting the June 30, 2018 fiscal year budget, the City portion of the property tax levy increased by \$0.2, rising from \$34.3 in the 16/17 fiscal year to \$34.5 in the 17/18 fiscal year. The School District portion of the levy increased by \$0.3, rising from \$65.0 in the 16/17 fiscal year to \$65.3 in the 17/18 fiscal year. The actual combined property tax levy of the City and School District for fiscal year 17/18 is \$99.8 (\$34.5 for the City and \$65.3 for the School District), compared with the previous year of \$99.3 (\$34.3 for the City and \$65.0 for the School District). The City and School District combined property tax rate for 17/18 is \$26.6153 per \$1,000 of assessed property value (\$9.2646 for the City and \$17.3507 for the School District).

The City's June 30, 2018 budget includes a provision for use of fund balance for the City General Fund in the amount of \$16.5. Revenues for the 17/18 fiscal year are predicted to be approximately \$2.1 more than the previous year's budget and expenditures are projected to be \$2.3 more than the previous year. The School District budget includes a provision to use \$8,900,000 of fund balance.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
(Concluded)

**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 East 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 1025 Erie Blvd. West, Syracuse, New York 13204-2749. The Joint Schools Construction Board is also a blended component unit that has a separately issued financial statement. To obtain this report contact the Commissioner of Finance, City Hall, Syracuse, New York 13202.

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

To obtain the financial report for The Syracuse Regional Airport Authority, contact the Airport Authority at Syracuse International Airport, 1000 Colonel Eileen Collins Boulevard, Syracuse, New York, 13212.

To obtain a financial report for the Greater Syracuse Property Development Corporation contact the Greater Syracuse Property Development Corporation at 431 East Fayette Street, Suite 375, Syracuse, New York 13202.

**CITY OF SYRACUSE, NEW YORK**

**STATEMENT OF NET POSITION  
JUNE 30, 2017**

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 63,021,949	\$ 17,499,519	\$ 80,521,468	\$ -
Cash and cash equivalents	1,048,545	-	1,048,545	33,237,824
Receivables:				
Accounts	7,386,869	2,904,617	10,291,486	3,076,699
Taxes (net of allowance of \$27,816,185)	9,581,288	-	9,581,288	-
Other	3,936,048	-	3,936,048	-
Notes and loans receivable - due within one year	12,718,922	-	12,718,922	284,262
Due from primary government	-	-	-	1,197,417
Due from other governments	119,813,384	14,371	119,827,755	-
Due from component units - due within one year (net of allowance of \$5,502,128)	409,481	602,755	1,012,236	133,387
Internal balances	624,764	(624,764)	-	-
Inventories	1,616,052	-	1,616,052	639,520
Prepaid expenses and other assets	28,241	-	28,241	1,322,244
Restricted assets:				
Pooled cash and cash equivalents	26,825,509	1,142,357	27,967,866	-
Cash and cash equivalents	31,852,368	236,321	32,088,689	23,120,793
Notes and loans receivable - due in more than one year	-	-	-	8,455,557
Due from component units - due in more than one year	-	-	-	4,756,462
Capital assets:				
Nondepreciable	136,610,574	9,595,385	146,205,959	50,000
Depreciable, net	<u>376,860,492</u>	<u>243,216,431</u>	<u>620,076,923</u>	<u>4,328,080</u>
Total assets	<u>792,334,486</u>	<u>274,586,992</u>	<u>1,066,921,478</u>	<u>80,602,245</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - relating to debt refunding	1,537,979	399,802	1,937,781	-
Deferred outflows - relating to pensions	<u>172,724,448</u>	<u>3,558,042</u>	<u>176,282,490</u>	<u>290,294</u>
Total deferred outflows of resources	<u>174,262,427</u>	<u>3,957,844</u>	<u>178,220,271</u>	<u>290,294</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	40,253,020	2,394,413	42,647,433	3,170,208
Due to other governments	999,990	-	999,990	-
Unearned revenue	2,795,148	-	2,795,148	949,426
Loans payable	12,860,144	-	12,860,144	-
Other current liabilities	788,884	-	788,884	735,368
Due to fiduciary funds	188,304	-	188,304	-
Bond anticipation notes payable	29,800,000	-	29,800,000	-
Long-term liabilities - due within one year	79,895,021	8,009,503	87,904,524	373,000
Due to primary government - due within one year	-	-	-	632,348
Due to component units - due within one year	30,750	-	30,750	133,387
Long-term liabilities - due in more than one year	1,239,853,269	144,866,186	1,384,719,455	643,077
Due to primary government - due in more than one year	-	-	-	5,850,142
Due to component units - due in more than one year	-	-	-	4,756,463
Total liabilities	<u>1,407,464,530</u>	<u>155,270,102</u>	<u>1,562,734,632</u>	<u>17,243,419</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	4,642,582	-	4,642,582	30,750
Deferred inflows - relating to pensions	<u>21,281,896</u>	<u>858,675</u>	<u>22,140,571</u>	<u>61,296</u>
Total deferred outflows of resources	<u>25,924,478</u>	<u>858,675</u>	<u>26,783,153</u>	<u>92,046</u>
<b>NET POSITION</b>				
Net investment in capital assets	313,856,600	146,975,275	460,831,875	4,153,080
Restricted	61,450,630	1,378,678	62,829,308	22,931,627
Unrestricted (deficit)	<u>(842,099,325)</u>	<u>(25,937,894)</u>	<u>(868,037,219)</u>	<u>36,472,367</u>
Total net position	<u>\$ (466,792,095)</u>	<u>\$ 122,416,059</u>	<u>\$ (344,376,036)</u>	<u>\$ 63,557,074</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General government support	\$ 97,156,063	\$ 1,698,341	\$ 2,549,976	\$ 950,512	\$ (91,957,234)	\$ -	\$ (91,957,234)	\$ -
Police department	107,566,393	5,069,097	1,877,746	-	(100,619,550)	-	(100,619,550)	-
Fire department	73,111,348	225,322	-	-	(72,886,026)	-	(72,886,026)	-
Other public safety	6,243,571	3,825,040	86,856	-	(2,331,675)	-	(2,331,675)	-
Transportation	39,692,501	7,819,636	2,137	10,217,147	(21,653,581)	-	(21,653,581)	-
Economic opportunity and development	2,853,891	252,388	2,575,576	-	(25,927)	-	(25,927)	-
Home and community services	23,200,129	2,424,169	8,135,902	-	(12,640,058)	-	(12,640,058)	-
Culture and recreation	15,394,851	574,652	65,061	-	(14,755,138)	-	(14,755,138)	-
Food service	13,978,080	273,972	14,942,310	-	1,238,202	-	1,238,202	-
Education	377,960,666	184,829	68,999,819	-	(308,776,018)	-	(308,776,018)	-
Pupil transportation	24,722,394	-	480,135	-	(24,242,259)	-	(24,242,259)	-
Interest on long-term debt	10,371,493	-	-	-	(10,371,493)	-	(10,371,493)	-
Total governmental activities	792,251,380	22,347,446	99,715,518	11,167,659	(659,020,757)	-	(659,020,757)	-
Business-Type Activities:								
Aviation	23,764,276	9,727,183	-	2,099,902	-	(11,937,191)	(11,937,191)	-
Water	20,552,743	20,602,970	-	-	-	50,227	50,227	-
Sewer	5,582,220	5,473,568	-	152,219	-	43,567	43,567	-
Total business-type activities	49,899,239	35,803,721	-	2,252,121	-	(11,843,397)	(11,843,397)	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 842,150,619</b>	<b>\$ 58,151,167</b>	<b>\$ 99,715,518</b>	<b>\$ 13,419,780</b>	<b>(659,020,757)</b>	<b>(11,843,397)</b>	<b>(670,864,154)</b>	<b>-</b>
<b>COMPONENT UNITS:</b>								
Syracuse Industrial Development Agency	\$ 6,111,661	\$ 5,338,251	\$ -	\$ -	-	-	-	(773,410)
Syracuse Economic Development Corporation	344,545	158,809	31,000	-	-	-	-	(154,736)
Greater Syracuse Property Development Corporation	5,380,545	1,807,374	3,324,584	-	-	-	-	(248,587)
Syracuse Regional Airport Authority	30,519,525	33,219,234	1,946,166	-	-	-	-	4,645,875
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 42,356,276</b>	<b>\$ 40,523,668</b>	<b>\$ 5,301,750</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,469,142</b>
General revenues:								
Property taxes and tax items					94,623,800	-	94,623,800	-
Sales and use taxes					82,073,742	-	82,073,742	-
Other taxes					3,095,303	-	3,095,303	-
Unallocated state aid					405,005,424	-	405,005,424	-
Unallocated federal aid					2,277,582	-	2,277,582	-
Investment earnings					731,254	4,752	736,006	333,869
Contributions					-	-	-	836,660
Miscellaneous					6,828,826	5,574,450	12,403,276	-
Transfers					2,825,000	(2,825,000)	-	-
Total general revenues and transfers					597,460,931	2,754,202	600,215,133	1,170,529
Changes in net position					(61,559,826)	(9,089,195)	(70,649,021)	4,639,671
NET POSITION - beginning of year, as previously reported					(441,063,302)	131,505,254	(309,558,048)	58,917,403
PRIOR PERIOD ADJUSTMENT (NOTE 15)					35,831,033	-	35,831,033	-
NET POSITION - beginning of year, as restated					(405,232,269)	131,505,254	(273,727,015)	58,917,403
NET POSITION - end of year					\$ (466,792,095)	\$ 122,416,059	\$ (344,376,036)	\$ 63,557,074

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2017

	General Fund	Capital Projects Fund	Joint Schools Construction Board	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
				City School District	Neighborhood & Business Development		
<b>ASSETS</b>							
Pooled cash and cash equivalents	\$ 17,865,188	\$ 11,329,413	\$ -	\$ 33,343,909	\$ -	\$ 483,439	\$ 63,021,949
Pooled restricted cash and cash equivalents	-	16,855,279	-	1,923,128	-	8,047,102	26,825,509
Cash and cash equivalents	-	-	-	-	-	1,048,545	1,048,545
Restricted cash and cash equivalents	-	-	29,617,850	-	2,050,870	183,648	31,852,368
Loans receivable	-	-	-	-	12,568,922	150,000	12,718,922
Accounts receivable	2,538,591	114,425	-	-	1,281	4,763,300	7,417,597
Other receivable	-	-	-	3,905,320	-	-	3,905,320
Taxes receivable (net of allowance of \$27,816,185)	6,314,284	-	-	3,812,613	-	27,521	10,154,418
Due from other funds	3,082,782	2,215,820	-	6,777,220	-	9,086,339	21,162,161
Due from other governments	44,424,691	7,844,256	-	63,850,874	569,995	3,123,568	119,813,384
Due from component units (net of allowance of \$5,502,128)	-	-	-	-	347,882	61,599	409,481
Inventory	-	-	-	1,037,120	-	578,932	1,616,052
Prepaid expenditures and other assets	-	-	-	13,444	-	14,797	28,241
<b>Total assets</b>	<b>\$ 74,225,536</b>	<b>\$ 38,359,193</b>	<b>\$ 29,617,850</b>	<b>\$ 114,663,628</b>	<b>\$ 15,538,950</b>	<b>\$ 27,568,790</b>	<b>\$ 299,973,947</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES:</b>							
Accounts payable and accrued expenses	\$ 4,324,928	\$ 2,772,330	\$ 805,340	\$ 28,211,944	\$ 876,913	\$ 1,425,076	\$ 38,416,531
Due to other funds	-	-	2,166,958	15,761,240	372,788	2,424,715	20,725,701
Due to component units	-	30,750	-	-	-	-	30,750
Due to other governments	26,331	-	-	916,755	54,074	2,830	999,990
Amounts due to retirement systems	5,492,321	-	-	24,046,768	-	-	29,539,089
Self-insurance claims	5,919,095	-	-	1,459,716	-	-	7,378,811
Bond anticipation note	-	-	29,800,000	-	-	-	29,800,000
Unearned revenue	-	-	-	-	1,147,513	1,797,635	2,945,148
Loans payable	-	-	-	-	12,860,144	-	12,860,144
Other liabilities	189,343	372,023	-	-	227,518	-	788,884
<b>Total liabilities</b>	<b>15,952,018</b>	<b>3,175,103</b>	<b>32,772,298</b>	<b>70,396,423</b>	<b>15,538,950</b>	<b>5,650,256</b>	<b>143,485,048</b>
DEFERRED INFLOW OF RESOURCES / UNAVAILABLE REVENUE	5,457,910	-	-	-	-	4,714,060	10,171,970
<b>Fund Balances:</b>							
Nonspendable	-	-	-	1,050,564	-	605,927	1,656,491
Restricted	361,550	18,974,737	26,645,552	435,042	-	15,006,754	61,423,635
Committed	-	16,209,353	-	-	-	449,899	16,659,252
Assigned	16,542,354	-	-	42,781,599	-	1,141,894	60,465,847
Unassigned	35,911,704	-	(29,800,000)	-	-	-	6,111,704
<b>Total fund balances</b>	<b>52,815,608</b>	<b>35,184,090</b>	<b>(3,154,448)</b>	<b>44,267,205</b>	<b>-</b>	<b>17,204,474</b>	<b>146,316,929</b>
<b>Total liabilities, deferred inflow of resources and fund balances</b>	<b>\$ 74,225,536</b>	<b>\$ 38,359,193</b>	<b>\$ 29,617,850</b>	<b>\$ 114,663,628</b>	<b>\$ 15,538,950</b>	<b>\$ 27,568,790</b>	<b>\$ 299,973,947</b>

The accompanying notes are an integral part of these statements.

