

**BASIC FINANCIAL STATEMENTS**

**CITY OF SYRACUSE, NEW YORK**

**JUNE 30, 2012**

# CITY OF SYRACUSE, NEW YORK

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Syracuse Urban Renewal Agency, a discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Syracuse, New York's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Syracuse Industrial Development Agency or the Syracuse Economic Development Corporation, both of which are discretely presented component units, which collectively represent 86.6% and 89.2%, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Syracuse Industrial Development Agency and Syracuse Economic Development Corporation, is based solely on the reports of the other auditors.

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

(Continued)

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Syracuse, New York, as of June 30, 2012, and the respective changes in financial position and cash flows of its business-type activities, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2013, on our consideration of the City of Syracuse, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedule of funding progress for other postemployment benefits on pages 3 through 17 and pages 71 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as a whole. The combining fund statements listed in the table of contents on pages 74 through 83 are presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information had been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Leslow, Marshall & Disenza*

March 13, 2013  
Syracuse, New York

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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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, 2012.

Please read it in conjunction with the City's basic financial statements, including the notes to the financial statements, which begin on page 32. In this discussion and analysis all amounts are expressed in millions of dollars, unless otherwise indicated.

### **FINANCIAL HIGHLIGHTS**

The City's total net assets decreased by approximately \$84.9 as a result of this year's operations. Net assets of our governmental activities decreased by \$92.5, while business-type activities increased by approximately \$7.6. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$84.9 less than the \$841.2 in total program expenses. Last year expenses exceeded revenues by \$119.6.

In the City's business-type activities, revenues remained at \$75.9. Expenses for this year (before transfers) decreased to \$65.5, a 2.5 % decrease from last year's \$67.2.

In the City's governmental activities, revenues before transfers increased to \$680.4 versus last year's revenues of \$641.2, a 6.1% increase. Expenses increased this year to \$775.7 versus last year at \$769.5, a 0.8% increase.

Of the City's total net assets reported at June 30, 2012, \$257.1 was invested in capital assets (net of related debt) versus \$271.0 the previous year. Unrestricted net assets this year were a deficit balance of \$605.9 versus last year's deficit of \$469.9.

The City's general fund reported a surplus for this year of \$8.4, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$10.1 more than the revised budget. Expenditures, including transfers out, were approximately \$ 11.2 under the revised budget. At the end of the current fiscal year, unassigned fund balance of the City's general fund was \$22.5 and 10.3% of total general fund actual expenditures (including transfers out).

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 18 and 19 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 20. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**A Change to Governmental Fund Balance Reporting**

Effective for the prior fiscal year ended June 30, 2011, the City implemented Government Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The statement changes the classifications of fund balance in the governmental funds. This change is addressed in detail in Note 1, Item K of the Notes to the financial statements.

**Reporting the City as a Whole**

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

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

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

- Governmental activities --- Most of the City's basic services are reported here, including the police, fire, public works, community development and parks & 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.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**Reporting the City as a Whole (Cont'd)**

- Business-type activities --- The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems, as well as the airport activities, are reported here. In addition, the City School District's food service operations are reported as business-type activities.
- Component units --- The City includes three separate legal entities in its report --- the Syracuse Industrial Development Agency, the Syracuse Economic Development Corporation, and the Syracuse Urban Renewal Agency.

**Reporting the City's Most Significant Funds**

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 20 and provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Local Development Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary use different accounting approaches.

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

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

**The City as Trustee**

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the City cannot use these assets to finance the City's operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 28 and 29. *Agency funds* are reported on a full accrual basis and only present a statement of assets and liabilities.

**THE CITY AS A WHOLE**

The City's combined net assets decreased from \$(86.0) at June 30, 2011 to \$(170.9) at June 30, 2012. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental and business-type activities.

Table 1  
Net Assets  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 330.8	\$ 270.8	\$ 112.3	\$ 70.5	\$ 443.1	\$ 341.3
Capital assets	390.1	334.9	219.4	202.5	609.5	537.4
Total assets	<u>720.9</u>	<u>605.7</u>	<u>331.7</u>	<u>273.0</u>	<u>1,052.6</u>	<u>878.7</u>
General obligation & School Facility bonds	318.3	281.6	127.4	79.5	445.7	361.1
Other long-term liabilities	618.9	490.7	29.2	31.2	648.1	521.9
Other liabilities	117.1	74.3	12.6	7.4	129.7	81.7
Total liabilities	<u>1,054.3</u>	<u>846.6</u>	<u>169.2</u>	<u>118.1</u>	<u>1,223.5</u>	<u>964.7</u>
Net assets:						
Invested in capital assets, net of related debt	155.4	146.2	101.7	124.8	257.1	271.0
Restricted	110.8	79.6	67.1	33.3	177.9	112.9
Unrestricted (deficit)	<u>(599.6)</u>	<u>(466.7)</u>	<u>(6.3)</u>	<u>(3.2)</u>	<u>(605.9)</u>	<u>(469.9)</u>
Total net assets	<u>\$ (333.4)</u>	<u>\$(240.9)</u>	<u>\$162.5</u>	<u>\$ 154.9</u>	<u>\$ (170.9)</u>	<u>\$ (86.0)</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**THE CITY AS A WHOLE (CONT'D)**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. By far, the largest portion of the City's total net assets reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt still outstanding that was used to acquire those assets. At June 30, 2012, this balance was \$257.1 versus \$271.0 at June 30, 2011. 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 assets, \$177.9 at June 30, 2012, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net assets. The remaining category of total net assets, *unrestricted* net assets may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, the amount of unrestricted net assets as of June 30, 2012 was a *deficit* of \$605.9, versus a *deficit* at June 30, 2011 of \$469.9.

**Governmental activities**

Total net assets of the City's governmental activities decreased from a *deficit* balance of \$240.9 at June 30, 2011 to a *deficit* balance of \$333.4 as of June 30, 2012, a decrease of \$92.5. The primary cause for this decline, as was the case in previous fiscal years, is the requirement that municipalities report a liability for the unfunded cost of providing post-employment benefits to employees. For the City of Syracuse, this represents the probable cost of providing subsidized health insurance for retirees combined with the potential for currently active employees to receive this benefit. This calculation was performed by an independent actuarial firm to arrive at a potential total liability for the potential benefit to be paid out based on the life expectancy of the present retired and active employee pool. Though this figure represents the total estimated cost of providing the benefit to all employees over many years, only a portion of this liability is required to be reported in the government-wide portion of the City's financial statements. This liability is reflected in the Statement of Net Assets and the Statement of Activities. The amount reported for this liability at June 30, 2012 is \$462.0, as compared with \$349.7 at the end of the June 30, 2011 fiscal year, an increase of \$112.3. This increase was partially offset by increased sales tax revenues and State aid, but the effect of the increased liability still resulted in a large decrease in net assets.

The *deficit* in *unrestricted* net assets also increased substantially, increasing to a *deficit* of \$599.6 at June 30, 2012 compared to the previous year *deficit* of \$466.7. This was a negative change of \$132.9 in the unrestricted net assets of the City's governmental activities. This decrease is primarily a reflection of the change in liability explained above. It also reflects the increased restrictions on available assets.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**THE CITY AS A WHOLE (CONT'D)**

**Business-type activities**

The total net assets of the City's business-type activities increased by 5.0% in the current fiscal year (\$162.5 compared to a previous fiscal year balance of \$154.9). This increase is primarily due to a \$2.4 surplus in the Sewer fund and a \$4.8 surplus in the Aviation fund as a result of the fiscal year's operations. This overall increase generally cannot be used to make up for the decrease reported in the governmental activities. The City can generally only use these net assets to finance the continuing operations of the airport, water, sewer operations and the food service program.

The change in net assets during the most recent fiscal year is reported in the Statement of Activities found on page 19. Key elements of this change are illustrated in Table 2.