## CITY OF SYRACUSE, NEW YORK

### RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2017

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Total fund balances for governmental funds	\$ 146,316,929
Total net assets reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds	513,471,066
Pension obligation activity:	
Deferred outflows of resources	172,724,448
Net pension liability	(78,553,371)
Deferred inflows of resources	(21,281,896)
Revenue collected after year end and not available to pay for current year expenditures and deferred in funds	5,106,259
Long-term liabilities, including bonds payable, compensated absences, due to retirement systems, judgments and claims, self- insurance claims, postemployment benefits and other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(1,204,277,020)
Deferred charges relating to debt refunding not reported in the funds	1,537,979
Accrued interest not reported in the funds	<u>(1,836,489)</u>
Total net position of governmental activities	<u>\$ (466,792,095)</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital Projects Fund	Joint School Construction Board	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
				City School District	Neighborhood & Business Development		
<b>REVENUES:</b>							
General property taxes and tax items	\$ 38,430,482	\$ -	\$ -	\$ 58,556,586	\$ -	\$ 2,235,951	\$ 99,223,019
Sales and use taxes	81,418,802	-	-	654,940	-	-	82,073,742
Other local taxes	3,095,303	-	-	-	-	950,512	4,045,815
Departmental revenues	11,860,918	-	-	-	-	-	11,860,918
Intergovernmental charges	258,415	-	-	-	-	-	258,415
Licenses and permits	3,099,058	-	-	-	-	-	3,099,058
Fines and forfeitures	3,294,717	-	-	-	-	-	3,294,717
Sale of property and compensation for loss	441,974	-	-	232,777	-	-	674,751
Use of money and property	175,650	8,562	-	262,761	-	360,461	807,434
Federal and state aid and other grants	81,237,899	6,561,375	713,612	399,346,100	7,592,948	18,877,556	514,329,490
Pass-through New York State funding from District	-	-	11,826,463	-	-	-	11,826,463
Surplus food	-	-	-	-	-	853,574	853,574
Sales-School Food Service program	-	-	-	-	-	273,972	273,972
Other revenues	6,976,290	372,282	-	954,046	2,271	623,703	8,928,592
<b>Total revenues</b>	<b>230,289,508</b>	<b>6,942,219</b>	<b>12,540,075</b>	<b>460,007,210</b>	<b>7,595,219</b>	<b>24,175,729</b>	<b>741,549,960</b>
<b>CURRENT EXPENDITURES:</b>							
General government support	28,148,838	-	439,315	55,255,037	1,092,233	8,122,613	93,058,036
Public safety	141,183,171	-	-	-	-	1,711,675	142,894,846
Transportation	21,616,926	-	-	-	-	2,344,569	23,961,495
Economic opportunity and development	-	-	-	-	-	2,853,891	2,853,891
Home and community services	14,296,738	-	-	1,059,155	6,502,986	32,366	21,891,245
Culture and recreation	11,076,616	-	-	-	-	292,128	11,368,744
Education	-	-	-	379,426,608	-	-	379,426,608
Principal debt payments	-	-	6,865,000	105,000	-	20,783,954	27,753,954
Interest on debt	460,937	-	4,961,463	721,290	-	5,409,404	11,553,094
Capital outlays	-	23,560,539	5,194,204	-	-	-	28,754,743
Cost of sales - Food Service program	-	-	-	-	-	6,055,108	6,055,108
Pass-through New York State funding to JSCB	-	-	-	11,826,463	-	-	11,826,463
<b>Total expenditures</b>	<b>216,783,226</b>	<b>23,560,539</b>	<b>17,459,982</b>	<b>448,393,553</b>	<b>7,595,219</b>	<b>47,605,708</b>	<b>761,398,227</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>13,506,282</b>	<b>(16,618,320)</b>	<b>(4,919,907)</b>	<b>11,613,657</b>	<b>-</b>	<b>(23,429,979)</b>	<b>(19,848,267)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Bond proceeds	1,205,000	18,786,000	-	-	-	-	19,991,000
Bond proceeds from refunding bonds	-	-	29,260,000	-	-	-	29,260,000
BANs redeemed from appropriations	-	-	105,000	-	-	-	105,000
Premium on issuance of BANs and RANs	248,852	-	231,633	-	-	-	480,485
Premium on bonds	20,316	-	4,663,314	-	-	2,159,990	6,843,620
Deposits to escrow agent	-	-	(33,483,998)	-	-	-	(33,483,998)
Operating transfers in	2,825,000	4,276,605	-	10,720,596	-	25,264,795	43,086,996
Operating transfers out	(20,192,040)	(357,181)	(3,067,392)	(14,899,811)	-	(1,745,572)	(40,261,996)
<b>Total other financing sources (uses)</b>	<b>(15,892,872)</b>	<b>22,705,424</b>	<b>(2,291,443)</b>	<b>(4,179,215)</b>	<b>-</b>	<b>25,679,213</b>	<b>26,021,107</b>
<b>CHANGES IN FUND BALANCES</b>	<b>(2,386,590)</b>	<b>6,087,104</b>	<b>(7,211,350)</b>	<b>7,434,442</b>	<b>-</b>	<b>2,249,234</b>	<b>6,172,840</b>
FUND BALANCES- beginning of year, as previously reported	55,202,198	29,096,986	5,652,948	35,236,717	-	14,955,240	140,144,089
PRIOR PERIOD ADJUSTMENT (NOTE 15)	-	-	(1,596,046)	1,596,046	-	-	-
<b>FUND BALANCES - end of year</b>	<b>\$ 52,815,608</b>	<b>\$ 35,184,090</b>	<b>\$ (3,154,448)</b>	<b>\$ 44,267,205</b>	<b>\$ -</b>	<b>\$ 17,204,474</b>	<b>\$ 146,316,929</b>

The accompanying notes are an integral part of these 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, 2017**

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Net change in fund balances - total governmental funds	\$ 6,172,840
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	4,880,309
Disposal of assets not fully depreciated resulting in a loss in the statement of activities.	(112,717)
Bond proceeds and premiums are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	5,038,331
Revenues previously recorded in the statement of activities that did not provide current financial resources and were not recorded in the governmental funds.	(2,105,795)
Pension income(expense) resulting from pension obligation is not recorded in the governmental funds but is recorded in the statement of activities.	(9,468,214)
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.	(66,660,661)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>696,081</u>
Net change in net position of governmental activities	<u>\$ (61,559,826)</u>

**CITY OF SYRACUSE, NEW YORK**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2017**

	<u>Business-type Activities</u>			<u>Total</u>
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>NonMajor/Sewer</u>	
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Pooled cash and cash equivalents	\$ -	\$ 10,579,562	\$ 6,919,957	\$ 17,499,519
Accounts receivable	-	2,284,249	620,368	2,904,617
Due from other governments	-	-	14,371	14,371
Due from component unit	<u>602,755</u>	<u>-</u>	<u>-</u>	<u>602,755</u>
Total current assets	<u>602,755</u>	<u>12,863,811</u>	<u>7,554,696</u>	<u>21,021,262</u>
<b>NONCURRENT ASSETS:</b>				
Pooled restricted cash and cash equivalents	-	1,142,357	-	1,142,357
Restricted cash and cash equivalents	236,321	-	-	236,321
Capital assets (net)	<u>139,813,144</u>	<u>97,289,458</u>	<u>15,709,214</u>	<u>252,811,816</u>
Total noncurrent assets	<u>140,049,465</u>	<u>98,431,815</u>	<u>15,709,214</u>	<u>254,190,494</u>
Total Assets	<u>140,652,220</u>	<u>111,295,626</u>	<u>23,263,910</u>	<u>275,211,756</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - relating to debt refunding	-	277,747	122,055	399,802
Deferred outflows - relating to pensions	<u>2,040,103</u>	<u>1,130,880</u>	<u>387,059</u>	<u>3,558,042</u>
Total Deferred Outflows of Resources	<u>2,040,103</u>	<u>1,408,627</u>	<u>509,114</u>	<u>3,957,844</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued expenses	75,116	1,194,427	346,886	1,616,429
Accrued interest	298,267	424,332	55,385	777,984
Due to other funds	602,755	14,896	7,113	624,764
Current portion of bonds payable	1,627,773	3,889,105	571,827	6,088,705
Amounts due to retirement systems	271,247	171,794	60,761	503,802
Accrued compensated absences	244,069	24,834	16,011	284,914
Self-insurance claims	<u>398,027</u>	<u>563,517</u>	<u>170,538</u>	<u>1,132,082</u>
Total current liabilities	<u>3,517,254</u>	<u>6,282,905</u>	<u>1,228,521</u>	<u>11,028,680</u>
<b>NONCURRENT LIABILITIES:</b>				
Bonds payable - net of current portion	39,074,473	57,697,261	4,118,459	100,890,193
Amounts due to retirement systems	52,029	21,092	7,460	80,581
Accrued compensated absences	-	291,075	104,687	395,762
Self-insurance claims	628,902	1,027,906	274,534	1,931,342
Net pension liability	2,616,593	1,649,838	570,577	4,837,008
Other postemployment benefits	<u>10,870,000</u>	<u>17,891,000</u>	<u>7,970,300</u>	<u>36,731,300</u>
Total noncurrent liabilities	<u>53,241,997</u>	<u>78,578,172</u>	<u>13,046,017</u>	<u>144,866,186</u>
Total Liabilities	<u>56,759,251</u>	<u>84,861,077</u>	<u>14,274,538</u>	<u>155,894,866</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - relating to pensions	<u>461,982</u>	<u>294,503</u>	<u>102,190</u>	<u>858,675</u>
<b>NET POSITION:</b>				
Net investment in capital assets	99,110,898	36,845,449	11,018,928	146,975,275
Restricted	236,321	1,142,357	-	1,378,678
Unrestricted (deficit)	<u>(13,876,129)</u>	<u>(10,439,133)</u>	<u>(1,622,632)</u>	<u>(25,937,894)</u>
Total net position	<u>\$ 85,471,090</u>	<u>\$ 27,548,673</u>	<u>\$ 9,396,296</u>	<u>\$ 122,416,059</u>

The accompanying notes are an integral part of these statements.

**CITY OF SYRACUSE, NEW YORK**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>Nonmajor/Sewer</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Charges for services	\$ -	\$ 19,968,582	\$ 5,473,568	\$ 25,442,150
Expense reimbursement income	9,727,183	-	-	9,727,183
Miscellaneous	<u>-</u>	<u>634,388</u>	<u>-</u>	<u>634,388</u>
Total operating revenues	<u>9,727,183</u>	<u>20,602,970</u>	<u>5,473,568</u>	<u>35,803,721</u>
<b>OPERATING EXPENSES:</b>				
Cost of sales and services	-	14,946,390	4,705,717	19,652,107
Administration	11,494,429	303,861	228	11,798,518
Depreciation	<u>10,347,560</u>	<u>3,304,816</u>	<u>709,337</u>	<u>14,361,713</u>
Total operating expenses	<u>21,841,989</u>	<u>18,555,067</u>	<u>5,415,282</u>	<u>45,812,338</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(12,114,806)</u>	<u>2,047,903</u>	<u>58,286</u>	<u>(10,008,617)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Capital grants	-	-	152,219	152,219
Capital contributions	2,099,902	-	-	2,099,902
Lease income	5,574,450	-	-	5,574,450
Investment income	43	4,709	-	4,752
Interest expense	<u>(1,922,287)</u>	<u>(1,997,676)</u>	<u>(166,938)</u>	<u>(4,086,901)</u>
Total nonoperating revenues (expenses)	<u>5,752,108</u>	<u>(1,992,967)</u>	<u>(14,719)</u>	<u>3,744,422</u>
<b>INCOME BEFORE OPERATING TRANSFERS</b>	(6,362,698)	54,936	43,567	(6,264,195)
<b>OPERATING TRANSFERS OUT</b>	<u>-</u>	<u>(2,300,000)</u>	<u>(525,000)</u>	<u>(2,825,000)</u>
<b>CHANGES IN NET POSITION</b>	(6,362,698)	(2,245,064)	(481,433)	(9,089,195)
<b>NET POSITION - beginning of year</b>	<u>91,833,788</u>	<u>29,793,737</u>	<u>9,877,729</u>	<u>131,505,254</u>
<b>NET POSITION - end of year</b>	<u>\$ 85,471,090</u>	<u>\$ 27,548,673</u>	<u>\$ 9,396,296</u>	<u>\$ 122,416,059</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities			Total
	Aviation	Water	Nonmajor- Sewer Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ -	\$ 20,919,783	\$ 5,544,081	\$ 26,463,864
Receipts from expense reimbursements	9,781,644	-	-	9,781,644
Payments to vendors	(1,320,683)	(4,475,986)	(599,740)	(6,396,409)
Payments to employees	(6,492,811)	(6,000,905)	(2,246,045)	(14,739,761)
Internal activity with other funds - net	(54,461)	-	-	(54,461)
Claims paid	(1,913,689)	(2,006,273)	(769,316)	(4,689,278)
Net cash flow from operating activities	<u>-</u>	<u>8,436,619</u>	<u>1,928,980</u>	<u>10,365,599</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating subsidies and transfers to other funds	-	(2,300,000)	(525,000)	(2,825,000)
Payments from (to) other governments	-	-	432,769	432,769
Net cash flow from noncapital financing activities	<u>-</u>	<u>(2,300,000)</u>	<u>(92,231)</u>	<u>(2,392,231)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases of capital assets	-	(1,620,505)	(1,874,868)	(3,495,373)
Proceeds from sale of capital assets	-	20,618	-	20,618
Principal paid on capital debt	(3,605,000)	(3,621,044)	(489,501)	(7,715,545)
Interest paid on capital debt	(1,969,450)	(2,114,214)	(220,313)	(4,303,977)
Other receipts	5,574,450	-	-	5,574,450
Net cash flow from capital and related financing activities	<u>-</u>	<u>(7,335,145)</u>	<u>(2,584,682)</u>	<u>(9,919,827)</u>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest and dividends received	43	4,709	-	4,752
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
CASH AND CASH EQUIVALENTS - beginning of year	236,278	12,915,736	7,667,890	20,819,904
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 236,321</u>	<u>\$ 11,721,919</u>	<u>\$ 6,919,957</u>	<u>\$ 18,878,197</u>
<b>Reconciliation of operating income (loss) to net cash flow from operating activities:</b>				
Operating income (loss)	\$ (12,114,806)	\$ 2,047,903	\$ 58,286	\$ (10,008,617)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Depreciation expense	10,347,560	3,304,816	709,337	14,361,713
Amortization expense	24,791	27,774	-	52,565
(Gain) loss on disposal of capital assets	-	(20,618)	-	(20,618)
Change in assets and liabilities:				
Accounts receivable	-	337,431	70,513	407,944
Due to other funds	(54,461)	-	(7,021)	(61,482)
Due to component units	54,461	-	-	54,461
Accounts payable and accrued expenses	(44,376)	211,811	87,729	255,164
Amounts due to retirement systems	(21,727)	(17,435)	(4,844)	(44,006)
Net pension liability	(1,551,924)	(1,205,986)	(426,022)	(3,183,932)
Other Postemployment Benefits	1,310,400	2,156,700	957,200	4,424,300
Self-insurance claims	86,918	145,942	(40,017)	192,843
Accrued compensated absences	12,375	-	-	12,375
Deferred outflows	2,061,611	1,518,722	548,703	4,129,036
Deferred inflows	(110,822)	(70,441)	(24,884)	(206,147)
Net cash flow from operating activities	<u>\$ -</u>	<u>\$ 8,436,619</u>	<u>\$ 1,928,980</u>	<u>\$ 10,365,599</u>

**CITY OF SYRACUSE, NEW YORK**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

(Continued)

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**NONCASH INVESTING, CAPITAL AND  
FINANCING ACTIVITIES:**

The Aviation Fund recognized additions to its capital assets related to a capital contribution from the Syracuse Regional Airport Authority of \$2,099,902.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning of Year:			
Aviation Fund	\$ -	\$ 236,278	\$ 236,278
Water Fund	10,899,138	2,016,598	12,915,736
Sewer Fund	<u>7,547,890</u>	<u>120,000</u>	<u>7,667,890</u>
Total - Cash and cash equivalents - beginning of year	<u>18,447,028</u>	<u>2,372,876</u>	<u>20,819,904</u>
End of Year:			
Aviation Fund	-	236,321	236,321
Water Fund	10,579,562	1,142,357	11,721,919
Sewer Fund	<u>6,919,957</u>	<u>-</u>	<u>6,919,957</u>
Total - Cash and cash equivalents - end of year	<u>\$ 17,499,519</u>	<u>\$ 1,378,678</u>	<u>\$ 18,878,197</u>

The accompanying notes are an integral part of these statements.