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

**THE CITY AS A WHOLE (CONT'D)**

Table 2  
Changes in Net Assets  
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues:						
Fees, fines and charges for services	\$ 21.7	\$ 21.6	\$ 59.0	\$ 59.7	\$ 80.7	\$ 81.3
Grants and contributions	118.6	102.4	16.7	16.0	135.3	118.4
General revenues:						
Property taxes and tax items	94.2	93.6	-	-	94.2	93.6
Other taxes	3.6	3.9	-	-	3.6	3.9
Sales and use taxes	79.0	66.5	-	-	79.0	66.5
Unallocated State Aid	351.0	335.6	-	-	351.0	335.6
Unallocated Federal Aid	5.2	8.8	-	-	5.2	8.8
Investment earnings	1.1	1.4	.2	0.2	1.3	1.6
Other general revenues	6.0	7.4	-	-	6.0	7.4
Total revenues	<u>680.4</u>	<u>641.2</u>	<u>75.9</u>	<u>75.9</u>	<u>756.3</u>	<u>717.1</u>
<b>Program expenses</b>						
Total governmental	775.7	769.5	-	-	775.7	769.5
School District Food Service	-	-	11.7	10.3	11.7	10.3
Aviation	-	-	31.3	34.7	31.3	34.7
Water	-	-	18.3	16.8	18.3	16.8
Sewer	-	-	4.2	5.4	4.2	5.4
Total expenses	<u>775.7</u>	<u>769.5</u>	<u>65.5</u>	<u>67.2</u>	<u>841.2</u>	<u>836.7</u>
Excess (deficiency) before transfers	(95.3)	(128.3)	10.4	8.7	(84.9)	(119.6)
Transfers	2.8	2.8	(2.8)	(2.8)	-	-
Increase (decrease) in net assets	<u>\$ (92.5)</u>	<u>\$(125.5)</u>	<u>\$ 7.6</u>	<u>\$ 5.9</u>	<u>\$ (84.9)</u>	<u>\$(119.6)</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**THE CITY AS A WHOLE (CONT'D)**

The City's total revenues in the current fiscal year increased by 5.5% (\$756.3 compared to the previous year of \$717.1), a \$39.2 increase. Three principal increases account for the increase, offset by minor decreases in other areas. State aid increased by \$15.4, sale tax proceeds increased by \$12.5 and capital and operating grants increased by \$16.9.

The total cost of all programs and services increased by approximately 0.5% (\$841.2 compared to \$836.7 in the prior year). This increase (\$4.5) arises from increases in police, fire and home & community costs (an \$18.6 increase overall) offset by offsetting decreases in other expense functions.

Total revenues were not sufficient to cover this year's total costs. This deficit increased the deficit in net assets of the City by \$84.9 for the current fiscal year versus a decrease of \$119.6 for the prior fiscal year. Our analysis below separately considers the operations of governmental and business-type activities.

**Governmental Activities**

As mentioned previously in the FINANCIAL HIGHLIGHTS section at the beginning of this document, revenues for the City's governmental activities increased from \$641.2 in the prior fiscal year to \$680.4 in the current fiscal year, an increase of \$39.2. The primary reason for the increase was partially discussed earlier. In summary, the City realized an increase of \$15.4 in unallocated state aid, an increase in sales tax revenue of \$12.5 and an increase in grants and contributions offset by small variances throughout the rest of the revenue categories.

Program expenses increased in the current year, rising from \$769.5 in the prior year to \$775.7 in the current year, a 0.8% or \$6.2 increase. The major contributors to this increase were discussed in the section immediately preceding this one.

The increase in program expenses together with the increase in governmental revenues, as discussed above, resulted in an increase in the governmental net deficit for the current fiscal year of \$92.5 after transfers, versus an increase in the net deficit for the prior fiscal year of \$125.5.

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**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**THE CITY AS A WHOLE (CONT'D)**

**Business-type Activities**

Total revenues in the City's business-type activities of \$75.9 (See Table 2) remained the same for the current and prior fiscal years. Expenses of the City's business type activities before transfers decreased by 2.5%, or \$1.7 (\$65.5 versus \$67.2 last year), the result of incidental increases in the Sewer and Food Service funds offset by cost reductions in the Aviation fund and the Water Fund.

**THE CITY'S FUNDS**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$160.7, which is a 7.6% increase from last year's total of \$149.3. This increase (\$11.4) resulted primarily from an operational surplus in the City's General Fund of \$8.4. In addition, the Joint Schools Construction Board reported a gain of \$10.6 offset by losses in the Debt Service Fund of \$4.4 and the School District General Fund of \$2.8. The balance of the change is spread out over the remaining funds, which reported various smaller losses and gains.

Approximately \$22.2 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$110.6 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$27.0 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$.9) is non-spendable. This includes inventories 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 \$22.5, while total fund balance was \$47.9. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. For the current year ending June 30, 2012, unassigned fund balance represents 10.3% of total fund expenditures (including transfers out) totaling \$218.7, while total fund balance represents 21.9% of that same amount. The fund balance of the City's general fund increased by \$8.4 during the current fiscal year. The original adopted budget for year ended June 30, 2012 included appropriated fund balance of \$13.3 as budget revenue to balance the budget with expenditures. Thus, from a financial statement presentation view, it would have been expected that actual expenditures would have exceeded revenues by \$13.3 if actual performance mirrored the original budget's projections. An analysis of the variance is presented in the section following titled **General Fund Budgetary Highlights**.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**THE CITY'S FUNDS (CONT'D)**

- *Capital Projects Fund* --- The capital projects fund accounts for the construction and reconstruction of general public improvements and major asset purchases, excluding projects related to business-type activities, which are accounted for in each business-type activity. At the end of the current fiscal year, the fund balance was \$18.6. The entire balance of the fund is required to be used in the completion of City and School District capital projects.
- *Joint School Construction Board Fund* --- The joint school construction board fund is a school district fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The joint school construction board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. At the end of the current fiscal year, the fund had a balance of \$66.6. The entire balance is reserved for the purposes of this project and is not available for appropriation for any other purpose. The revenue for this fund is provided by bond proceeds and interest paid on the unspent proceeds. A decline in fund balance simply reflects the spending of bond proceeds to repair schools and conversely, an increase indicates that bond proceeds exceeded amounts spent.
- *School District Special Revenue Fund* --- The School District special revenue fund is comprised of the School District's general operating fund and the special aid fund. The combined total fund balance at the end of the current fiscal year was \$19.3, last year it was \$22.1. The decrease of \$2.8 reflects the use of fund balance to compensate for expenditures in excess of revenues generated for the year. Revenues in the School District's general fund for the year (including transfers in) were \$408.7 and expenditures (including transfers out) were \$411.5.
- *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 current year, the fund recorded \$15.7 in both revenues and expenditures. For the prior fiscal year, the fund recorded revenues and expenditures of \$13.0. At June 30, 2012, total assets and liabilities of the fund were \$11.6. At the end of the previous fiscal year, total assets and liabilities were \$ 9.6.

**Proprietary funds** --- The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the airport, water, sewer and the School District's food service fund. The net assets of the proprietary funds at the end of the current fiscal year totaled \$162.5. The increase of \$7.6 in total net assets of the proprietary funds resulted from the following activity: the aviation fund increased by \$4.8; the water fund increased by \$1.3, the sewer fund increased by \$2.4, and the city school district food service fund lost \$0.9.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**THE CITY'S FUNDS (CONT'D)**

**General Fund Budgetary Highlights**

According to the City Charter, the City must adopt its budget no later than May 9th of each year for the ensuing fiscal year beginning on July 1. The City's general fund original budget, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$229.7. Included in the estimated revenues was an appropriation of fund balance of \$13.3.

During the course of the year, the City's general fund budget was amended to reflect additional revenues and additional appropriations for various small items, resulting in a final, revised budget of \$230.1, utilizing \$13.1 of fund balance. Please refer to page 71 [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 surplus for the current year of \$8.4, as compared to a final adopted budget with a *deficit* of \$13.1. This positive variance from the projected deficit was the result of combined positive fluctuations from both revenue and expenditure projections.