**CITY OF SYRACUSE, NEW YORK**

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2017**

	City Agency Funds	City School District Agency Funds	Total Agency Funds	City School District Private Purpose Trusts	Total Fiduciary Funds
<b>ASSETS:</b>					
Pooled restricted cash and cash equivalents	\$ 1,709,595	\$ -	\$ 1,709,595	\$ -	\$ 1,709,595
Restricted cash	1,170,257	156,008	1,326,265	178,890	1,505,155
Taxes receivable	50,193,270	-	50,193,270	-	50,193,270
Due from other funds	<u>-</u>	<u>210,494</u>	<u>210,494</u>	<u>-</u>	<u>210,494</u>
Total assets	<u>53,073,122</u>	<u>366,502</u>	<u>53,439,624</u>	<u>178,890</u>	<u>53,618,514</u>
<b>LIABILITIES:</b>					
Due to other governments	1,531,715	-	1,531,715	-	1,531,715
Deferred property tax revenue	50,193,270	-	50,193,270	-	50,193,270
Other liabilities	1,348,137	366,502	1,714,639	-	1,714,639
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,190</u>	<u>22,190</u>
Total liabilities	<u>53,073,122</u>	<u>366,502</u>	<u>53,439,624</u>	<u>22,190</u>	<u>53,461,814</u>
<b>NET POSITION:</b>					
Held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,700</u>	<u>\$ 156,700</u>

The accompanying notes are an integral part of these statements.

**CITY OF SYRACUSE, NEW YORK**

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	<u>City School District Private Pupose Trusts</u>
ADDITIONS:	
Contributions / Total additions	\$ <u>22,584</u>
DEDUCTIONS:	
Scholarships and awards	22,190
Loss on investment	<u>4,393</u>
Total deductions	<u>26,583</u>
CHANGE IN NET POSITION	(3,999)
NET POSITION - beginning of year	<u>160,699</u>
NET POSITION - end of year	<u>\$ <u>156,700</u></u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS  
JUNE 30, 2017

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,319,074	\$ 2,121,445	\$ 23,477,362	\$ 3,319,943	\$ 33,237,824
Restricted cash	-	7,753	22,163,965	949,075	23,120,793
Accounts receivable	-	-	3,076,665	34	3,076,699
Loans receivable - current portion	-	150,875	-	-	150,875
Notes receivable - current portion	-	133,387	-	-	133,387
Due from primary government	-	-	30,750	1,166,667	1,197,417
Due from other component units - current portion	133,387	-	-	-	133,387
Inventory	-	-	-	639,520	639,520
Other assets	985,220	-	243,735	93,289	1,322,244
Loans receivable - long-term portion	-	3,699,094	-	-	3,699,094
Notes receivable - long-term portion	-	4,756,463	-	-	4,756,463
Due from other component units - long-term	4,756,462	-	-	-	4,756,462
Destiny USA fees receivable	7,600,000	-	-	-	7,600,000
Destiny USA fees payable to the City and County	(7,600,000)	-	-	-	(7,600,000)
Capital assets:					
Nondepreciable	50,000	-	-	-	50,000
Depreciable, net	225,226	-	4,093,647	9,207	4,328,080
Total assets	10,469,369	10,869,017	53,086,124	6,177,735	80,602,245
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows - relating to pensions	-	-	290,294	-	290,294
<b>LIABILITIES:</b>					
Accounts payable and accrued expenses	83,042	3,352	2,799,752	277,898	3,164,044
Accrued interest expense	6,164	-	-	-	6,164
Unearned revenue	-	-	-	949,426	949,426
Due to primary government	-	29,593	602,755	-	632,348
Due to other component units	-	133,387	-	-	133,387
Grant payable	735,368	-	-	-	735,368
Non-current liabilities:					
Due within one year	373,000	-	-	-	373,000
Due within more than one year	351,000	-	292,077	-	643,077
Due to primary government - long-term portion	2,020,372	3,829,770	-	-	5,850,142
Due to other component units - long-term portion	-	4,756,463	-	-	4,756,463
Total liabilities	3,568,946	8,752,565	3,694,584	1,227,324	17,243,419
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows - relating to pensions	-	-	61,296	-	61,296
Unavailable revenue	-	-	30,750	-	30,750
Total deferred inflows of resources	-	-	92,046	-	92,046
<b>NET POSITION:</b>					
Net investment in capital assets	50,226	-	4,093,647	9,207	4,153,080
Restricted for Urban Development Action Grant	-	674,018	-	-	674,018
Restricted for Airport Authority Projects	-	-	22,163,965	-	22,163,965
Restricted for Parking Mitigation	93,644	-	-	-	93,644
Unrestricted	6,756,553	1,442,434	23,332,176	4,941,204	36,472,367
Total net position	\$ 6,900,423	\$ 2,116,452	\$ 49,589,788	\$ 4,950,411	\$ 63,557,074

The accompanying notes are an integral part of these statements.

**CITY OF SYRACUSE, NEW YORK**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS  
FOR THE YEAR ENDED JUNE 30, 2017**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
<b>EXPENSES:</b>					
Destiny USA Fee to City of Syracuse and Onondaga County	\$ 3,800,000	\$ -	\$ -	\$ -	\$ 3,800,000
Airport expenses	-	-	29,958,371	-	29,958,371
Greater Syracuse Property Development Corporation expenses	-	-	-	5,375,613	5,375,613
Public improvements	1,280,367	-	-	-	1,280,367
Development projects	45,296	105,640	-	-	150,936
Other costs	832,361	90,096	-	-	922,457
Interest	41,024	148,809	-	-	189,833
Depreciation	<u>112,613</u>	<u>-</u>	<u>561,154</u>	<u>4,932</u>	<u>678,699</u>
Total expenses	<u>6,111,661</u>	<u>344,545</u>	<u>30,519,525</u>	<u>5,380,545</u>	<u>42,356,276</u>
<b>PROGRAM REVENUE:</b>					
Financing fees	5,003,767	-	-	-	5,003,767
Grant, contributions and government subsidy revenue	-	31,000	1,946,166	3,324,584	5,301,750
Passenger facility charges	-	-	4,138,681	-	4,138,681
Landing fees	-	-	6,919,855	-	6,919,855
Parking rents	-	-	8,737,611	-	8,737,611
Concession and other	-	-	6,912,755	-	6,912,755
Terminal rents	-	-	6,440,936	-	6,440,936
Rent revenue	323,608	-	-	43,200	366,808
Sale of property	-	-	-	1,725,545	1,725,545
Mortgage interest income	-	148,809	-	-	148,809
Miscellaneous income	<u>10,876</u>	<u>10,000</u>	<u>69,396</u>	<u>38,629</u>	<u>128,901</u>
Total program revenue	<u>5,338,251</u>	<u>189,809</u>	<u>35,165,400</u>	<u>5,131,958</u>	<u>45,825,418</u>
NET PROGRAM REVENUE (EXPENSE)	<u>(773,410)</u>	<u>(154,736)</u>	<u>4,645,875</u>	<u>(248,587)</u>	<u>3,469,142</u>
<b>GENERAL REVENUE:</b>					
Investment earnings	<u>153,133</u>	<u>87,046</u>	<u>93,690</u>	<u>-</u>	<u>333,869</u>
Total general revenue	<u>153,133</u>	<u>87,046</u>	<u>93,690</u>	<u>-</u>	<u>333,869</u>
CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>836,660</u>	<u>836,660</u>
CHANGES IN NET POSITION	(620,277)	(67,690)	4,739,565	588,073	4,639,671
NET POSITION - beginning of year	<u>7,520,700</u>	<u>2,184,142</u>	<u>44,850,223</u>	<u>4,362,338</u>	<u>58,917,403</u>
NET POSITION - end of year	<u>\$ 6,900,423</u>	<u>\$ 2,116,452</u>	<u>\$ 49,589,788</u>	<u>\$ 4,950,411</u>	<u>\$ 63,557,074</u>

The accompanying notes are an integral part of these statements.

# CITY OF SYRACUSE, NEW YORK

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2017

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### 1. NATURE OF OPERATIONS

The City of Syracuse, New York (the City) was incorporated in 1848 and operates under an elected Mayor. The Common Council is the elected legislative body and consists of a Council President and four members elected at large plus five district members. The City provides service of general government, public works, public safety, education, community enrichment and economic development to its approximately 145,000 residents.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Significant accounting policies used by the City are discussed in subsequent subsections of this note.

#### Financial Reporting Entity

The City's financial reporting entity comprises the following:

Primary Government:	City of Syracuse, New York
Blended Component Units:	Syracuse City School District Syracuse Urban Renewal Agency Joint Schools Construction Board
Discretely Presented Component Units:	Syracuse Economic Development Corporation Syracuse Industrial Development Agency Syracuse Regional Airport Authority Greater Syracuse Property Development Corporation

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

#### Blended Component Units

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 makes the District whole with respect to the property tax levy. The District is primarily included in the basic financial statements as a special revenue fund in the fund financial statements. The District's general fund and special aid fund are combined in the City's fund financial statements. In the government-wide statements the District is included in the governmental activities. Separately issued financial statements may be obtained by contacting the Chief Financial Officer of the District at 1025 Erie Blvd. West, Syracuse, New York 13204-2749.

Syracuse Urban Renewal Agency (SURA) - SURA is an agency used to account for federal, state and local capital grant funds for the redevelopment of land in the City of Syracuse. The City is financially accountable for SURA. The Mayor appoints the voting majority of the governing body. SURA is included in the basic financial statements as a nonmajor governmental fund in the fund financial statements. In the government-wide statements SURA is included in the governmental activities. Separately issued financial statements may be obtained by contacting the Department of Neighborhood & Business Development at City Hall Commons, Syracuse, New York 13202.

Joint Schools Construction Board (JSCB) - The JSCB is a blended component unit of the District. The JSCB is a joint venture between the District and 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 design, construction, reconstruction and financing of educational facilities in the City in accordance with applicable state and local laws. Separate audited financial statements are prepared for JSCB and reports may be obtained by writing to Joint Schools Construction Board, Commissioner of Finance, City Hall, Syracuse, New York 13202.

### 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.

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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Separate audited financial statements are prepared for SEDCO and reports may be obtained by writing to Syracuse Economic Development Corporation, City Hall, Syracuse, New York 13202. SEDCO has a fiscal year which ends December 31.

Syracuse Regional Airport Authority (the Authority) - The Authority is a public benefit corporation established in August 2011 to maintain and operate Syracuse Hancock International Airport. The Authority submitted a joint application to the Federal Aviation Administration (FAA), along with the City of Syracuse (the City), to transfer the Federal Aviation Regulation Part 139 Operating Certificate from the City to the Authority. The application included several exhibits, including a Lease Agreement, Services Agreement, Assignment and Assumption Agreement, and narratives regarding the Airport's bond amounts, obligation and indentures, and the enterprise fund. The three agreements were approved by the Authority on July 12, 2013, and approved by the Syracuse Common Council in November 2013. The application was submitted to the FAA for review with a request to issue the operating certificate and make the transfer in 2014. The FAA approved the transfer from the City to the Authority in February 2014. On March 1, 2014 the Authority assumed operational control over the Airport. The oversight body is the Authority board of which seven of the eleven members are appointed by the Mayor of the City of Syracuse. The chairperson is designated by the Mayor of the City of Syracuse. Pursuant to a lease agreement, the Authority leases the properties comprising the Airport from the City. A separate legal entity, the Authority, is included as a discretely presented component unit within the City's basic financial statements due to the City's ability to impose its will. Pursuant to a service agreement, the Authority reimburses the City for certain services that have been rendered by employees of the City under the City's Department of Aviation and certain expenses incurred in the administration and operation of the Airport. Upon expiration or earlier termination of the lease term, the Airport reverts to the City and the City will be required to obtain the operating certificate from the FAA in order to continue to administer and operate the Airport. Separate audited financial statements are prepared for the Authority and reports may be obtained by writing to the Executive Director at 1000 Colonel Eileen Collins Boulevard, Syracuse, New York, 13212.

Greater Syracuse Property Development Corporation - The City of Syracuse and County of Onondaga entered into an inter-municipal agreement on March 27, 2012 to create the Greater Syracuse Property Development Corporation, a not-for-profit corporation, operating as the Greater Syracuse Land Bank (Land Bank) under the New York Land Bank Act of 2011. The purpose of the Land Bank is to address problems regarding vacant and abandoned property in a coordinated manner and to further foster the development of such property and promote economic growth through the return of vacant, abandoned, and tax-delinquent properties to productive use. The City and County, while under no obligation, may contribute to the annual Land Bank budget in such manner agreed upon. For fiscal years ended June 30, 2013 through June 30, 2017, the Common Council approved funding agreements with the Land Bank for up to \$1,500,000. There is no funding agreement for years subsequent to June 30, 2017. The Land Bank is a discretely presented component unit of the City as it is fiscally dependent upon it and there is a financial benefit/burden relationship. The Land Bank has a fiscal year which ends December 31. Separate audited financial statements may be obtained by writing to Greater Syracuse Property Development Corporation, 431 East Fayette Street, Suite 375, Syracuse, New York 13202.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

### **Basis of Presentation**

#### ***Government-wide Financial Statements***

The Statement of Net Position and Statement of Activities and Changes in Net Position present financial information about the reporting government as a whole. They include all funds of the reporting entity except those that are fiduciary. The City's fiduciary funds are presented in the fund financial statements by type (private purpose and agency). Since by definition these assets are being held for the benefit of a third party (other local governments and private parties, etc.) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements. Eliminations have been made to minimize the double counting of internal transactions. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities and Changes in Net Position presents a comparison between program expenses and revenues for each function of the City's activities. Direct expenses are those that are specifically associated with and are clearly identified to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Amounts reported in the Statement of Activities and Changes in Net Position as program revenue include charges to customers for goods, services or privileges provided, operating grants and contributions and capital grants and contributions. Program revenues must be directly associated with a governmental or business-type activity. General revenues support all activities and programs. All taxes are considered general revenues with the exception of special assessments.

#### ***Fund Financial Statements***

Fund financial statements provide information about the City's funds and blended component units, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major funds within the governmental and proprietary categories. Major funds are displayed in separate columns. 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 plus deferred outflows, or expenditures/expenses plus deferred inflows 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 plus deferred outflows, or expenditures/expenses plus deferred inflows of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***Fund Financial Statements (Continued)***

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

#### Governmental Fund Types

- General Fund - The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.
- Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. General operations of the City School District, including the Special Aid and Food Service Funds, are reported in the special revenue funds.
- Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest of governmental activities. Both the City and the Syracuse City School District maintain debt service funds.
- Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment other than those financed by proprietary funds. The principal sources of revenue are from the sale of bonds, issuance of bond anticipation notes and federal, New York State and local funds. Both the City and the Syracuse City School District maintain capital projects funds.
- Joint Schools Construction Board (JSCB) Fund - The JSCB fund, which is a blended component unit of the District, is used to account for transactions associated with the design, construction, reconstruction, and financing of public educational facilities in the City. The JSCB is authorized to act as an agent to enter into contracts on behalf of the District and the Common Council of the City of Syracuse, New York (the Council) for the construction of new educational facilities in accordance with applicable state and local laws.
- Permanent Funds - The permanent funds account for assets held by the City and the District pursuant to trust agreements. The principal portion of these fund types must remain intact, but the earnings may be used to achieve the objectives of the funds.