On the revenue side, the City experienced higher than anticipated revenues from property tax and related items (\$3.6), sales tax revenue (\$3.3) and departmental revenues (\$1.3). Building permits to complete the work on the Destiny mall produced a one-time \$1.1 surplus in permit revenues. Additionally, the City received \$1.0 in unbudgeted funding through the issuance of a bond to pay for a large court settlement.

Expenditures varied positively from budgeted amounts in every departmental category. Savings varied from 3.7 to 8.3% per category. Unspent funds were reported in general government support (\$2.3), public safety (\$5.2), transportation (\$1.3), home and community services (\$0.5) and culture and recreation (\$0.9). The prominent negative variances of note were \$0.8 paid in excess of budget to settle legal matters. These variances, with other smaller variances, combined to produce a \$10.3 overall favorable expenditure variance, eliminating the need to use fund balance in the current fiscal year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

In accordance with GASBS No. 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$609.5 (net of accumulated depreciation). The previous year's amount was \$537.4. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

The City's governmental capital assets were \$390.1 (net of accumulated depreciation) this year as compared to a \$334.9 balance last year. For the City's business-type activities, the balance at the end of this year was \$219.4 (net of accumulated depreciation) as compared to a balance of \$202.5 last year.

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

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

- School District Building and Improvements -- \$21.9
- School District Machinery and Equipment -- \$0.8
- School District Software -- \$0.1
- DPW Equipment -- \$2.2
- City Infrastructure (Bridge Repairs Traffic Signals Sidewalks and Road Resurfacing) -- \$8.4
- Fire Department Equipment -- \$1.2
- Parks Improvements -- \$1.3
- Parks Equipment -- \$0.2
- Police Department Equipment -- \$0.8
- Sewer Department Equipment -- \$0.2
- Sewer Infrastructure -- \$0.04
- Water Department Equipment -- \$0.2
- Water System Infrastructure -- \$0.2
- Airport Buildings -- \$0.6
- Airport Equipment -- \$0.2
- Airport Improvements/Infrastructure -- \$2.5

Depreciation expense for the current fiscal year was \$24.6 for governmental activities and \$14.3 for business-type activities.

**Long-term Debt**

At year-end the City had \$492.4 outstanding in bonds and notes versus \$365.2 last year, an increase of 34.8%. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

**Long-term Debt (Cont'd)**

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
General obligation bonds and school facility revenue bonds	\$ 318.2	\$ 281.6	\$ 90.7	\$ 41.7	\$ 408.9	\$ 323.3
Construction bonds payable	-	-	36.6	37.8	36.6	37.8
Bond anticipation notes	-	-	3.4	4.1	3.4	4.1
Revenue anticipation notes	43.5	-	-	-	43.5	-
Total	<u>\$ 361.7</u>	<u>\$ 281.6</u>	<u>\$ 130.7</u>	<u>\$ 83.6</u>	<u>\$ 492.4</u>	<u>\$ 365.2</u>

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$120.9. Proceeds were generally used to finance capital expenditures. Major projects funded with these proceeds are as follows:

- Water Fund UV Disinfectant -- \$10.0
- Settlement of Claims -- \$1.0
- Road Reconstruction -- \$5.0
- Sidewalk Improvements -- \$1.0
- Parks Improvements -- \$0.6
- DPW Improvements -- \$0.3
- School Repairs -- \$1.5
- DPW Equipment -- \$0.9
- Fire Department Vehicles and Apparatus -- \$0.2

New debt issues for the year also included \$46.9 of School Facility Revenue Bonds issued by Syracuse Industrial Development Agency to finance ongoing school building renovations. The City also issued bonds totaling \$44.3 on behalf of the Airport to fund work on the Security and Access project at the Airport. These issues are discussed further in Note 4 of the notes to the financial statements.

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT'D)**

**Long-term Debt (Cont'd)**

The City redeemed \$4.1 of Bond Anticipation Notes for the Airport which were outstanding at June 30, 2011 during the fiscal year. Bond Anticipation Notes of \$3.4 were issued during the fiscal year for Airport purposes. These notes were outstanding at June 30, 2012.

The City issued \$107.5 in Revenue Anticipation Notes (RANs) during the fiscal year; \$64.0 on behalf of the School District and \$43.5 for the City for cash flow purposes. A large portion of both the City and School District's state aid is not received until the last quarter of the fiscal year; and therefore, necessitates cash flow borrowing to fund day-to-day operations. The School District RANs were paid off during the fiscal year leaving no School District RANs outstanding at June 30, 2012. The City RANs in the amount of \$43.5 were outstanding at June 30, 2012.

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, 2012.

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 \$401.2, which is above the City's outstanding general obligation debt after exclusions.

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

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

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

(Continued)

**CITY OF SYRACUSE, NEW YORK  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012**

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

In setting the June 30, 2013 fiscal year budget, the City portion of the property tax levy rose approximately 1% from the prior fiscal year, rising \$.3. The School District portion of the levy rose \$0.6, also 1%. The actual combined property tax levy of the City and School District for fiscal year ending June 30, 2013 is \$87.3 (\$29.8 for the City and \$57.5 for the School District), compared with the previous year of \$86.4 million (\$29.5 for the City and \$56.9 for the School District), exclusive of the State's STAR program. The City and School District combined property tax rate for the year ending June 30, 2013 is \$26.4939 per \$1,000 of assessed property value (\$9.1384 for the City and \$17.3555 for the School District).

The City's June 30, 2013 budget includes no provision for use of fund balance for the City General Fund. It is anticipated that the City will receive a \$20.0 rollup of State Aid during the fiscal year ending June 30, 2013. The School District also made no provision for use of fund balance.

The Airport fund will remain self-sufficient and will not affect the City's general fund operations for the next fiscal year.

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

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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

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

(Concluded)

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-type Activities	Total	Component Units
<b>ASSETS:</b>				
Pooled cash and cash equivalents	\$ 44,833,018	\$ 16,508,984	\$ 61,342,002	\$ -
Cash and cash equivalents	-	15,562,305	15,562,305	9,462,818
Receivables:				
Accounts	6,856,328	7,707,975	14,564,303	-
Taxes (net of allowance of \$22,765,348)	19,397,277	-	19,397,277	-
Other	2,550,021	-	2,550,021	1,030,290
Loans receivable - due within one year	5,405,793	-	5,405,793	476,960
Due from other governments	78,371,159	4,538,464	82,909,623	-
Due from component units (net of allowance of \$5,592,170)	955,308	-	955,308	89,282
Internal balances	5,070,587	(5,070,587)	-	-
Due from fiduciary funds	44,341,119	3,302,680	47,643,799	-
Inventories	701,466	181,311	882,777	-
Other assets	153,570	294,886	448,456	1,030,151
Restricted assets:				
Pooled cash and cash equivalents	38,381,292	10,874,850	49,256,142	-
Cash and cash equivalents	81,679,162	56,248,943	137,928,105	3,066,251
Deferred charges	2,094,282	2,165,089	4,259,371	-
Loans receivable - due in more than one year	-	-	-	10,260,415
Notes receivable-long-term portion	-	-	-	5,500,000
Capital assets:				
Nondepreciable	119,108,160	44,253,780	163,361,940	104,977
Depreciable, net	271,012,538	175,170,974	446,183,512	799,671
<b>TOTAL ASSETS</b>	<b>\$ 720,911,080</b>	<b>\$ 331,739,654</b>	<b>\$ 1,052,650,734</b>	<b>\$ 31,820,815</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	51,618,221	7,111,275	58,729,496	983,279
Accrued interest expense	2,384,259	1,727,450	4,111,709	112,951
Due to other governments	6,063,576	2,480	6,066,056	-
Due to component units	122,080	23,492	145,572	570,112
Deferred revenues	12,689,566	333,251	13,022,817	2,315,986
Other liabilities	702,673	-	702,673	735,368
Revenue anticipation notes	43,500,000	-	43,500,000	-
Bond anticipation notes	-	3,380,000	3,380,000	-
Long-term liabilities - due within one year	78,918,295	9,758,331	88,676,626	2,842,000
Due to primary government - due within one year	-	-	-	630,397
Long-term liabilities - due in more than one year	858,288,673	146,846,881	1,005,135,554	2,649,000
Due to primary government - due in more than one year	-	-	-	5,837,661
Due to other component units-due in more than one year	-	-	-	15,355,538
Total liabilities	<u>1,054,287,343</u>	<u>169,183,160</u>	<u>1,223,470,503</u>	<u>32,032,292</u>
<b>NET ASSETS:</b>				
Invested in capital assets, net of related debt	155,379,441	101,739,342	257,118,783	(215,352)
Restricted	110,780,484	67,123,793	177,904,277	4,669,596
Unrestricted	(599,536,188)	(6,306,641)	(605,842,829)	(4,665,721)
Total net assets (deficit)	<u>(333,376,263)</u>	<u>162,556,494</u>	<u>(170,819,769)</u>	<u>(211,477)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 720,911,080</b>	<b>\$ 331,739,654</b>	<b>\$ 1,052,650,734</b>	<b>\$ 31,820,815</b>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units
<b>PRIMARY GOVERNMENT:</b>								
Governmental Activities:								
General government support	\$ 92,910,058	\$ 3,015,321	\$ 4,560,257	\$ 778,705	\$ (84,555,775)	\$ -	\$ (84,555,775)	\$ -
Police department	103,420,870	5,295,381	3,040,336	-	(95,085,153)	-	(95,085,153)	-
Fire department	65,351,177	89,919	348,217	-	(64,913,041)	-	(64,913,041)	-
Other public safety	6,289,641	3,969,784	500,000	-	(1,819,857)	-	(1,819,857)	-
Transportation	40,540,239	6,529,005	1,034,279	12,904,069	(20,072,886)	-	(20,072,886)	-
Economic opportunity and development	8,038,642	-	8,038,642	-	-	-	-	-
Home and community services	30,606,799	2,120,925	16,647,522	1,086,418	(10,751,934)	-	(10,751,934)	-
Culture and recreation	14,013,229	455,676	169,076	230,000	(13,158,477)	-	(13,158,477)	-
Education	374,953,521	238,068	68,968,713	-	(305,746,740)	-	(305,746,740)	-
Pupil transportation	24,499,104	-	289,276	-	(24,209,828)	-	(24,209,828)	-
Interest on long-term debt	15,036,905	-	-	-	(15,036,905)	-	(15,036,905)	-
Total governmental activities	775,660,185	21,714,079	103,596,318	14,999,192	(635,350,596)	-	(635,350,596)	-
Business-type Activities:								
Aviation	31,290,430	31,061,577	-	4,854,081	-	4,625,228	4,625,228	-
Water	18,330,397	21,467,906	-	405,239	-	3,542,748	3,542,748	-
Sewer	4,223,133	5,762,221	-	1,369,427	-	2,908,515	2,908,515	-
Food service	11,702,071	652,825	10,175,634	-	-	(873,612)	(873,612)	-
Total business-type activities	65,546,031	58,944,529	10,175,634	6,628,747	-	10,202,879	10,202,879	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 841,206,216</b>	<b>\$ 80,658,608</b>	<b>\$ 113,771,952</b>	<b>\$ 21,627,939</b>	<b>(635,350,596)</b>	<b>10,202,879</b>	<b>(625,147,717)</b>	<b>-</b>
<b>COMPONENT UNITS:</b>								
Syracuse Industrial Development Agency	5,718,246	7,462,957	127,624	-	-	-	-	1,872,335
Syracuse Economic Development Corporation	384,368	-	79,368	-	-	-	-	(305,000)
Syracuse Urban Renewal Agency	1,675,586	-	1,129,970	-	-	-	-	(545,616)
<b>TOTAL COMPONENT UNITS</b>	<b>\$ 7,778,200</b>	<b>\$ 7,462,957</b>	<b>\$ 1,336,962</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,021,719</b>
General revenues:								
Property taxes and tax items					94,249,482			888,511
Sales and use taxes					78,973,012			-
Other taxes					3,592,174			-
Unallocated state aid					351,014,852			-
Unallocated federal aid					5,210,729			-
Investment earnings					1,087,192	244,548	1,331,740	456,493
Transfers					2,825,000	(2,825,000)	-	-
Miscellaneous					5,902,871		5,902,871	597,316
Total general revenues and transfers					542,855,312	(2,580,452)	7,234,611	1,942,320
Change in net assets					(92,495,284)	7,622,427	(84,872,857)	2,964,039
Net assets (deficit) at beginning of year					(240,880,979)	154,934,067	(85,946,912)	(3,175,516)
Net assets (deficit) at end of year					\$ (333,376,263)	\$ 162,556,494	\$ (170,819,769)	\$ (211,477)

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	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	\$ 36,554,214	\$ 7,675,171	\$ -	\$ 197,254	\$ -	\$ -	\$ 406,379	\$ 44,833,018
Pooled restricted cash and cash equivalents	23,900,000	8,044,863	-	-	-	-	6,436,429	38,381,292
Restricted cash and cash equivalents	-	-	78,981,668	-	2,680,558	-	16,936	81,679,162
Loans receivable	-	-	-	-	5,405,793	-	-	5,405,793
Accounts receivable	2,359,453	-	-	-	77,178	-	4,419,697	6,856,328
Other receivable	-	-	-	2,522,523	-	-	-	2,522,523
Taxes receivable (net of allowance of \$22,765,348)	15,818,941	-	-	3,918,745	-	-	103,914	19,841,600
Due from other funds	6,558,747	3,297,655	562,948	52,942,116	-	-	2,041,394	65,402,860
Due from other governments	41,802,473	4,585,170	1,701,590	26,128,228	2,689,758	-	923,391	77,830,610
Due from component units (net of allowance of \$5,592,170)	217,987	-	-	-	737,321	-	-	955,308
Inventory	-	-	-	701,466	-	-	-	701,466
Other assets	-	-	-	153,570	-	-	-	153,570
<b>TOTAL ASSETS</b>	<b>\$ 127,211,815</b>	<b>\$ 23,602,859</b>	<b>\$ 81,246,206</b>	<b>\$ 86,563,902</b>	<b>\$ 11,590,608</b>	<b>\$ -</b>	<b>\$ 14,348,140</b>	<b>\$ 344,563,530</b>
<b>LIABILITIES AND FUND BALANCES:</b>								
<b>Liabilities:</b>								
Accounts payable and accrued expenses	\$ 7,530,087	\$ 4,146,382	\$ 14,610,075	\$ 21,820,342	\$ 3,625,291	\$ -	\$ 205,443	\$ 51,937,620
Revenue anticipation notes payable	43,500,000	-	-	-	-	-	-	43,500,000
Due to other funds	-	333,250	-	14,502,993	73,629	-	1,081,282	15,991,154
Due to other governments	128,054	-	-	5,880,272	55,250	-	-	6,063,576
Due to component units	-	-	-	-	122,080	-	-	122,080
Deferred revenues	15,886,020	503,000	-	-	7,011,685	-	4,912,990	28,313,695
Amounts due to retirement systems	5,791,935	-	-	22,284,750	-	-	-	28,076,685
Accrued compensated absences	200,000	-	-	2,180,279	-	-	-	2,380,279
Self-insurance claims	6,242,644	-	-	545,380	-	-	-	6,788,024
Other liabilities	-	-	-	-	702,673	-	-	702,673
<b>Total liabilities</b>	<b>79,278,740</b>	<b>4,982,632</b>	<b>14,610,075</b>	<b>67,214,016</b>	<b>11,590,608</b>	<b>-</b>	<b>6,199,715</b>	<b>183,875,786</b>
<b>Fund Balances:</b>								
Nonspendable	-	-	-	\$ 855,036	\$ -	\$ -	\$ 26,936	\$ 881,972
Restricted	24,283,544	11,161,485	66,636,131	536,827	-	-	7,981,991	110,599,978
Committed	-	7,458,742	-	427,000	-	-	451,050	8,336,792
Assigned	1,131,839	-	-	17,531,023	-	-	-	18,662,862
Unassigned	22,517,692	-	-	-	-	-	(311,552)	22,206,140
<b>Total fund balances</b>	<b>47,933,075</b>	<b>18,620,227</b>	<b>66,636,131</b>	<b>19,349,886</b>	<b>-</b>	<b>-</b>	<b>8,148,425</b>	<b>160,687,744</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 127,211,815</b>	<b>\$ 23,602,859</b>	<b>\$ 81,246,206</b>	<b>\$ 86,563,902</b>	<b>\$ 11,590,608</b>	<b>\$ -</b>	<b>\$ 14,348,140</b>	<b>\$ 344,563,530</b>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