#### Proprietary Fund Types

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***Fund Financial Statements (Continued)***

- 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 support services provided to the Syracuse Regional Airport Authority to operate the Syracuse - Hancock International Airport.

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

- Agency Funds - Agency funds account for assets held by the City and the District in a purely custodial capacity. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.
- Private Purpose Funds - Private Purpose Funds, which are included in the District, are trust arrangements under which the principal or interest benefit specific individuals, organizations or other governments, and are therefore not available to support the District's own programs.

### Major and Nonmajor Funds

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

- Major Funds
  - General Fund - See above for description.
  - Capital Projects Fund - See above for description.
  - Joint Schools Construction Board (JSCB) – See above for description.
  - Special Revenue Fund - City School District - This fund is used to account for the education and transportation of pupils within the City. This fund includes the District's General Fund and Special Aid Fund.
  - Special Revenue Fund – Neighborhood & Business Development Fund - This fund is used to account for the programs and projects funded by grants from the U.S. Department of Housing and Urban Development.
  - Proprietary Funds:
    - Aviation Fund - See above for description.
    - Water Fund - See above for description.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### ***Fund Financial Statements (Continued)***

- Nonmajor Funds
  - Special Revenue Funds:
    - Special Grants
    - Special Assessment Districts
    - Local Development
    - Oil and Flushing
    - Syracuse Urban Renewal Agency
    - Miscellaneous Trust Funds
    - School Food Service Fund
  - Debt Service Fund
  - Permanent Funds:
    - Francis Hendrick's
    - The Ed Smith School Fund
  - Proprietary Funds:
    - Sewer

### **Measurement Focus and Basis of Accounting**

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

### **Measurement Focus**

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of Accounting**

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

Governmental funds financial statements are presented on a modified accrual basis of accounting with a current financial resources measurement focus. This measurement focus concentrates on the fund's resources available for spending in the near future. Only transactions and events affecting the fund's current financial resources during the period are reported. Under modified accrual accounting, revenues are recognized as soon as they are both measurable and available. City revenues are generally considered available if collected within 60 days of year-end. The District considers revenues to be available if the revenues are collected within 90 days of year-end. The City and District report deferred inflows when the potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Property taxes, grant revenue, sales tax, and other taxes are the primary revenue sources subject to accrual. Property taxes are reported as receivable and a deferred inflow of resources when an enforceable lien on the property exists. The City bills and collects its own property taxes and County taxes. Collections and remittance of taxes for the County are accounted for in the Agency Fund.

Under modified accrual accounting, governmental fund liabilities (and expenses) should be accrued in the absence of applicable modification. Such modifications exist for long-term indebtedness, compensated absences, claims and judgments and other long-term liabilities. These liabilities are accrued in the governmental funds only to the extent they are due.

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

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

### **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. Formal budgetary integration is employed as a management control device during the year. For the Capital Projects Fund, long-term budgets covering the anticipated life of the project are adopted by the Common Council at the time of approval. The Neighborhood & Business Development Fund has budgets which are prepared annually for each program. The Mayor and the Common Council approve the budgets. The fund is federally funded and appropriations are based on funding received for the programs. A Statement of Revenues, Expenditures and Encumbrances – Budget and Actual (Budgetary Basis) is not presented for this fund. Program span multiple years and the comparison of actual results to budget would not be meaningful.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Budgets and Budgetary Accounting (Continued)**

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 10<sup>th</sup>, 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 1<sup>st</sup>.
- Following a public hearing on the proposed budget, the Common Council must adopt the proposed or amended budget no later than May 9<sup>th</sup>.
- 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 1<sup>st</sup>.
- 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.

### **Cash and Cash Equivalents**

Cash equivalents consist primarily of demand deposits, cash held by fiscal agents, money market accounts and certificate of deposits with original maturities of three months or less.

### **Restricted Cash and Cash Equivalents**

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

### **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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Receivables (Continued)**

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 they are 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.

### **Inventories**

Inventories of food and/or supplies in the School Food Service Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in the other funds are recorded at cost on an average cost basis.

### **Prepaid Items**

Prepaid items represent payments made by the City for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

### **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.

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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Capital Assets (Fixed Assets) (Continued)

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

The range of estimated useful lives by type of asset is as follows:

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

### 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.

### Deferred Outflows and Inflows of Resources

#### *Government-Wide Financial Statements:*

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for the early retirement of debt. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, the City has deferred outflows of resources which are comprised of New York State Retirement Systems pension amounts as described in Note 8.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources resulting from New York State Retirement Systems pension amounts as described in Note 8. The City also has deferred inflows for unavailable revenue from sidewalk and sewer assessments.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Deferred Outflows and Inflows of Resources (Continued)**

#### *Fund Financial Statements:*

In addition to liabilities, the balance sheet of the governmental funds includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and sidewalk and sewer assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### **Compensated Absences**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. Vacation is granted in varying amounts based primarily on length of service and service position. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. The liability for these compensated absences is broken out and recorded as current and long-term debt in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis. The proprietary funds report the liability as it is incurred.

### **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 are deferred and amortized over the life of the bond. Bond issuance costs are expensed.

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 another 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Equity Classifications**

#### **Government-wide Financial Statements**

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

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – reports net position when constraints placed on the assets or deferred outflow of resources either by (1) external groups such as creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Equity Classifications (Continued)

Restricted net position in the governmental activities includes the following:

Nonspendable permanent funds	\$ <u>26,995</u>
Restricted:	
Capital projects	18,974,737
Debt service	5,332,223
Joint Schools Construction Board	26,645,552
Miscellaneous trusts	1,336,611
EMS training	244,434
Clinton Square maintenance	117,116
School District Special Revenue Fund	435,042
School District Food Service Fund	<u>8,337,920</u>
Total restricted net position - governmental funds	<u>61,423,635</u>
Total restricted net position	<u>\$ 61,450,630</u>

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

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

### ***Fund Financial Statements***

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

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

- a. Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory in the School Food Service Fund, prepaid expenses and permanent funds.
- b. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All remaining fund balance not otherwise classified as nonspendable, committed or assigned in funds, other than the General Fund and School District Fund, are classified as restricted fund balance.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Equity Classifications (Continued)

- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's and School Districts highest level of decision making authority, i.e. the Common Council and Board of Education. The Common Council and Board of Education can adopt an ordinance to commit fund balance. The District has no committed fund balances at June 30, 2017. Committed Capital Projects Fund balance of \$16,209,353 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$446,078 for Special Assessment Districts and \$3,821 for urban renewal projects related to SURA.
- d. Assigned - Includes all amounts in the City School District Special Revenue Fund. Included in the District's assigned fund balance are encumbrances of \$2,022,478 and \$8,900,000 of appropriations to fund fiscal year 2017-2018 operating expenditures. Assigned fund balance in the City's General Fund consists of encumbrances of \$42,354 and \$16,500,000 of appropriations to fund fiscal year 2017-2018 operating expenditures. Assigned fund balance in the nonmajor governmental funds consists of Oil and Flushing and Syracuse Urban Renewal Agency fund balances. Under the City's adopted policy, the Board of Education and the Common Council may assign amounts for specific purposes.
- e. Unassigned - Includes all other General Fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the City. In addition, unassigned fund balance includes any remaining negative fund balance for funds other than the General Fund.

Proprietary net position is classified the same as in the government-wide statements.

### **Order of Use of Fund Balance**

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

### **Retirement and Other Postemployment Benefits**

The City provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State and Local Employees' Retirement System (ERS), New York State and Local Teachers' Retirement System (TRS) and Policemen's and Firemen's Retirement System (PFRS). The systems provide various plans and options, some of which require employee contributions. The systems compute the cost of retirement benefits based upon their respective fiscal years: ERS and PFRS – April 1 to March 31, and TRS – July 1 to June 30. See Note 8 for further information.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Retirement and Other Postemployment Benefits (Continued)**

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 10 for further information.

### ***Revenue, Expenditures and Expenses***

#### **Property Taxes and Property Tax Abatement Programs**

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 inflow of resources – unavailable revenue. This is 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.

The City is subject to tax abatements granted by two industrial development agencies, the Syracuse Industrial Development Agency (a discretely presented component unit of the City of Syracuse, New York) and the Onondaga County Industrial Development Agency. The abatements are for the acquisition, construction and renovation of various properties in the City of Syracuse, New York. Both agencies were created in accordance with the New York State Industrial Development Agency Act of 1969 to promote, develop, encourage and assist industrial, manufacturing, warehousing, commercial, research and recreational facilities to advance job opportunities, health, and economic welfare of the people of the State of New York. The Agencies carry out their mandate by offering financial incentives to attract, retain and expand business within the City and County. The financial assistance is in the form of payment in lieu of tax agreements (PILOTs). Property taxes abated by agreements with the Onondaga County Industrial Development Agency amounted to \$37,819. Property taxes abated by agreements with the Syracuse Industrial Development Agency amounted to \$16,893,960.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *Revenue, Expenditures and Expenses (Continued)*

#### **Assessment Tax Revenue**

In the fund financial statements, sidewalk and sewer assessments of \$4,714,060 are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments are recorded as revenue in the funds when they are collected within 60 days of year-end. The amounts due but not collected within 60 days are recorded as a deferred inflow of resources. 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.

#### **Other Revenues**

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

#### **Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principal ongoing operations. It also includes all revenues and expenses not related to capital and related financing or investing activities. The principal operating revenue of the Water and Sewer Funds is charges to customers for sales and service. The principal operating revenue of the Aviation Fund is reimbursements from the Syracuse Regional Airport Authority. Operating expenses for the proprietary funds include the cost of sales and service, charges to the Airport Authority, 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**  
***Revenue, Expenditures and Expenses (Continued)***

**Expenditures/Expenses (Continued)**

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

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

Proprietary Funds - By operating and nonoperating

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

**Interfund Transfers**

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

**Payments Between the City and Component Units**

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

**Restricted and Unrestricted Resources**

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

**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, 2017, the tax sale certificates are fully offset by an allowance for uncollectible delinquent taxes and deferred inflow of resources – unavailable revenue in the fund financial statements. The allowance and deferred inflow amounts at June 30, 2017 were \$27,816,185 and \$5,457,910, respectively.

**Current Vulnerability Due to Certain Concentrations**

Most of the City's employees are covered by collective bargaining agreements. Approximately 15% have expired. The remaining 85% of these agreements extend beyond one year.

**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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **City / County Abstract**

The City has several shared service agreements with the County of Onondaga, New York, pursuant to which the County provides services to City residents. The majority of these agreements are reflected in the City Abstract, the document by which the City collects County real property taxes imposed on City residents. As reflected in the 2017 City Abstract, the total cost of these services for 2017 is \$20,677,442 and such amount was added to the County real property taxes imposed on City residents. The costs of these services are not included in either the City's annual budget or in the City's real property taxes. The City of Syracuse has the Authority to levy taxes up to the New York State Constitutional tax limit, which is (a) up to 2% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations.

As of the 2016-2017 budget year, the City is using approximately \$99,000,000 or 80% of their tax limit to balance the budget. If the City Abstract charges were included in the City's budget, the City would exhaust approximately \$120,000,000 or 95% of the City's tax limit. The City budget would only be able to tax an additional approximately \$4,000,000 before reaching its tax limit.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in several areas, including the computation of compensated absences, potential contingent liabilities, self-insurance accruals, encumbrances and useful lives of long-lived assets.

## **3. CASH AND CASH EQUIVALENTS**

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

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

### 3. CASH AND CASH EQUIVALENTS (Continued)

#### Deposits

Deposits include demand deposits, money market accounts 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 \$144,841,318 and the bank balance was \$157,394,540. As of June 30, 2017 all deposits were insured or collateralized.

### 4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017:

<u>Governmental activities</u>	Balance at July 1, 2016 (as restated)	Additions	Disposals/ Transfers	Balance at June 30, 2017
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>126,374,169</u>	<u>20,677,310</u>	<u>26,710,706</u>	<u>120,340,773</u>
Subtotal	<u>142,643,970</u>	<u>20,677,310</u>	<u>26,710,706</u>	<u>136,610,574</u>
Other capital assets:				
Buildings	499,678,729	10,345,713	-	510,024,442
Machinery and equipment	84,406,498	9,650,006	9,577,433	84,479,071
Improvements/infrastructure	<u>394,479,333</u>	<u>19,261,131</u>	-	<u>413,740,464</u>
Subtotal	<u>978,564,560</u>	<u>39,256,850</u>	<u>9,577,433</u>	<u>1,008,243,977</u>
Total capital assets	<u>1,121,208,530</u>	<u>59,934,160</u>	<u>36,288,139</u>	<u>1,144,854,551</u>
Accumulated depreciation:				
Buildings	278,017,100	11,956,262	-	289,973,362
Machinery and equipment	65,642,151	6,135,753	9,483,932	62,293,972
Improvements/infrastructure	<u>268,845,806</u>	<u>10,270,345</u>	-	<u>279,116,151</u>
Total	<u>612,505,057</u>	<u>28,362,360</u>	<u>9,483,932</u>	<u>631,383,485</u>
Net capital assets – governmental activities	<u>\$ 508,703,473</u>	<u>\$ 31,571,800</u>	<u>\$ 26,804,207</u>	<u>\$ 513,471,066</u>

Depreciation was charged to governmental activities as follows:

General government support	\$ 2,475,875
Police department	1,055,856
Fire department	1,470,190
Other public safety	1,421
Transportation	9,278,552
Culture and recreation	1,292,853
Home and community services	779,616
Education	7,591,851
School food service	<u>50,803</u>
	<u>\$ 23,997,017</u>

#### 4. CAPITAL ASSETS AND DEPRECIATION (Continued)

<u>Business-type activities</u>	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at June 30, 2017</u>
Not being depreciated:				
Land	\$ 6,983,304	\$ -	\$ -	\$ 6,983,304
Construction in progress	<u>3,002,038</u>	<u>3,497,111</u>	<u>3,887,068</u>	<u>2,612,081</u>
Subtotal	<u>9,985,342</u>	<u>3,497,111</u>	<u>3,887,068</u>	<u>9,595,385</u>
Other capital assets:				
Buildings	190,367,715	1,462,633	-	191,830,348
Machinery and equipment	9,194,667	703,439	232,872	9,665,234
Improvements/infrastructure	<u>304,869,122</u>	<u>3,819,160</u>	<u>-</u>	<u>308,688,282</u>
Subtotal	<u>504,431,504</u>	<u>5,985,232</u>	<u>232,872</u>	<u>510,183,864</u>
Total capital assets	<u>514,416,846</u>	<u>9,482,343</u>	<u>4,119,940</u>	<u>519,779,249</u>
Accumulated depreciation:				
Buildings	105,197,474	4,493,676	-	109,691,150
Machinery and equipment	6,986,859	707,105	232,872	7,461,092
Improvements/infrastructure	<u>140,654,259</u>	<u>9,160,932</u>	<u>-</u>	<u>149,815,191</u>
Total	<u>252,838,592</u>	<u>14,361,713</u>	<u>232,872</u>	<u>266,967,433</u>
Net capital assets – business-type activities	<u>\$ 261,578,254</u>	<u>\$ (4,879,370)</u>	<u>\$ 3,887,068</u>	<u>\$ 252,811,816</u>

Depreciation was charged to business-type activities as follows:

Aviation	\$ 10,347,560
Water	3,304,816
Sewer	<u>709,337</u>
	<u>\$ 14,361,713</u>

#### 5. 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 1.00% to 5.00% with maturity dates through June 30, 2040.

During the year ended June 30, 2017, the City issued general obligation bonds of \$49,251,000. Of this amount, \$18,786,000 was used for capital projects and \$1,205,000 was used for general fund expenditures. In addition, the District issued \$29,260,000 in SIDA revenue bonds with an average coupon rate of 4.68% to advance refund \$32,365,000 of outstanding JSCB Series 2008A SIDA bonds with interest rates of 4.00% - 5.25%. The net proceeds of \$33,483,998 (including a premium of \$4,663,314 and \$439,316 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the District's financial statements. This refunding decreases total debt service payments over the next 14 years by \$3,441,725 resulting in an economic gain (difference between the present values of the debt service payment on the old and new debt) of approximately \$3,346,000.

## 5. CAPITAL INDEBTEDNESS (Continued)

### General Obligations Bonds Payable (Continued)

#### Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2017:

<u>Governmental activities</u>	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2017</u>	<u>Amount due within one year</u>
Bonds payable:					
General obligation and school facility revenue bonds payable	\$ 245,155,741	\$ 49,251,000	\$ 60,013,953	\$ 234,392,788	\$ 26,126,516
Premium on bonds payable	<u>7,672,159</u>	<u>6,843,620</u>	<u>2,276,110</u>	<u>12,239,669</u>	<u>1,168,057</u>
Total bonds payable	<u>252,827,900</u>	<u>56,094,620</u>	<u>62,290,063</u>	<u>246,632,457</u>	<u>27,294,573</u>
Other liabilities:					
Amount due to retirement systems	31,900,373	46,878,675	49,239,959	29,539,089	29,539,089
Due to NYSERS - Chapter 57 & 260	2,565,233	-	785,788	1,779,445	354,928
Net pension liability	103,266,571	-	24,713,200	78,553,371	-
Accrued compensated absences	13,565,149	11,701,733	9,944,036	15,322,846	6,052,718
Self-insurance claims	54,610,987	102,948,570	108,346,441	49,213,116	11,387,046
Other postemployment benefits	799,576,371	109,641,156	39,127,561	870,089,966	-
Judgments and claims	9,568,000	1,361,866	1,361,866	9,568,000	4,250,000
Lottery aid payable	<u>20,066,667</u>	<u>-</u>	<u>1,016,667</u>	<u>19,050,000</u>	<u>1,016,667</u>
Total other liabilities	<u>1,035,119,351</u>	<u>272,532,000</u>	<u>234,535,518</u>	<u>1,073,115,833</u>	<u>52,600,448</u>
Governmental activities long- term liabilities	<u>\$1,287,947,251</u>	<u>\$ 328,626,620</u>	<u>\$ 296,825,581</u>	<u>\$1,319,748,290</u>	<u>\$ 79,895,021</u>

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the Debt Service Fund with the exception of the bonds issued for the JSCB projects which are paid by the JSCB.

## 5. CAPITAL INDEBTEDNESS (Continued)

### Changes in Long-term Liabilities (Continued)

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 the lottery aid payable will be liquidated by the City School District.

Long-term liability activity for business-type activities for the year ended June 30, 2017:

<u>Business-type activities</u>	Balance at <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2017</u>	Amount due <u>within one year</u>
Bonds payable:					
General obligation bonds payable	\$ 81,900,607	\$ -	\$ 6,370,547	\$ 75,530,060	\$ 4,571,324
Construction bonds payable	31,455,000	-	1,345,000	30,110,000	1,370,000
Premium on bonds payable	1,927,198	-	177,153	1,750,045	177,153
Discount on bonds payable	<u>(458,514)</u>	<u>-</u>	<u>(47,307)</u>	<u>(411,207)</u>	<u>(29,772)</u>
Total bonds payable	<u>114,824,291</u>	<u>-</u>	<u>7,845,393</u>	<u>106,978,898</u>	<u>6,088,705</u>
Other liabilities:					
Amount due to retirement systems	490,404	1,489,027	1,497,974	481,457	481,457
Due to NYSERS - Chapters 57 & 260	137,987	-	35,061	102,926	22,345
Net pension liability	8,020,940	-	3,183,932	4,837,008	-
Accrued compensated absences	668,301	12,375	-	680,676	284,914
Self-insurance claims	2,870,581	4,882,121	4,689,278	3,063,424	1,132,082
Other postemployment benefits	<u>32,307,000</u>	<u>6,410,748</u>	<u>1,986,448</u>	<u>36,731,300</u>	<u>-</u>
Total other liabilities	<u>44,495,213</u>	<u>12,794,271</u>	<u>11,392,693</u>	<u>45,896,791</u>	<u>1,920,798</u>
Business-type activities long-term liabilities	<u>\$ 159,319,504</u>	<u>\$ 12,794,271</u>	<u>\$ 19,238,086</u>	<u>\$ 152,875,689</u>	<u>\$ 8,009,503</u>

### Construction Bonds Payable

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

## 5. CAPITAL INDEBTEDNESS (Continued)

### Summary of Debt Service on Bonds to Maturity

As of June 30, 2017, 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,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2018	\$ 26,126,516	\$ 9,777,797	\$ 5,941,324	\$ 4,029,204	\$ 45,874,841
2019	27,912,505	8,818,155	5,668,494	3,825,660	46,224,814
2020	24,949,734	7,751,472	5,735,268	3,624,905	42,061,379
2021	25,052,355	6,698,824	5,597,643	3,416,932	40,765,754
2022	23,655,305	5,650,677	5,764,696	3,211,918	38,282,596
2023-2027	87,459,798	16,026,043	26,749,201	13,241,769	143,476,811
2028-2032	18,826,575	1,432,656	24,743,416	8,600,306	53,602,953
2033-2037	410,000	17,920	21,130,000	3,550,399	25,108,319
2038-2040	-	-	4,310,018	299,325	4,609,343
	<u>\$ 234,392,788</u>	<u>\$ 56,173,544</u>	<u>\$ 105,640,060</u>	<u>\$ 43,800,418</u>	<u>\$ 440,006,810</u>

### Short-Term Debt

#### Revenue Anticipation Notes Payable

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

#### Bond Anticipation Notes Payable

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

Short-term debt activity for the year ended June 30, 2017:

	Balance at July 1, 2016	Additions	Reductions	Balance at June 30, 2017
Governmental activities:				
Revenue anticipation notes	\$ -	\$ 103,439,000	\$ 103,439,000	\$ -
Bond anticipation notes	<u>7,905,000</u>	<u>31,800,000</u>	<u>9,905,000</u>	<u>29,800,000</u>
Total	<u>\$ 7,905,000</u>	<u>\$ 135,239,000</u>	<u>\$ 113,344,000</u>	<u>\$ 29,800,000</u>

## 6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2017 were approximately \$920,000. The minimum future non-cancelable operating lease payments as of June 30, 2017 were as follows:

2018	\$	847,977
2019		608,351
2020		304,772
2021		270,837
Thereafter		<u>130,923</u>
	\$	<u>2,162,860</u>

The City leases a parking garage from SIDA, a component unit. Total rental expenditures on this lease for the fiscal year ended June 30, 2017 were approximately \$238,000. Future minimum lease payments for this non-cancelable operating lease are \$242,237 for the year ending June 30, 2018.

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages, which are fully depreciated, cost approximately \$61,800,000 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2017 under non-cancelable operating leases were as follows:

2018	\$	998,500
2019		1,007,500
2020		1,016,500
2021		952,600
2022		934,200
2023-2027		4,140,540
2028-2030		<u>819,000</u>
	\$	<u>9,868,840</u>

The City entered into a lease agreement with the Syracuse Regional Airport Authority, a discretely presented component unit, commencing on March 1, 2014, which is effective for an initial term of forty (40) years.

The lease agreement gives the Authority the exclusive right to operate, maintain and improve the Airport subject to certain restrictions and conditions. The renewals of the lease term are automatic for additional ten year terms. The City retains physical ownership of the current and future land, buildings and improvements of the Airport made by or on behalf of the Authority. The City recorded approximately \$2.1 million in nonoperating revenue from capital contributions during the year ended June 30, 2017. Upon termination or expiration of the lease agreement, the City is required to take all necessary actions to secure an Airport Operating Certificate from the Federal Aviation Administration in a timely fashion to ensure there is no interruption in Airport operations.

## 6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS (Continued)

The land, buildings and improvements cost approximately \$369,100,000 with accumulated depreciation of approximately \$229,200,000 and are included in the business-type activities. The Authority is required to make rental payments to the City equal to the principal and interest due on Airport-related debt issued by the City. These rental payments totaled \$5,574,450 during the year ended June 30, 2017. Future minimum lease payments due to the City as of June 30, 2017 under this operating lease are as follows:

2018	\$	3,464,050
2019		3,336,250
2020		3,327,850
2021		3,320,650
2022		3,314,919
2023-2027		15,491,677
2028-2032		15,240,071
2033-2037		<u>15,243,750</u>
	\$	<u>62,739,217</u>

## 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

### Receivables and Payables

To improve cash management, most disbursements are made from a pooled account in the General Fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. 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, 2017:

	<u>Amount</u> <u>Receivable</u>	<u>Amount</u> <u>Payable</u>
General Fund	\$ 3,082,782	\$ -
Special Revenue City School District	6,777,220	15,761,240
Capital Projects Fund	2,215,820	-
Proprietary Funds:		
Aviation	-	602,755
Water	-	14,896
Sewer	-	7,113
Nonmajor Governmental Funds:		
Debt Service	536,351	-
Special Grants	-	1,844,918
SURA	339,485	579,797
Neighborhood and Business Development	-	372,788
School Food Service	8,210,503	-
Joint Schools Construction Board	-	2,166,958
Fiduciary	<u>210,494</u>	<u>22,190</u>
	<u>\$ 21,372,655</u>	<u>\$ 21,372,655</u>

**7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)**

**Receivables and Payables (Continued)**

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2017:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,829,770	\$ -
Capital Projects Fund	-	30,750
Nonmajor Governmental Funds:		
Local Development	1,672,358	-
SURA	61,599	-
Neighborhood and Business Development	347,882	-
Aviation Fund	602,755	-
Component Units:		
SIDA	4,823,656	2,074,596
SEDCO	-	8,660,669
Authority	<u>30,750</u>	<u>602,755</u>
	<u>\$ 11,368,770</u>	<u>\$ 11,368,770</u>

The amounts receivable and payable above are as of June 30, 2017. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2016. The interfund receivables and payables differences relating to the component units result from loans 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 are routine in nature. Transfers are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,825,000	\$ 20,192,040
Capital Projects Fund	4,276,605	357,181
Special Revenue Funds:		
City School District	10,720,596	14,899,811
Oil and Flushing	-	196,769
School Food Service Fund	-	1,548,803
Debt Service Fund	25,264,795	-
Proprietary Funds:		
Water	-	2,300,000
Sewer	-	525,000
Joint School Construction Board	<u>-</u>	<u>3,067,392</u>
	<u>\$ 43,086,996</u>	<u>\$ 43,086,996</u>

## 8. RETIREMENT PLANS

### New York State Employee Retirement System (NYSERS) and Police and Fire Retirement System (NYSPFRS)

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

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

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

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

#### **City:**

#### **Contributions**

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

	<u>NYSERS</u>	<u>NYSPFRS</u>
June 30, 2017	\$ 6,156,458	\$ 18,918,275
June 30, 2016	\$ 6,599,874	\$ 17,767,259
June 30, 2015	\$ 7,522,533	\$ 17,777,426

## 8. RETIREMENT PLANS (Continued)

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

At June 30, 2017, the City reported net pension liabilities for its proportionate share of the NYSERS and NYSPFRS net pension liabilities. The net pension liabilities measured as of March 31, 2017, and the total pension liability used to calculate the net pension liabilities were determined by the actuarial valuation as of that date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017, the City reported the following:

	<u>NYSERS</u>	<u>NYSPFRS</u>
Net Pension Liability	\$ 14,059,178	\$ 42,978,071
City's Proportion Percent	0.1496258%	2.0735788%
Pension Expense	\$ 7,929,313	\$ 25,466,462

At June 30, 2017, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	
	<u>NYSERS</u>	<u>NYSPFRS</u>
Differences between expected and actual experience	\$ 352,310	\$ 5,637,982
Net difference between projected and actual earnings on pension plan investments	2,808,187	6,418,712
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	1,270,207
Changes of assumptions	4,803,130	21,173,488
Contributions subsequent to the measurement date	<u>1,476,131</u>	<u>4,497,647</u>
Total	<u>\$ 9,439,758</u>	<u>\$ 38,998,036</u>

	<u>Deferred Inflows of Resources</u>	
	<u>NYSERS</u>	<u>NYSPFRS</u>
Differences between expected and actual experience	\$ 2,134,966	\$ 7,425,659
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	398,223	404,453
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 2,533,189</u>	<u>\$ 7,830,112</u>

The City recognized deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017, which will result in a reduction of the net pension liabilities in the year ended June 30, 2018.