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Total fund balances for governmental funds	\$	160,687,744
Total net assets reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.		390,120,698
Receivables not received within 60 days and therefore not reported in the funds.		568,047
Revenue collected after year end but not available to pay for current year expenditures and deferred in funds.		15,179,806
Long-term liabilities, including bonds payable, compensated absences, capital lease obligations, due to retirement systems, judgments and claims, environmental remediation, postemployment benefits and other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(899,961,980)
Deferred charges expensed as incurred in funds.		2,094,282
Accrued interest not reported in the funds.		<u>(2,064,860)</u>
Total net assets of governmental activities	\$	<u><u>(333,376,263)</u></u>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Capital Projects Fund	Joint Schools 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	\$ 36,948,139	\$ -	\$ -	\$ 56,771,844	\$ -	\$ 2,333,325	\$ 96,053,308	
Sales and use taxes	77,088,340	-	-	1,884,672	-	-	78,973,012	
Other local taxes	3,592,174	-	-	-	-	778,704	4,370,878	
Departmental revenues	11,696,868	-	-	-	-	-	11,696,868	
Intergovernmental charges	473,196	-	-	-	-	-	473,196	
Licenses and permits	3,293,688	-	-	-	-	-	3,293,688	
Fines and forfeitures	3,036,716	-	-	-	-	-	3,036,716	
Sale of property and compensation for loss	777,033	-	-	258,900	-	-	1,035,933	
Use of money and property	219,919	33,742	27	523,866	-	364,839	1,142,393	
Federal and state aid and other grants	80,125,162	8,828,389	17,180,634	337,542,185	15,687,826	11,274,604	470,638,800	
Other revenues	5,983,159	5,137,406	-	1,214,767	-	691,333	13,026,665	
Total revenues	223,234,394	13,999,537	17,180,661	398,196,234	15,687,826	15,442,805	683,741,457	
<b>EXPENDITURES:</b>								
Current:								
General government support	25,043,195	-	-	49,014,559	1,380,984	1,710,960	77,149,698	
Public safety	130,123,986	-	-	-	-	3,176,873	133,300,859	
Transportation	21,133,861	-	-	-	-	1,723,405	22,857,266	
Economic opportunity and development	-	-	-	-	407,403	7,631,239	8,038,642	
Home and community services	12,421,065	-	-	2,507,405	13,899,439	159,588	28,987,497	
Culture and recreation	9,906,050	-	-	-	-	69,863	9,975,913	
Education	-	-	-	337,933,218	-	-	337,933,218	
Principal debt payments	-	-	-	-	-	23,888,730	23,888,730	
Interest on debt	319,399	-	-	416,924	-	13,516,515	14,252,838	
Capital outlays	-	25,981,120	53,227,287	-	-	-	79,208,407	
Total expenditures	198,947,556	25,981,120	53,227,287	389,872,106	15,687,826	51,877,173	735,593,068	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>24,286,838</b>	<b>(11,981,583)</b>	<b>(36,046,626)</b>	<b>8,324,128</b>	<b>-</b>	<b>(36,434,368)</b>	<b>(51,851,611)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>								
Bond proceeds	1,023,000	9,468,975	46,860,000	-	-	-	57,351,975	
Premium on issuance of debt	-	-	3,062,496	-	-	-	3,062,496	
Operating transfers in	2,825,000	3,131,000	4,095,263	10,555,743	-	31,855,476	52,462,482	
Operating transfers out	(19,714,882)	(642,630)	(7,397,149)	(21,669,313)	-	(213,508)	(49,637,482)	
Total other financing sources (uses) - net	(15,866,882)	11,957,345	46,620,610	(11,113,570)	-	31,641,968	63,239,471	
<b>CHANGES IN FUND BALANCE</b>	<b>8,419,956</b>	<b>(24,238)</b>	<b>10,573,984</b>	<b>(2,789,442)</b>	<b>-</b>	<b>(4,792,400)</b>	<b>11,387,860</b>	
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>39,513,119</b>	<b>18,644,465</b>	<b>56,062,147</b>	<b>22,139,328</b>	<b>-</b>	<b>12,940,825</b>	<b>149,299,884</b>	
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 47,933,075</b>	<b>\$ 18,620,227</b>	<b>\$ 66,636,131</b>	<b>\$ 19,349,886</b>	<b>\$ -</b>	<b>\$ 8,148,425</b>	<b>\$ 160,687,744</b>	

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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Net change in fund balances - total governmental funds		\$ 11,387,860
<p>The change in net assets reported for governmental activities in the Statement of Activities is different because:</p>		
<p>Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.</p>		
	55,213,391	
<p>Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Assets, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal or a capital lease obligation is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.</p>		
<p>Debt issued:</p>		
Bonds payable	(60,414,471)	
<p>Repayments:</p>		
Bond principal	23,888,731	
		(36,525,740)
<p>Revenues in the Statement of Activities that does not provide current financial resources and are not reported in the funds.</p>		
		1,546,385
<p>Revenues that are reported in the governmental funds that are not reported in the statement of activities.</p>		
		(4,835,451)
<p>Some expenses reported in the Statement of Activities, such as compensated absences and other employee benefits, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
		(118,914,970)
<p>In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
		(366,759)
Net change in net assets of governmental activities		\$ (92,495,284)

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	Business-type Activities					
	Enterprise Funds					City School District-Food Service
	Aviation	Water	Sewer	Total City	Total	
<b>ASSETS:</b>						
<b>Current:</b>						
Pooled cash and cash equivalents	\$ -	\$ 9,630,914	\$ 6,878,070	\$ 16,508,984	\$ -	\$ 16,508,984
Cash and cash equivalents	15,562,305	-	-	15,562,305	-	15,562,305
Accounts receivable	4,002,155	2,764,269	918,432	7,684,856	23,119	7,707,975
Due from other governments	3,286,589	235,586	203,788	3,725,963	812,501	4,538,464
Due from other funds	60,500	-	-	60,500	3,302,680	3,363,180
Inventories	-	-	-	-	181,311	181,311
Prepaid expenses and other	294,886	-	-	294,886	-	294,886
<b>Total current assets</b>	<b>23,206,435</b>	<b>12,630,769</b>	<b>8,000,290</b>	<b>43,837,494</b>	<b>4,319,611</b>	<b>48,157,105</b>
<b>Noncurrent:</b>						
Pooled restricted cash and cash equivalents	-	10,811,234	63,616	10,874,850	-	10,874,850
Restricted cash and cash equivalents	54,235,094	2,013,849	-	56,248,943	-	56,248,943
Deferred charges	1,432,246	702,144	30,699	2,165,089	-	2,165,089
Due from other funds	272,750	-	-	272,750	-	272,750
Capital assets (net)	128,513,897	78,101,528	12,774,744	219,390,169	34,585	219,424,754
<b>Total noncurrent assets</b>	<b>184,453,987</b>	<b>91,628,755</b>	<b>12,869,059</b>	<b>288,951,801</b>	<b>34,585</b>	<b>288,986,386</b>
<b>TOTAL ASSETS</b>	<b>\$ 207,660,422</b>	<b>\$ 104,259,524</b>	<b>20,869,349</b>	<b>\$ 332,789,295</b>	<b>\$ 4,354,196</b>	<b>\$ 337,143,491</b>
<b>LIABILITIES:</b>						
<b>Current:</b>						
Accounts payable and accrued expenses	\$ 4,432,784	\$ 1,697,883	\$ 140,165	\$ 6,270,832	\$ 840,443	\$ 7,111,275
Bond anticipation notes payable	3,380,000	-	-	3,380,000	-	3,380,000
Capital lease obligation	39,625	-	-	39,625	-	39,625
Accrued interest	1,331,688	350,738	45,024	1,727,450	-	1,727,450
Due to other funds	5,403,837	-	-	5,403,837	-	5,403,837
Due to other governments	-	-	-	-	2,480	2,480
Due to component unit	8,027	13,484	1,981	23,492	-	23,492
Current portion of bonds payable	3,662,325	2,730,055	535,767	6,928,147	-	6,928,147
Amounts due to retirement systems	402,495	292,897	105,960	801,352	473,451	1,274,803
Accrued compensated absences	232,996	29,077	18,231	280,304	134,748	415,052
Self-insurance claims	359,057	388,648	216,523	964,228	136,476	1,100,704
Deferred revenue	60,500	-	-	60,500	-	60,500
<b>Total current liabilities</b>	<b>19,313,334</b>	<b>5,502,782</b>	<b>1,063,651</b>	<b>25,879,767</b>	<b>1,587,598</b>	<b>27,467,365</b>
<b>Nonecurrent:</b>						
Bonds payable - net of current portion	53,447,966	60,541,492	6,381,230	120,370,688	-	120,370,688
Capital lease obligation - net of current portion	107,667	-	-	107,667	-	107,667
Amounts due to retirement systems	344,079	281,092	101,817	726,988	-	726,988
Accrued compensated absences	-	340,817	119,206	460,023	-	460,023
Self-insurance claims	147,786	169,197	98,889	415,872	719,923	1,135,795
Other postemployment benefits	5,840,300	10,317,700	3,504,900	19,662,900	4,382,820	24,045,720
Deferred revenue	272,751	-	-	272,751	-	272,751
<b>Total noncurrent liabilities</b>	<b>60,160,549</b>	<b>71,650,298</b>	<b>10,206,042</b>	<b>142,016,889</b>	<b>5,102,743</b>	<b>147,119,632</b>
<b>Total liabilities</b>	<b>79,473,883</b>	<b>77,153,080</b>	<b>11,269,693</b>	<b>167,896,656</b>	<b>6,690,341</b>	<b>174,586,997</b>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	68,477,254	27,326,788	5,900,715	101,704,757	34,585	101,739,342
Restricted	54,235,094	12,825,083	63,616	67,123,793	-	67,123,793
Unrestricted	5,474,191	(13,045,427)	3,635,325	(3,935,911)	(2,370,730)	(6,306,641)
<b>Total net assets</b>	<b>128,186,539</b>	<b>27,106,444</b>	<b>9,599,656</b>	<b>164,892,639</b>	<b>(2,336,145)</b>	<b>162,556,494</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 207,660,422</b>	<b>\$ 104,259,524</b>	<b>\$ 20,869,349</b>	<b>\$ 332,789,295</b>	<b>\$ 4,354,196</b>	<b>\$ 337,143,491</b>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Business-type Activities					
	Enterprise Funds					City School District - Food Service
	Aviation	Water	Sewer	Total City	Total	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ -	\$ 20,779,267	\$ 5,751,177	\$ 26,530,444	\$ 652,825	\$ 27,183,269
Federal and state sources	-	-	-	-	10,175,634	10,175,634
Landing fees	4,871,814	-	-	4,871,814	-	4,871,814
Parking rents	6,731,649	-	-	6,731,649	-	6,731,649
Terminal rents	9,244,269	-	-	9,244,269	-	9,244,269
Concession	6,126,007	-	-	6,126,007	-	6,126,007
Miscellaneous	116,530	688,639	11,044	816,213	-	816,213
<b>Total operating revenues</b>	<u>27,090,269</u>	<u>21,467,906</u>	<u>5,762,221</u>	<u>54,320,396</u>	<u>10,828,459</u>	<u>65,148,855</u>
<b>OPERATING EXPENSES:</b>						
Cost of sales and services	6,853,969	13,103,591	3,309,434	23,266,994	11,670,790	34,937,784
Administration	11,568,620	581,363	15,085	12,165,068	-	12,165,068
Depreciation	11,213,684	2,494,144	576,693	14,284,521	31,281	14,315,802
Uncollectible accounts	2,076	467,708	71,916	541,700	-	541,700
<b>Total operating expenses</b>	<u>29,638,349</u>	<u>16,646,806</u>	<u>3,973,128</u>	<u>50,258,283</u>	<u>11,702,071</u>	<u>61,960,354</u>
<b>NET OPERATING INCOME (LOSS)</b>	<u>(2,548,080)</u>	<u>4,821,100</u>	<u>1,789,093</u>	<u>4,062,113</u>	<u>(873,612)</u>	<u>3,188,501</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Capital grants received	4,854,081	405,239	1,369,427	6,628,747	-	6,628,747
Passenger facility charges	3,971,308	-	-	3,971,308	-	3,971,308
Investment income	191,177	33,186	20,027	244,390	158	244,548
Interest expense	(1,652,081)	(1,683,591)	(250,005)	(3,585,677)	-	(3,585,677)
<b>Total nonoperating revenues (expenses) net</b>	<u>7,364,485</u>	<u>(1,245,166)</u>	<u>1,139,449</u>	<u>7,258,768</u>	<u>158</u>	<u>7,258,926</u>
<b>NET INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	4,816,405	3,575,934	2,928,542	11,320,881	(873,454)	10,447,427
<b>OPERATING TRANSFERS OUT</b>	-	(2,300,000)	(525,000)	(2,825,000)	-	(2,825,000)
<b>CHANGES IN NET ASSETS</b>	4,816,405	1,275,934	2,403,542	8,495,881	(873,454)	7,622,427
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>123,370,134</u>	<u>25,830,510</u>	<u>7,196,114</u>	<u>156,396,758</u>	<u>(1,462,691)</u>	<u>154,934,067</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 128,186,539</u>	<u>\$ 27,106,444</u>	<u>\$ 9,599,656</u>	<u>\$ 164,892,639</u>	<u>\$ (2,336,145)</u>	<u>\$ 162,556,494</u>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Business-type Activities					
	Enterprise Funds					
	Aviation	Water	Sewer	Total - City	City School District - Food Service	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers	\$ 26,309,292	\$ 22,047,097	\$ 5,917,996	\$ 54,274,385	\$ 654,453	\$ 54,928,838
Receipts from federal and state sources	-	-	-	-	10,404,137	10,404,137
Payments to vendors	(15,138,430)	(7,762,284)	(731,308)	(23,632,022)	(3,455,301)	(27,087,323)
Payments to employees	(4,060,392)	(4,405,156)	(2,001,481)	(10,467,029)	(5,476,479)	(15,943,508)
Internal activity-receipts and (payments) with other funds - net	3,689,152	-	-	3,689,152	(2,127,009)	1,562,143
Claims paid	(1,732,256)	(1,397,698)	(746,868)	(3,876,822)	-	(3,876,822)
Net cash provided by (utilized in) operating activities	<u>9,067,366</u>	<u>8,481,959</u>	<u>2,438,339</u>	<u>19,987,664</u>	<u>(199)</u>	<u>19,987,465</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating subsidies and transfers to other funds	-	(2,300,000)	(525,000)	(2,825,000)	-	(2,825,000)
Payments from other governments	-	626,041	1,176,874	1,802,915	41	1,802,956
Net cash provided by (utilized in) noncapital financing activities	<u>-</u>	<u>(1,673,959)</u>	<u>651,874</u>	<u>(1,022,085)</u>	<u>41</u>	<u>(1,022,044)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from capital debt	47,710,000	10,000,000	-	57,710,000	-	57,710,000
Capital grants received	2,652,954	-	-	2,652,954	-	2,652,954
Purchases of capital assets	(24,847,735)	(3,032,610)	(1,204,520)	(29,084,865)	-	(29,084,865)
Proceeds from sale of capital assets	-	10,543	-	10,543	-	10,543
Principal paid on capital debt	(7,469,953)	(2,620,112)	(580,485)	(10,670,550)	-	(10,670,550)
Interest paid on capital debt	(671,768)	(1,670,662)	(253,799)	(2,596,229)	-	(2,596,229)
Other receipts	3,894,355	-	-	3,894,355	-	3,894,355
Net cash provided by (utilized in) capital and related financing activities	<u>21,267,853</u>	<u>2,687,159</u>	<u>(2,038,804)</u>	<u>21,916,208</u>	<u>-</u>	<u>21,916,208</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest and dividends received	191,177	33,186	20,027	244,390	158	244,548
Net cash provided by investing activities	<u>191,177</u>	<u>33,186</u>	<u>20,027</u>	<u>244,390</u>	<u>158</u>	<u>244,548</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>30,526,396</b>	<b>9,528,345</b>	<b>1,071,436</b>	<b>41,126,177</b>	<b>-</b>	<b>41,126,177</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b><u>39,271,003</u></b>	<b><u>12,927,652</u></b>	<b><u>5,870,250</u></b>	<b><u>58,068,905</u></b>	<b><u>-</u></b>	<b><u>58,068,905</u></b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 69,797,399</u></b>	<b><u>\$ 22,455,997</u></b>	<b><u>\$ 6,941,686</u></b>	<b><u>\$ 99,195,082</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 99,195,082</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by (utilized in) operating activities:</b>						
Operating income (loss)	\$ (2,548,080)	\$ 4,821,100	\$ 1,789,093	\$ 4,062,113	\$ (873,612)	\$ 3,188,501
Adjustments to reconcile operating income (loss) to net cash provided by operating activities						
Depreciation expense	11,213,684	2,494,144	576,693	14,284,521	31,281	14,315,802
(Gain) on sale of capital assets	-	2,903	-	2,903	-	2,903
Uncollectible accounts	2,076	467,708	71,916	541,700	-	541,700
Change in assets and liabilities:						
Accounts receivable	(720,476)	108,579	83,860	(528,037)	813,969	285,932
Deferred charges	(836,923)	175,009	6,173	(655,741)	-	(655,741)
Due to other funds	3,689,152	-	-	3,689,152	(2,127,009)	1,562,143
Due to component units	(10,117)	(8,105)	(1,566)	(19,788)	-	(19,788)
Inventories	-	-	-	-	23,605	23,605
Prepaid expenses and other	(125,758)	-	-	(125,758)	-	(125,758)
Accounts payable and accrued expenses	(23,164)	(1,749,675)	8,791	(1,764,048)	419,018	(1,345,030)
Amounts due to retirement systems	7,675	(9,074)	(19,634)	(21,033)	215,537	194,504
Other Postemployment Benefits	(1,418,700)	2,470,300	(28,900)	1,022,700	1,255,614	2,278,314
Self-insurance claims	(119,508)	(383,676)	(107,471)	(610,655)	301,958	(308,697)
Accrued compensated absences	18,006	92,746	59,384	170,136	(60,560)	109,576
Deferred revenue	(60,501)	-	-	(60,501)	-	(60,501)
Net cash provided by operating activities	<u>\$ 9,067,366</u>	<u>\$ 8,481,959</u>	<u>\$ 2,438,339</u>	<u>\$ 19,987,664</u>	<u>\$ (199)</u>	<u>\$ 19,987,465</u>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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