## 8. RETIREMENT PLANS (Continued)

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

Plan's Year Ended March 31:	NYSERS	NYSPFRS
2018	\$ 2,537,015	\$ 8,708,517
2019	2,537,015	8,708,517
2020	2,304,167	8,229,449
2021	(1,947,759)	(90,618)
2022	-	1,114,412
Thereafter	-	-
	\$ 5,430,438	\$ 26,670,277

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

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

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Proportionate Share of Net Pension Liabilities (Assets) - NYSERS	\$ 44,902,226	\$ 14,059,178	\$ (12,018,563)
Proportionate Share of Net Pension Liabilities (Assets) - NYSPFRS	\$121,840,338	\$ 42,978,071	\$ (23,168,066)

### Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of the employers as of March 31, 2017 were as follows:

	Pension Plan's Fiduciary Net Position	City's proportionate share of Plan's Fiduciary Net Position	City's allocation percentage as determined by the Plan
<b><u>NYSERS:</u></b>			
Total pension liability	\$ 177,400,586,000	\$ 265,437,046	0.1496258%
Net position	(168,004,363,000)	(251,377,868)	0.1496258%
Net pension liability (asset)	\$ 9,396,223,000	\$ 14,059,178	0.1496258%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	
	Pension Plan's Fiduciary Net Position	City's proportionate share of Plan's Fiduciary Net Position	City's allocation percentage as determined by the Plan
<b><u>NYSPFRS:</u></b>			
Total pension liability	\$ 31,670,483,000	\$ 656,712,421	2.0735788%
Net position	(29,597,831,000)	(613,734,350)	2.0735788%
Net pension liability (asset)	\$ 2,072,652,000	\$ 42,978,071	2.0735788%
Fiduciary net position as a percentage of total pension liability	93.5%	93.5%	

## 8. RETIREMENT PLANS (Continued)

### SURA: Contributions

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

	<u>NYSERS</u>	
June 30, 2017	\$	453,170
June 30, 2016	\$	426,952
June 30, 2015	\$	426,524

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

At June 30, 2017, SURA reported a net pension liability of \$1,231,359 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. SURA's proportion of the net pension liability was based on a projection of SURA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017, SURA's proportion was 0.0131048% percent.

For the year ended June 30, 2017, SURA recognized pension expense of \$592,171. At June 30, 2017, SURA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,857	\$ 186,989
Net difference between projected and actual earnings on pension plan investments	245,952	-
Changes in proportion and differences between SURA's contributions and proportionate share of contributions	11,058	296,186
Changes of assumptions	420,677	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 708,544</u>	<u>\$ 483,175</u>

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

Plan's Year Ended March 31:

2018	\$	119,892
2019		119,892
2020		161,043
2021		(175,458)
2022		-
Thereafter		-
	<u>\$</u>	<u>225,369</u>

## 8. RETIREMENT PLANS (Continued)

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

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

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 3,932,716	\$ 1,231,359	\$ (1,052,634)

### Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	Pension Plan's Fiduciary Net Position	SURA's proportionate share of Plan's Fiduciary Net Position	SURA's allocation percentage as determined by the Plan
Total pension liability	\$ 177,400,586,000	\$ 23,247,992	0.0131048%
Net position	(168,004,363,000)	(22,016,633)	0.0131048%
Net pension liability (asset)	<u>\$ 9,396,223,000</u>	<u>\$ 1,231,359</u>	0.0131048%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	

### District: Contributions

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

#### NYSERS

June 30, 2017	\$ 5,408,869
June 30, 2016	\$ 5,655,864
June 30, 2015	\$ 5,816,753

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

At June 30, 2017, the District reported a net pension liability of \$12,934,726 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2017, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017, the District's proportion was 0.1376588 percent.

## 8. RETIREMENT PLANS (Continued)

### Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$7,328,207. At June 30, 2017, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 324,132	\$ 1,964,211
Changes in assumptions	4,418,976	-
Net difference between projected and actual earnings on pension plan investments	2,583,589	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	217,816	290,262
Changes of assumptions		
Contributions subsequent to the measurement date	<u>1,412,490</u>	<u>-</u>
Total	<u>\$ 8,957,003</u>	<u>\$ 2,254,473</u>

The District recognized \$1,412,490 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2017, which will be a reduction of the net pension liability in the year ended June 30, 2018.

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

Plan's Year Ended March 31:

2018	\$	2,374,476
2019		2,374,476
2020		2,240,060
2021		(1,698,972)
2022		-
Thereafter		-
		<u>\$ 5,290,040</u>

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

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

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Proportionate Share of Net Pension liability (asset)	\$ 41,310,952	\$ 12,934,726	\$ (11,057,320)

## 8. RETIREMENT PLANS (Continued)

### Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 177,400,586,000	\$ 244,207,518	0.1376588%
Net position	(168,004,363,000)	(231,272,792)	0.1376588%
Net pension liability (asset)	<u>\$ 9,396,223,000</u>	<u>\$ 12,934,726</u>	0.1376588%
Fiduciary net position as a percentage of total pension liability	94.7%	94.7%	

### Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary scale	3.8 percent for ERS, 4.5% PFRS indexed by service
Projected COLAs	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## 8. RETIREMENT PLANS (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

### Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.75
Real Estate	10.0	5.80
Absolute Return	2.0	4.00
Opportunistic Portfolio	3.0	5.89
Real Assets	3.0	5.54
Bonds & Mortgages	17.0	1.31
Cash	1.0	-0.25
Inflation-Indexed Bonds	<u>4.0</u>	1.50

100%

### Discount Rate

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

### New York State Teacher Retirement System (NYSTRS)

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. NYSTRS offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

## 8. RETIREMENT PLANS (Continued)

### Contributions

NYSTRS is noncontributory for employees who joined prior to July 27, 1976. For employees who joined NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	
June 30, 2017	\$	25,031,917
June 30, 2016	\$	29,174,990
June 30, 2015	\$	27,027,205

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

At June 30, 2017, the District reported a net pension liability of \$12,187,045 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2017 the District's proportionate share was 1.137868%, which was an increase from the 1.051631% proportionate share measured at June 30, 2016.

## 8. RETIREMENT PLANS (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$19,423,533. At June 30, 2017, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,959,036
Changes in assumptions	69,425,168	-
Net difference between projected and actual earnings on pension plan investments	27,402,886	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	563,021	5,080,586
Contributions subsequent to the measurement date	<u>20,788,074</u>	<u>-</u>
Total	<u>\$ 118,179,149</u>	<u>\$ 9,039,622</u>

The District recognized \$20,788,074 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows/ (inflows) of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2017	\$ 7,732,665
2018	7,732,665
2019	29,014,503
2020	22,393,104
2121	9,867,513
Thereafter	<u>11,611,003</u>
	<u>\$ 88,351,453</u>

### Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## 8. RETIREMENT PLANS (Continued)

### Actuarial Assumptions

The total pension liability at the June 30, 2016 measurement date was determined by an actuarial valuation as of June 30, 2015, with update procedures used to roll forward the total pension liability to June 30, 2016. These actuarial valuations used the following actuarial assumptions:

Inflation	2.50%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.5% compounded annually
Investment Rate of Return	7.5% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2014 applied on a generational basis. Active member mortality rates are based on Plan member experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

## 8. RETIREMENT PLANS (Continued)

### Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-term expected expected real rate of return in %</u>
Domestic Equity	37.0	6.1
International Equity	18.0	7.3
Real Estate	10.0	5.4
Alternative Investments	7.0	9.2
Domestic Fixed Income Securities	17.0	1.0
Global Fixed Income Securities	2.0	0.8
Short - Term Fixed Income	1.0	0.1
Mortgages	<u>8.0</u>	3.1
	<u>100%</u>	

### Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption

The following presents the net pension liability (asset) of the District using the discount rate of 7.5 percent, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate Share of Net Pension liability (asset)	\$159,007,704	\$ 12,187,045	\$(110,958,427)

### Pension Plan Fiduciary Net Position

The components of the collective net pension liability (asset) of the participating school districts as of June 30, 2016, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 108,577,184,039	\$ 1,235,465,033	1.1378680%
Net position	(107,506,142,099)	(1,223,277,988)	1.1378680%
Net pension liability (asset)	<u>\$ 1,071,041,940</u>	<u>\$ 12,187,045</u>	1.1378680%
Fiduciary net position as a percentage of total pension liability	99.01%	99.01%	

## 8. RETIREMENT PLANS (Continued)

### Summary of Net Pension Asset, Liabilities, Deferred Outflows and Deferred Inflows

The components of the net pension asset, net pension liabilities, and deferred outflows of resources and deferred inflows of resources are as follows as of June 30, 2017:

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
City NYSERS	\$ -	\$ 14,059,178	\$ 9,439,758	\$ 2,533,189
City NYSPFRS	-	42,978,071	38,998,036	7,830,112
SURA NYSERS	-	1,231,359	708,544	483,175
District NYSERS	-	12,934,726	8,957,003	2,254,473
District NYSTRS	-	12,187,045	118,179,149	9,039,622
Total	<u>\$ -</u>	<u>\$ 83,390,379</u>	<u>\$ 176,282,490</u>	<u>\$ 22,140,571</u>
Business-type	\$ -	\$ 4,837,008	\$ 3,558,042	\$ 858,675
Governmental	-	78,553,371	172,724,448	21,281,896
Total	<u>\$ -</u>	<u>\$ 83,390,379</u>	<u>\$ 176,282,490</u>	<u>\$ 22,140,571</u>

### Other Amounts Due to NYSERS for Chapters 260 and 57 Costs

#### Due to NYSERS-Chapter 260

Chapter 260 of the Laws of 2004 of the State of New York allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-2005, the amount in excess of 7% of employee's covered pensionable salaries, with the first payment of those costs not due until the fiscal year succeeding that fiscal year in which the bonding / amortization was instituted.
- For SFY 2005-2006, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2007-2008, the amount in excess of 10.5% of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding/amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. There was no unpaid liability for the year ended June 30, 2017. For the year ended June 30, 2017, \$458,814 was charged to expenditures in the governmental activities.

## **8. RETIREMENT PLANS (Continued)**

### **Other Amounts Due to NYSERS for Chapters 260 and 57 Costs (Continued)**

#### **Due to NYSERS - Chapter 57**

Chapter 57 of the Laws of 2010 of the State of New York allows local employers to amortize a portion of their retirement bill for 10 years in accordance with the following stipulations:

- For State fiscal year 2010-2011, the amount in excess of the graded rate of 9.5% of employees' covered pensionable salaries, with the first payment not due until the fiscal year succeeding that fiscal year in which the amortization was instituted.
- For subsequent State fiscal years, the graded rate will increase or decrease by up to 1% depending on the gap between the increase or decrease in the System's average rate and the previous graded rate.
- For subsequent State fiscal years in which the System's average rates are lower than the graded rates, the employer will be required to pay the graded rate. Any additional contributions made will first be used to pay off existing amortizations, and then any excess will be deposited into a reserve account and will be used to offset future increases in contributions rates.

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the employer opts to participate in the program. The total unpaid liability for the year ended June 30, 2017 was \$1,882,371 of which \$102,926 is reported in the proprietary funds/business-type activities and \$1,779,445 in the governmental activities.

## **9. 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. 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 5, 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.

## 10. OTHER POSTEMPLOYMENT BENEFITS

The City and District calculates and records a net other postemployment benefit obligation (OPEB) at year-end. The net OPEB is basically the cumulative difference between the actuarially required contribution and the actual contribution made. Prior to the adoption of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, the City reported the cost of retiree benefits on a pay-as-you-go basis.

### Plan Description

The City provides OPEB to its employees under a single-employer, self-insured benefit plan administered by a third party. The plan provides medical and prescription drug coverage to retirees and their covered dependents. Benefit provisions and retiree contributions are established and amended through negotiations between the City and the respective unions. For the City employees, upon attainment of age 65, current and future retirees will participate in the Humana Medicare Advantage Plan for medical coverage and a ProAct Employer Group Waiver Plan for prescription drug coverage. 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 an actuarial firm based on an actuarial valuation of projected financing requirements. For the year ended June 30, 2017, the City contributed approximately \$18,601,000 for the total cost of the plan net of retiree contributions of approximately \$3,972,000. The District contributed approximately \$17,300,000 net of retiree contributions of approximately \$1,200,000.

### 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 in accordance with the parameters of GASB Statement No. 45. 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	\$ 79,858,212	\$ 51,026,363
Interest on net OPEB obligation	14,791,777	18,483,451
Adjustment to annual required contribution	<u>(21,385,404)</u>	<u>(26,722,495)</u>
Annual OPEB cost (expense)	73,264,585	42,787,319
Contributions made	<u>(22,573,285)</u>	<u>(18,540,724)</u>
Increase in net OPEB obligation	50,691,300	24,246,595
Net OPEB obligation - Beginning of Year	<u>369,797,100</u>	<u>462,086,271</u>
Net OPEB obligation - End of Year	<u>\$ 420,488,400</u>	<u>\$ 486,332,866</u>

## 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the preceding two years were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 80,461,994	31.06%	\$ 444,412,719
June 30, 2016	\$ 41,107,226	57.01%	\$ 462,086,271
June 30, 2017	\$ 42,787,319	43.33%	\$ 486,332,866

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2016 and the preceding two years were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 47,336,526	50.73%	\$ 323,220,500
June 30, 2016	\$ 70,577,460	34.01%	\$ 369,797,100
June 30, 2017	\$ 73,264,585	30.81%	\$ 420,488,400

### Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$603,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$228,000,000 and the ratio of the liability to the covered payroll was 264%.

As of July 1, 2016, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately \$923,900,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$122,000,000 and the ratio of the liability to the covered payroll was 757%.

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.

## **10. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

### **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 District, the annual health care cost trend rate of 7.25% is used initially, decreasing to 3.89% after 58 years for Pre-65 individuals and 5.70% initially, decreasing to 3.89% for Post-65 individuals after 58 years. The prescription cost trend begins at 10.50% initially and decreases to 3.89% after 58 years. These rates include an inflation assumption of 2.25%. The UAAL is being amortized based on a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2017 was thirty years.

For the City, the annual prescription drug trend is 10.50% decreasing to 3.886% in 2075. The Pre-65 medical cost trend rate is 7.50% declining to 3.886% in 2075. The Post-65 medical cost trend rate is 6.00% declining to 3.886% in 2075. The rates include an inflation assumption of 2.25%. The UAAL is being amortized based on a level percentage of payroll on an open basis. The remaining amortization period as of June 30, 2017 was thirty years.

## **11. CONTINGENCIES AND COMMITMENTS**

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

The City has a potential liability for employees who are not entered into the Retirement System due to the fact that they were never offered the right to join. Any potential liability relating to this contingency is not determinable at June 30, 2017.

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

## 11. CONTINGENCIES AND COMMITMENTS (Continued)

SIDA has HUD-108 loans payable that bear interest at rates varying from .3 to 5.8%. The following is a schedule of annual principal payments due on the HUD-108 loans outstanding on SIDA's statement of net assets at December 31, 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 148,000	\$ 11,345	\$ 159,345
2018	154,000	8,911	162,911
2019	165,000	6,064	171,064
2020	16,000	1,932	17,932
2021	<u>16,000</u>	<u>972</u>	<u>16,972</u>
	<u>\$ 499,000</u>	<u>\$ 29,224</u>	<u>\$ 528,224</u>

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

## 12. ENVIRONMENTAL REMEDIATION

In March 2015, the City was named a potential responsible party for the release of hazardous substances into the environment at the Lower Ley Creek, Onondaga Lake Site, located in Onondaga County, New York. The City and the other named responsible parties consented to pay for a remediation investigation. The City paid \$247,900 for this investigation. Once the investigation is complete there may be additional liability related to this matter; however, an amount cannot be determined at this point, therefore, no liability has been accrued in the current fiscal year.

## 13. NEW AND UPCOMING PRONOUNCEMENTS

### New Pronouncements

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to assist financial statement users in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The City adopted the provisions of Statement No. 77 for the year ended June 30, 2017.