	Unrestricted	Restricted	Total
Beginning of Year:			
Aviation Fund	\$ 13,711,419	\$ 25,559,584	\$ 39,271,003
Water Fund	6,197,416	6,730,236	12,927,652
Sewer Fund	4,853,642	1,016,608	5,870,250
Total beginning of year	\$ 24,762,477	\$ 33,306,428	\$ 58,068,905
End of Year:			
Aviation Fund	\$ 15,562,305	\$ 54,235,094	\$ 69,797,399
Water Fund	9,630,914	12,825,083	22,455,997
Sewer Fund	6,878,070	63,616	6,941,686
Total end of year	\$ 32,071,289	\$ 67,123,793	\$ 99,195,082

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2012**

	City						
	Pension Trust Fund	Private Purpose Funds		Agency Funds	Total City	Combined City School District	Total
		Local Police Pension Fund	Coca Cola & Mayor's Round Ball				
<b>ASSETS:</b>							
Pooled cash and cash equivalents	\$ 429,160	\$ -	\$ -	\$ 429,160	\$ -	\$ 429,160	
Pooled restricted cash and cash equivalents	-	1,675	49,697,394	49,699,069	-	49,699,069	
Restricted cash	-	-	-	-	489,320	489,320	
Taxes receivable	-	-	54,260,499	54,260,499	-	54,260,499	
Other assets	-	-	-	-	1,387	1,387	
<b>TOTAL ASSETS</b>	<b>429,160</b>	<b>1,675</b>	<b>103,957,893</b>	<b>104,388,728</b>	<b>490,707</b>	<b>104,879,435</b>	
<b>LIABILITIES:</b>							
Accounts payable and accrued expenditures	-	-	6,163	6,163	-	6,163	
Due to other funds	-	-	47,616,301	47,616,301	27,498	47,643,799	
Due to other governments	-	-	880,986	880,986	-	880,986	
Deferred revenue	-	-	54,260,499	54,260,499	-	54,260,499	
Other liabilities	-	-	1,193,944	1,193,944	332,783	1,526,727	
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>103,957,893</b>	<b>103,957,893</b>	<b>360,281</b>	<b>104,318,174</b>	
<b>NET ASSETS:</b>							
Held in trust	\$ 429,160	\$ 1,675	\$ -	\$ 430,835	\$ 130,426	\$ 561,261	

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Pension Trust Fund		Private Purpose Funds		Total City	Combined City School District		Total
	Local Police Pension Fund		Coca Cola & Mayor's Round Ball			City School District		
<b>ADDITIONS:</b>								
Contributions	\$ -	\$ 10,626	\$ 10,626	\$ 10,626	\$ 10,626	\$ 12,100	\$ 12,100	\$ 22,726
Local sources and other	92,562	-	-	92,562	92,562	-	-	92,562
Total additions	92,562	10,626	10,626	103,188	103,188	12,100	12,100	115,288
<b>DEDUCTIONS:</b>								
Scholarships and awards	-	-	-	-	-	10,000	10,000	10,000
Other expenses	-	10,819	10,819	10,819	10,819	2,876	2,876	13,695
Total deductions	-	10,819	10,819	10,819	10,819	12,876	12,876	23,695
<b>CHANGES IN NET ASSETS</b>	92,562	(193)	(193)	92,369	92,369	(776)	(776)	91,593
<b>NET ASSETS AT BEGINNING OF YEAR</b>	336,598	1,868	1,868	338,466	338,466	131,202	131,202	469,668
<b>NET ASSETS AT END OF YEAR</b>	\$ 429,160	\$ 1,675	\$ 1,675	\$ 430,835	\$ 430,835	\$ 130,426	\$ 130,426	\$ 561,261