### **13. NEW AND UPCOMING PRONOUNCEMENTS (Continued)**

#### **Upcoming Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement 75 replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This Statement establishes new accounting and financial reporting requirements for OPEB plans. The City is required to adopt the provisions of Statement No. 75 for the year ending June 30, 2018, with early adoption encouraged.

In March 2016, the GASB issued Statement No. 82, *Pension Issues; an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City is required to adopt the provisions of Statement No. 82 for the years ending June 30, 2017 or 2018, pending the measurement date of the employer's pension liability. Early adoption of the pronouncement is encouraged.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases previously classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early application is encouraged.

The City will evaluate the impact each of these pronouncements may have on its future financial statements and will implement them as applicable and when material.

### **14. SUBSEQUENT EVENTS**

The following events occurred subsequent to the fiscal year ended June 30, 2017:

On September 27, 2017, the JSCB Board and the City School District Board approved initial Phase II projects not to exceed \$82,000,000 to the Syracuse City School District.

On October 5, 2017, the City issued \$51,805,000 in Revenue Anticipation Notes at 2.25% maturing on June 30, 2018 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the District. The request was approved by the City of Syracuse, New York Common Council in August 2017.

On October 5, 2017, the City issued \$43,900,000 in Revenue Anticipation Notes at 2.25% maturing on July 10, 2018 to cover an expected shortfall due to timing of cash receipts from all sources related to the City. The request was approved by the City of Syracuse, New York Common Council in August 2017.

On October 5, 2017 the City issued \$2,250,000 in Public Improvement Serial Bonds, Series 2017D at 2.0% to pay for a legal settlement approved by the City of Syracuse, New York Common Council in June 2017.

On March 1, 2018, the City of Syracuse Industrial Development Agency issued \$67,265,000 in School Facility Revenue Bonds for JSCB Phase II projects.

## **15. PRIOR PERIOD ADJUSTMENTS**

During the year ended June 30, 2017, the District determined that financial reporting errors were made relating to the carrying value of capital assets and capitalized interest on the statement of net position. In accordance with Generally Accepted Accounting Principles, corrections of financial reporting errors are made as an adjustment to the opening net position for the year in which the errors are identified. Accordingly, the District made a prior period adjustment to increase the carrying value of the District's capital assets and net position at July 1, 2016 in the amount of \$35,831,033 on the government-wide financial statements.

During the year ended June 30, 2017, the District determined that financial reporting for debt payments and interest in prior years would be corrected. In accordance with Generally Accepted Accounting Principles, corrections of financial reporting errors made as an adjustment to the opening fund balance for the year in which the correction is identified. Accordingly, the District made a prior period adjustment to decrease the carrying value of the JSCB's fund financial statements and increase the District's fund financial statement at July 1, 2016 in the amount of \$1,596,046.

**CITY OF SYRACUSE, NEW YORK**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES - BUDGET AND ACTUAL  
(BUDGETARY BASIS) - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>			Variance
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
<b>REVENUES:</b>				
General property taxes and tax items	\$ 37,844,451	\$ 38,090,452	\$ 38,430,482	\$ 340,030
Sales tax and use taxes	85,677,102	85,677,102	81,418,802	(4,258,300)
Other local taxes	3,162,000	3,162,000	3,095,303	(66,697)
Departmental revenues	11,492,345	11,952,045	11,860,918	(91,127)
Intergovernmental charges	268,167	268,167	258,415	(9,752)
Licenses and permits	2,599,650	2,599,650	3,099,058	499,408
Fines and forfeitures	2,867,298	2,867,298	3,294,717	427,419
Sale of property and compensation for loss	313,508	313,508	441,974	128,466
Use of money and property	170,000	170,000	175,650	5,650
Federal and state aid and other grants	80,178,713	80,553,713	81,237,899	684,186
Other revenues	<u>6,257,500</u>	<u>6,674,375</u>	<u>6,976,290</u>	<u>301,915</u>
Total revenues	<u>230,830,734</u>	<u>232,328,310</u>	<u>230,289,508</u>	<u>(2,038,802)</u>
<b>EXPENDITURES:</b>				
Current:				
General government support	33,633,553	34,892,153	28,038,101	6,854,052
Public safety	143,979,971	144,445,545	140,876,596	3,568,949
Transportation	21,683,723	21,495,923	19,442,832	2,053,091
Home and community services	14,698,667	14,598,667	14,277,062	321,605
Culture and recreation	11,239,488	11,239,490	10,930,056	309,434
Interest on debt	<u>150,000</u>	<u>460,000</u>	<u>460,937</u>	<u>(937)</u>
Total expenditures	<u>225,385,402</u>	<u>227,131,778</u>	<u>214,025,584</u>	<u>13,106,194</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,445,332</u>	<u>5,196,532</u>	<u>16,263,924</u>	<u>11,067,392</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	1,205,000	1,205,000
Bond premiums	-	248,800	269,168	20,368
Operating transfers in	2,825,000	2,825,000	2,825,000	-
Operating transfers out	<u>(20,370,332)</u>	<u>(20,370,332)</u>	<u>(20,192,040)</u>	<u>178,292</u>
Total other financing uses - net	<u>(17,545,332)</u>	<u>(17,296,532)</u>	<u>(15,892,872)</u>	<u>1,403,660</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (12,100,000)</u>	<u>\$ (12,100,000)</u>	<u>371,052</u>	<u>\$ 12,471,052</u>
EFFECT OF ENCUMBRANCES			<u>(2,757,642)</u>	
CHANGE IN FUND BALANCE			<u>\$ (2,386,590)</u>	

**CITY OF SYRACUSE, NEW YORK**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
 STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)  
 MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue Fund - City School District					
	Original Budget	Final Budget	Actual Total CSD	Less: Actual CSD Special Aid Fund	Actual CSD - General Fund	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
General property taxes and tax items	\$ 58,504,077	\$ 58,504,077	\$ 58,556,586	\$ -	\$ 58,556,586	\$ 52,509
Sales tax and use taxes	920,000	920,000	654,940	-	654,940	(265,060)
Sale of property and compensation for loss	27,100	27,100	232,777	-	232,777	205,677
Use of money and property	261,000	261,000	262,761	-	262,761	1,761
Federal and state aid and other grants	330,256,821	330,256,821	399,346,100	70,513,639	328,832,461	(1,424,360)
Other revenues	<u>1,340,000</u>	<u>1,340,000</u>	<u>954,046</u>	<u>-</u>	<u>954,046</u>	<u>(385,954)</u>
Total revenues	<u>391,308,998</u>	<u>391,308,998</u>	<u>460,007,210</u>	<u>70,513,639</u>	<u>389,493,571</u>	<u>(1,815,427)</u>
<b>EXPENDITURES:</b>						
Current:						
General government support	62,443,273	62,443,273	55,958,600	-	55,958,600	6,484,673
Home and community services	-	-	1,059,155	1,059,155	-	-
Education	324,656,985	324,656,985	380,745,523	71,191,965	309,553,558	15,103,427
Pass-through New York State funding to JSCB	11,724,469	11,724,469	11,826,463	-	11,826,463	(101,994)
Principal on debt	-	-	105,000	-	105,000	(105,000)
Interest on debt	<u>360,000</u>	<u>360,000</u>	<u>721,290</u>	<u>-</u>	<u>721,290</u>	<u>(361,290)</u>
Total expenditures	<u>399,184,727</u>	<u>399,184,727</u>	<u>450,416,031</u>	<u>72,251,120</u>	<u>378,164,911</u>	<u>21,019,816</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(7,875,729)</u>	<u>(7,875,729)</u>	<u>9,591,179</u>	<u>(1,737,481)</u>	<u>11,328,660</u>	<u>19,204,389</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	4,750,000	4,750,000	10,720,596	3,954,765	6,765,831	2,015,831
Operating transfers out	<u>(12,171,344)</u>	<u>(12,171,344)</u>	<u>(14,899,811)</u>	<u>(2,149,636)</u>	<u>(12,750,175)</u>	<u>(578,831)</u>
Total other financing uses - net	<u>(7,421,344)</u>	<u>(7,421,344)</u>	<u>(4,179,215)</u>	<u>1,805,129</u>	<u>(5,984,344)</u>	<u>1,437,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (15,297,073)</u>	<u>\$ (15,297,073)</u>	<u>5,411,964</u>	<u>\$ 67,648</u>	<u>\$ 5,344,316</u>	<u>\$ 20,641,389</u>
EFFECT OF ENCUMBRANCES			<u>2,022,478</u>			
CHANGE IN FUND BALANCE			<u>\$ 7,434,442</u>			

**CITY OF SYRACUSE, NEW YORK**

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2017**

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For the year ended June 30, 2017:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
City School District	07/01/16	\$ -	\$ 602,635,036	\$ 602,635,036	0.0%	\$ 228,300,000	264%
City	07/01/16	\$ -	\$ 923,855,638	\$ 923,855,638	0.0%	\$ 122,000,000	757%
		\$ -	\$ 1,526,490,674	\$ 1,526,490,674		\$ 350,300,000	

For the year ended June 30, 2016:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
City School District	07/01/15	\$ -	\$ 552,793,454	\$ 552,793,454	0.0%	\$ 227,000,000	244%
City	07/01/15	\$ -	\$ 803,696,566	\$ 803,696,566	0.0%	\$ 117,500,000	684%
		\$ -	\$ 1,356,490,020	\$ 1,356,490,020		\$ 344,500,000	

For the year ended June 30, 2015:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
City School District	07/01/14	\$ -	\$ 1,180,618,192	\$ 1,180,618,192	0.0%	\$ 203,000,000	581%
City	07/01/14	\$ -	\$ 680,012,335	\$ 680,012,335	0.0%	\$ 119,400,000	569%
		\$ -	\$ 1,860,630,527	\$ 1,860,630,527		\$ 322,400,000	

**CITY OF SYRACUSE, NEW YORK**

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**CITY SCHOOL DISTRICT:**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.1376588%	0.1323220%	0.1295850%							
Proportionate share of the net pension liability (asset)	\$ 12,935	\$ 21,238	\$ 4,378							
Covered-employee payroll	\$ 39,296	\$ 37,080	\$ 33,468							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.92%	57.28%	13.08%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.68%	97.90%							

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

**NEW YORK STATE TEACHER RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	1.137868%	1.051631%	1.072093%							
Proportionate share of the net pension liability (asset)	\$ 12,187	\$ (109,231)	\$ (119,425)							
Covered-employee payroll	\$ 175,373	\$ 157,918	\$ 158,365							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.95%	69.17%	-75.41%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.01%	110.46%	111.48%							

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

**CITY:**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.1496258%	0.1546223%	0.1565137%							
Proportionate share of the net pension liability (asset)	\$ 14,059	\$ 24,817	\$ 5,287							
Covered-employee payroll	\$ 43,056	\$ 42,286	\$ 41,497							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.65%	58.69%	12.74%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.68%	97.90%							

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

**NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	2.073579%	2.134004%	2.004215%							
Proportionate share of the net pension liability (asset)	\$ 42,978	\$ 63,183	\$ 5,517							
Covered-employee payroll	\$ 72,008	\$ 73,152	\$ 68,523							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.69%	86.37%	8.05%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.50%	90.24%	99.00%							

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

**SURA:**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Proportion of the net pension liability (asset)	0.013105%	0.012765%	0.015249%							
Proportionate share of the net pension liability (asset)	\$ 1,231	\$ 2,049	\$ 515							
Covered-employee payroll	\$ 3,266	\$ 2,958	\$ 3,298							
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.70%	69.27%	15.62%							
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.68%	97.90%							

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

**CITY OF SYRACUSE, NEW YORK**

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2017**

**CITY SCHOOL DISTRICT:**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 5,409	\$ 5,656	\$ 5,817							
Contributions in relation to the contractually required contribution	5,409	5,656	5,817							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 39,296	\$ 37,080	\$ 33,468							
Contributions as a percentage of covered-employee payroll	13.76%	15.25%	17.38%							

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

**NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 23,283	\$ 27,692	\$ 25,734							
Contributions in relation to the contractually required contribution	23,283	27,692	25,734							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 175,373	\$ 157,918	\$ 158,365							
Contributions as a percentage of covered-employee payroll	13.28%	17.54%	16.25%							

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

**CITY:**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 6,156	\$ 6,600	\$ 7,523							
Contributions in relation to the contractually required contribution	6,156	6,600	7,523							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 43,056	\$ 42,286	\$ 41,497							
Contributions as a percentage of covered-employee payroll	14.30%	15.61%	18.13%							

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

**NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 18,918	\$ 17,767	\$ 17,777							
Contributions in relation to the contractually required contribution	18,918	17,767	17,777							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 72,008	\$ 73,152	\$ 68,523							
Contributions as a percentage of covered-employee payroll	26.27%	24.29%	25.94%							

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

**SURA:**

**NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 453	\$ 427	\$ 427							
Contributions in relation to the contractually required contribution	453	427	427							
Contribution deficiency (excess)	\$ -	\$ -	\$ -							
Covered-employee payroll	\$ 3,266	\$ 2,958	\$ 3,298							
Contributions as a percentage of covered-employee payroll	13.87%	14.44%	12.95%							

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

**CITY OF SYRACUSE, NEW YORK**

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND  
JUNE 30, 2017**

	City School District	City	Total
<b>ASSETS:</b>			
Pooled cash and cash equivalents	\$ -	\$ 11,329,413	\$ 11,329,413
Pooled restricted cash and cash equivalents	3,398,975	13,456,304	16,855,279
Accounts receivable	-	114,425	114,425
Due from other funds	2,215,820	-	2,215,820
Due from other governments	<u>119,378</u>	<u>7,724,878</u>	<u>7,844,256</u>
<b>Total assets</b>	<b><u>\$ 5,734,173</u></b>	<b><u>\$ 32,625,020</u></b>	<b><u>\$ 38,359,193</u></b>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 215,740	\$ 2,556,590	\$ 2,772,330
Due to component units	-	30,750	30,750
Other liabilities	<u>-</u>	<u>372,023</u>	<u>372,023</u>
<b>Total liabilities</b>	<b><u>215,740</u></b>	<b><u>2,959,363</u></b>	<b><u>3,175,103</u></b>
<b>FUND BALANCES:</b>			
Restricted	5,518,433	13,456,304	18,974,737
Committed	<u>-</u>	<u>16,209,353</u>	<u>16,209,353</u>
<b>Total fund balance</b>	<b><u>5,518,433</u></b>	<b><u>29,665,657</u></b>	<b><u>35,184,090</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 5,734,173</u></b>	<b><u>\$ 32,625,020</u></b>	<b><u>\$ 38,359,193</u></b>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

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	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Use of money and property	\$ -	\$ 8,562	\$ 8,562
Federal and state aid and other grants	1,255,572	5,305,803	6,561,375
Other revenues	<u>-</u>	<u>372,282</u>	<u>372,282</u>
Total revenues	<u>1,255,572</u>	<u>5,686,647</u>	<u>6,942,219</u>
EXPENDITURES:			
Capital outlays	<u>1,707,407</u>	<u>21,853,132</u>	<u>23,560,539</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(451,835)</u>	<u>(16,166,485)</u>	<u>(16,618,320)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	3,500,000	15,286,000	18,786,000
Operating transfers in	663,535	3,613,070	4,276,605
Operating transfers out	<u>(3,402)</u>	<u>(353,779)</u>	<u>(357,181)</u>
Total other financing sources - net	<u>4,160,133</u>	<u>18,545,291</u>	<u>22,705,424</u>
CHANGES IN FUND BALANCE	3,708,298	2,378,806	6,087,104
FUND BALANCES- beginning of year	<u>1,810,135</u>	<u>27,286,851</u>	<u>29,096,986</u>
FUND BALANCES - end of year	<u>\$ 5,518,433</u>	<u>\$ 29,665,657</u>	<u>\$ 35,184,090</u>

CITY OF SYRACUSE, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017

	Debt Service (Combined)	Special Revenue						Permanent Funds (Combined)	Total Nonmajor Governmental Funds	
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	School Food Service			Miscellaneous Trusts
<b>ASSETS</b>										
Pooled cash and cash equivalents	\$ -	\$ -	\$ 483,439	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 483,439
Pooled restricted cash and cash equivalents	4,795,872	1,623,096	-	-	294,183	-	-	1,323,951	10,000	8,047,102
Cash and cash equivalents	-	-	-	-	-	1,048,545	-	-	-	1,048,545
Restricted cash	-	-	-	-	-	166,653	-	-	16,995	183,648
Loans receivable	-	-	-	-	-	150,000	-	-	-	150,000
Accounts receivable	4,714,060	-	3,827	-	-	-	30,728	14,685	-	4,763,300
Taxes receivable (net allowance of \$225,205)	-	-	27,521	-	-	-	-	-	-	27,521
Due from other funds	536,351	-	-	-	-	339,485	8,210,503	-	-	9,086,339
Due from other governments	-	2,004,657	-	-	-	-	1,118,911	-	-	3,123,568
Due from component units (net of allowance of \$1,672,358)	-	-	-	-	-	61,599	-	-	-	61,599
Inventory	-	-	-	-	-	-	578,932	-	-	578,932
Prepays and other assets	-	-	-	-	-	14,797	-	-	-	14,797
<b>Total assets</b>	<b>\$ 10,046,283</b>	<b>\$ 3,627,753</b>	<b>\$ 514,787</b>	<b>\$ -</b>	<b>\$ 294,183</b>	<b>\$ 1,781,079</b>	<b>\$ 9,939,074</b>	<b>\$ 1,338,636</b>	<b>\$ 26,995</b>	<b>\$ 27,568,790</b>
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable and accrued expenses	\$ -	\$ 157,020	\$ 68,709	\$ -	\$ 18,834	\$ 159,096	\$ 1,019,392	\$ 2,025	\$ -	\$ 1,425,076
Due to other funds	-	1,844,918	-	-	-	579,797	-	-	-	2,424,715
Due to other governments	-	-	-	-	-	-	2,830	-	-	2,830
Unearned revenue	-	1,625,815	-	-	-	171,820	-	-	-	1,797,635
<b>Total liabilities</b>	<b>-</b>	<b>3,627,753</b>	<b>68,709</b>	<b>-</b>	<b>18,834</b>	<b>910,713</b>	<b>1,022,222</b>	<b>2,025</b>	<b>-</b>	<b>5,650,256</b>
Deferred inflow of resources/Unavailable revenue	4,714,060	-	-	-	-	-	-	-	-	4,714,060
<b>Fund Balances:</b>										
Nonspendable	-	-	-	-	-	-	578,932	-	26,995	605,927
Restricted	5,332,223	-	-	-	-	-	8,337,920	1,336,611	-	15,006,754
Committed	-	-	446,078	-	-	3,821	-	-	-	449,899
Assigned	-	-	-	-	275,349	866,545	-	-	-	1,141,894
<b>Total fund balances</b>	<b>5,332,223</b>	<b>-</b>	<b>446,078</b>	<b>-</b>	<b>275,349</b>	<b>870,366</b>	<b>8,916,852</b>	<b>1,336,611</b>	<b>26,995</b>	<b>17,204,474</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$ 10,046,283</b>	<b>\$ 3,627,753</b>	<b>\$ 514,787</b>	<b>\$ -</b>	<b>\$ 294,183</b>	<b>\$ 1,781,079</b>	<b>\$ 9,939,074</b>	<b>\$ 1,338,636</b>	<b>\$ 26,995</b>	<b>\$ 27,568,790</b>

CITY OF SYRACUSE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017

	Debt Service (Combined)	Special Revenue						Permanent Funds (Combined)	Total Nonmajor Governmental Funds	
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	School Food Service			Miscellaneous Trusts
<b>REVENUES:</b>										
General property taxes and tax items	\$ -	\$ -	\$ 955,930	\$ -	\$ 1,280,021	\$ -	\$ -	\$ -	\$ -	\$ 2,235,951
Other local taxes	950,512	-	-	-	-	-	-	-	-	950,512
Use of money and property	360,096	-	-	-	-	-	26	327	12	360,461
Federal and state aid and other grants	-	4,627,081	-	-	-	161,739	14,088,736	-	-	18,877,556
Surplus food	-	-	-	-	-	-	853,574	-	-	853,574
Sales-School Food Service Program	-	-	-	-	-	-	273,972	-	-	273,972
Other revenues	-	-	-	-	-	252,388	-	371,315	-	623,703
<b>Total revenues</b>	<b>1,310,608</b>	<b>4,627,081</b>	<b>955,930</b>	<b>-</b>	<b>1,280,021</b>	<b>414,127</b>	<b>15,216,308</b>	<b>371,642</b>	<b>12</b>	<b>24,175,729</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
General government support	-	-	899,745	-	-	-	7,221,308	1,560	-	8,122,613
Public safety	-	1,586,072	-	-	-	-	-	125,603	-	1,711,675
Transportation	-	378,374	-	-	1,966,195	-	-	-	-	2,344,569
Economic opportunity and development	-	2,400,000	-	-	-	453,891	-	-	-	2,853,891
Home and community services	-	32,366	-	-	-	-	-	-	-	32,366
Culture and recreation	-	230,269	-	-	-	-	-	61,859	-	292,128
Principal debt payments	20,783,954	-	-	-	-	-	-	-	-	20,783,954
Interest on debt	5,409,404	-	-	-	-	-	-	-	-	5,409,404
Cost of sales - Food Service Program	-	-	-	-	-	-	6,055,108	-	-	6,055,108
<b>Total expenditures</b>	<b>26,193,358</b>	<b>4,627,081</b>	<b>899,745</b>	<b>-</b>	<b>1,966,195</b>	<b>453,891</b>	<b>13,276,416</b>	<b>189,022</b>	<b>-</b>	<b>47,605,708</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(24,882,750)</b>	<b>-</b>	<b>56,185</b>	<b>-</b>	<b>(686,174)</b>	<b>(39,764)</b>	<b>1,939,892</b>	<b>182,620</b>	<b>12</b>	<b>(23,429,979)</b>
<b>OTHER FINANCING SOURCES (USES):</b>										
Premium on bonds	2,159,990	-	-	-	-	-	-	-	-	2,159,990
Operating transfers in	25,264,795	-	-	-	-	-	-	-	-	25,264,795
Operating transfers out	-	-	-	-	(196,769)	-	(1,548,803)	-	-	(1,745,572)
<b>Total other financing sources (uses)</b>	<b>27,424,785</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(196,769)</b>	<b>-</b>	<b>(1,548,803)</b>	<b>-</b>	<b>-</b>	<b>25,679,213</b>
<b>CHANGES IN FUND BALANCES</b>	<b>2,542,035</b>	<b>-</b>	<b>56,185</b>	<b>-</b>	<b>(882,943)</b>	<b>(39,764)</b>	<b>391,089</b>	<b>182,620</b>	<b>12</b>	<b>2,249,234</b>
<b>FUND BALANCES - beginning of year</b>	<b>2,790,188</b>	<b>-</b>	<b>389,893</b>	<b>-</b>	<b>1,158,292</b>	<b>910,130</b>	<b>8,525,763</b>	<b>1,153,991</b>	<b>26,983</b>	<b>14,955,240</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 5,332,223</b>	<b>\$ -</b>	<b>\$ 446,078</b>	<b>\$ -</b>	<b>\$ 275,349</b>	<b>\$ 870,366</b>	<b>\$ 8,916,852</b>	<b>\$ 1,336,611</b>	<b>\$ 26,995</b>	<b>\$ 17,204,474</b>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING BALANCE SHEET - DEBT SERVICE FUND  
JUNE 30, 2017**

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	City School District	City	Total
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 4,795,872	\$ 4,795,872
Due from other funds	536,351	-	536,351
Accounts receivable	<u>-</u>	<u>4,714,060</u>	<u>4,714,060</u>
Total assets	<u>\$ 536,351</u>	<u>\$ 9,509,932</u>	<u>\$ 10,046,283</u>
DEFERRED INFLOW OF RESOURCES/ UNAVAILABLE REVENUE	\$ -	\$ 4,714,060	\$ 4,714,060
RESTRICTED FUND BALANCE	<u>536,351</u>	<u>4,795,872</u>	<u>5,332,223</u>
Total deferred inflow of resources and fund balance	<u>\$ 536,351</u>	<u>\$ 9,509,932</u>	<u>\$ 10,046,283</u>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2017**

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	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Other local taxes	\$ -	\$ 950,512	\$ 950,512
Use of money and property	<u>116</u>	<u>359,980</u>	<u>360,096</u>
Total revenues	<u>116</u>	<u>1,310,492</u>	<u>1,310,608</u>
EXPENDITURES:			
Principal debt payments	6,315,660	14,468,294	20,783,954
Interest on debt	<u>1,816,215</u>	<u>3,593,189</u>	<u>5,409,404</u>
Total expenditures	<u>8,131,875</u>	<u>18,061,483</u>	<u>26,193,358</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,131,759)	(16,750,991)	(24,882,750)
OTHER FINANCING SOURCES:			
Operating transfers in	8,135,277	17,129,518	25,264,795
Premium on bonds	<u>367,608</u>	<u>1,792,382</u>	<u>2,159,990</u>
Total other financing sources	<u>8,502,885</u>	<u>18,921,900</u>	<u>27,424,785</u>
CHANGES IN FUND BALANCE	371,126	2,170,909	2,542,035
FUND BALANCES - beginning of year	<u>165,225</u>	<u>2,624,963</u>	<u>2,790,188</u>
FUND BALANCES - end of year	<u>\$ 536,351</u>	<u>\$ 4,795,872</u>	<u>\$ 5,332,223</u>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING BALANCE SHEET - MISCELLANEOUS TRUST FUNDS  
JUNE 30, 2017**

	<u>Police Trust</u>	<u>Parks Trusts</u>	<u>Fire Trust</u>	<u>General Government Trusts</u>	<u>Francis Hendricks</u>	<u>Police State Seizures</u>	<u>Police Federal Seizures</u>	<u>Total City Miscellaneous Trust Funds</u>
<b>ASSETS:</b>								
Pooled restricted cash	\$ 278,871	\$ 90,836	\$ 136,718	\$ 78,415	\$ 412	\$ 188,344	\$ 550,355	\$ 1,323,951
Accounts receivable	14,685	-	-	-	-	-	-	14,685
Total assets	<u>\$ 293,556</u>	<u>\$ 90,836</u>	<u>\$ 136,718</u>	<u>\$ 78,415</u>	<u>\$ 412</u>	<u>\$ 188,344</u>	<u>\$ 550,355</u>	<u>\$ 1,338,636</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES:</b>								
Accounts payable and accrued expenses	\$ 429	\$ 1,196	\$ -	\$ -	\$ -	\$ 400	\$ -	\$ 2,025
Total Liabilities	<u>429</u>	<u>1,196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>2,025</u>
FUND BALANCES/RESTRICTED	<u>293,127</u>	<u>89,640</u>	<u>136,718</u>	<u>78,415</u>	<u>412</u>	<u>187,944</u>	<u>550,355</u>	<u>1,336,611</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 293,556</u>	<u>\$ 90,836</u>	<u>\$ 136,718</u>	<u>\$ 78,415</u>	<u>\$ 412</u>	<u>\$ 188,344</u>	<u>\$ 550,355</u>	<u>\$ 1,338,636</u>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
MISCELLANEOUS TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Police Trust</u>	<u>Parks Trusts</u>	<u>Fire Trust</u>	<u>General Government Trusts</u>	<u>Francis Hendricks</u>	<u>Police State Seizures</u>	<u>Police Federal Seizures</u>	<u>Total City Miscellaneous Trust Funds</u>
<b>REVENUES:</b>								
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 32	\$ 293	\$ 327
Other revenues	<u>86,856</u>	<u>46,894</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>59,439</u>	<u>175,626</u>	<u>371,315</u>
Total revenues	<u>86,856</u>	<u>46,894</u>	<u>-</u>	<u>2,500</u>	<u>2</u>	<u>59,471</u>	<u>175,919</u>	<u>371,642</u>
<b>EXPENDITURES:</b>								
Current:								
General government support	-	-	-	1,560	-	-	-	1,560
Public safety	54,426	-	-	-	-	15,223	55,954	125,603
Culture and recreation	<u>-</u>	<u>61,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,859</u>
Total expenditures	<u>54,426</u>	<u>61,859</u>	<u>-</u>	<u>1,560</u>	<u>-</u>	<u>15,223</u>	<u>55,954</u>	<u>189,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	32,430	(14,965)	-	940	2	44,248	119,965	182,620
FUND BALANCES - beginning of year	<u>260,697</u>	<u>104,605</u>	<u>136,718</u>	<u>77,475</u>	<u>410</u>	<u>143,696</u>	<u>430,390</u>	<u>1,153,991</u>
FUND BALANCES - end of year	<u>\$ 293,127</u>	<u>\$ 89,640</u>	<u>\$ 136,718</u>	<u>\$ 78,415</u>	<u>\$ 412</u>	<u>\$ 187,944</u>	<u>\$ 550,355</u>	<u>\$ 1,336,611</u>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING BALANCE SHEET - PERMANENT FUNDS  
JUNE 30, 2017**

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	<u>City School District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	<u>16,995</u>	<u>-</u>	<u>16,995</u>
Total assets	<u>\$ 16,995</u>	<u>\$ 10,000</u>	<u>\$ 26,995</u>
FUND BALANCES:			
Nonspendable	<u>\$ 16,995</u>	<u>\$ 10,000</u>	<u>\$ 26,995</u>

**CITY OF SYRACUSE, NEW YORK**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - PERMANENT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

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	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES/Use of money and property	\$ 12	\$ -	\$ 12
EXPENDITURES/General government support	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	12	-	12
FUND BALANCES - beginning of year	<u>16,983</u>	<u>10,000</u>	<u>26,983</u>
FUND BALANCES - end of year	<u>\$ 16,995</u>	<u>\$ 10,000</u>	<u>\$ 26,995</u>