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**JUNE 30, 2012**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 5,849,125	\$ 2,235,508	\$ 1,378,185	\$ 9,462,818
Restricted cash	257,261	-	2,808,990	3,066,251
Other receivables	1,000,000	30,055	235	1,030,290
Loans receivable-current portion	81,174	395,786	-	476,960
Due from other component units	-	-	89,282	89,282
Other assets	1,030,151	-	-	1,030,151
Loans receivable - long-term portion	5,980,738	4,279,677	-	10,260,415
Notes receivable-long-term portion	-	5,500,000	-	5,500,000
Future Destiny USA fees receivable	26,600,000	-	-	26,600,000
Future Destiny USA fees payable to the City and County	(26,600,000)	-	-	(26,600,000)
Capital assets:				
Nondepreciable	50,000	-	54,977	104,977
Depreciable, net	788,289	-	11,382	799,671
<b>TOTAL ASSETS</b>	<b>\$ 15,036,738</b>	<b>\$ 12,441,026</b>	<b>\$ 4,343,051</b>	<b>\$ 31,820,815</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 82,671	\$ 220,186	\$ 680,422	\$ 983,279
Accrued interest expense	112,951	-	-	112,951
Due to primary government	-	103,252	527,145	630,397
Due to other component units	-	570,112	-	570,112
Deferred revenue	36,000	16,583	2,263,403	2,315,986
Grant payable	735,368	-	-	735,368
Non-current liabilities:				
Due within one year	2,842,000	-	-	2,842,000
Due within more than one year	2,649,000	-	-	2,649,000
Due to primary government - long-term portion	2,020,512	3,817,149	-	5,837,661
Due to other component units-long-term portion	-	15,355,538	-	15,355,538
<b>Total liabilities</b>	<b>8,478,502</b>	<b>20,082,820</b>	<b>3,470,970</b>	<b>32,032,292</b>
<b>NET ASSETS:</b>				
Invested in capital assets	(281,711)	-	66,359	(215,352)
Restricted for Lakefront Development programs	1,010,995	-	-	1,010,995
Restricted for Urban Development Action Grant	-	674,018	-	674,018
Restricted for Grant programs	-	-	2,808,990	2,808,990
Restricted for Parking Mitigation	175,593	-	-	175,593
Unrestricted	5,653,359	(8,315,812)	(2,003,268)	(4,665,721)
<b>Total net assets (deficit)</b>	<b>6,558,236</b>	<b>(7,641,794)</b>	<b>872,081</b>	<b>(211,477)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 15,036,738</b>	<b>\$ 12,441,026</b>	<b>\$ 4,343,051</b>	<b>\$ 31,820,815</b>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**COMPONENT UNITS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Urban Renewal Agency	Total
<b>EXPENSES:</b>				
Destiny USA Fee to City of Syracuse and Onondaga County	\$ 3,800,000	\$ -	\$ -	\$ 3,800,000
Public improvements	1,011,583	-	-	1,011,583
Development projects	156,128	-	1,675,586	1,831,714
Other costs	274,516	210,426	-	484,942
Interest	363,406	173,942	-	537,348
Depreciation	112,613	-	-	112,613
Total expenses	<u>5,718,246</u>	<u>384,368</u>	<u>1,675,586</u>	<u>7,778,200</u>
<b>PROGRAM REVENUE:</b>				
Financing fees	4,797,957	-	-	4,797,957
Extension fees	2,500,000	-	-	2,500,000
Grant and contribution income	127,624	79,368	1,129,970	1,336,962
Mortgage interest income	-	165,000	-	165,000
Miscellaneous income	315,999	250,496	30,821	597,316
Total program revenue	<u>7,741,580</u>	<u>494,864</u>	<u>1,160,791</u>	<u>9,397,235</u>
NET PROGRAM REVENUE (EXPENSE)	<u>2,023,334</u>	<u>110,496</u>	<u>(514,795)</u>	<u>1,619,035</u>
<b>GENERAL REVENUE:</b>				
Property taxes	888,511	-	-	888,511
Investment earnings	318,432	134,021	4,040	456,493
Total general revenue	<u>1,206,943</u>	<u>134,021</u>	<u>4,040</u>	<u>1,345,004</u>
CHANGE IN NET ASSETS	3,230,277	244,517	(510,755)	2,964,039
NET ASSETS (DEFICIT) AT BEGINNING OF YEAR	<u>3,327,959</u>	<u>(7,886,311)</u>	<u>1,382,836</u>	<u>(3,175,516)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ 6,558,236</u>	<u>\$ (7,641,794)</u>	<u>\$ 872,081</u>	<u>\$ (211,477)</u>

See Notes to Basic Financial Statements

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

**A. Financial Reporting Entity**

The City's financial reporting entity comprises the following:

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

(Continued)

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

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

**Blended Component Units:**

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

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

**Discretely Presented Component Units:**

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

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

(Continued)

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

**A. Financial Reporting Entity (Cont'd)**

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

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

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

**B. Basis of Presentation**

*Government-wide Financial Statements:*

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

The Statement of Activities presents a comparison between program expenses and revenues for each function of the City's activities. Direct expenses are those that are specifically associated with and are clearly identified to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

(Continued)

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

**B. Basis of Presentation (Cont'd)**

*Government-wide Financial Statements (Cont'd):*

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

*Fund Financial Statements:*

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

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

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

(Continued)

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

**B. Basis of Presentation (Cont'd)**

**Governmental Fund Types:**

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest 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 fund of the District, is used to account for transactions associated with the design, construction, reconstruction, and financing of public educational facilities in the City. The JSCB is authorized to act as an agent to enter into contracts on behalf of the District and the Common Council of the City of Syracuse, New York (the Council) for the construction of new educational facilities in accordance with applicable state and local laws.

(Continued)

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

**B. Basis of Presentation (Cont'd)**

**Permanent Fund**

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

**Proprietary Fund Types:**

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

***Enterprise Funds***

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

*Water Fund*

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

*Sewer Fund*

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

*Aviation Fund*

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

*Food Service Fund*

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

(Continued)

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

**B. Basis of Presentation (Cont'd)**

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

*Agency Funds*

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

*Pension Trust Fund*

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

*Private Purpose Funds*

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

**Major and Nonmajor Funds**

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

**Major Funds:**

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

(Continued)

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

**B. Basis of Presentation (Cont'd)**

**Major and Nonmajor Funds (Cont'd)**

- Proprietary Funds:
  - Aviation - See above for description.
  - Water - See above for description.

**Nonmajor Funds:**

- Special Revenue Funds:
  - Special Grants
  - Special Assessment Districts
  - Local Development
  - Oil and Flushing
  - Miscellaneous Trust Funds
  - Neighborhood and Business Development
- Debt Service Fund
- Capital Projects Fund
- Permanent Funds:
  - Francis Hendrick's
  - The Ed Smith School Fund
- Proprietary Funds:
  - Sewer
  - City School District - Food Service

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

**C. Measurement Focus and Basis of Accounting**

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

(Continued)

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

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

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

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

(Continued)

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

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

**Basis of Accounting (Cont'd)**

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

**D. Budgets and Budgetary Accounting**

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

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

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

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

- By April 8<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 1st.

(Continued)

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

**D. Budgets and Budgetary Accounting (Cont'd)**

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

**E. Cash Equivalents**

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

**F. Receivables**

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

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

**G. Inventories**

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

(Continued)

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

**H. Capital Assets (Fixed Assets)**

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

*Government-wide Financial Statements*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets of business-type activities, if any, are included as part of the capitalized value of the assets constructed. Interest capitalized for the year ended June 30, 2012 amounted to \$52,077.

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

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

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

(Continued)

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

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

*Fund Financial Statements*

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

**I. Compensated Absences**

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

**J. Long-Term Obligations**

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

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

**K. Equity Classifications**

*Government-wide Financial Statements*

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

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

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**K. Equity Classifications (Cont'd)**

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

Restricted net assets in the governmental activities include the following:

Nonspendable:	
School District prepaid items	\$ 153,570
Permanent funds	<u>26,936</u>
Total nonspendable	<u>180,506</u>
Restricted:	
Capital projects	11,161,485
Debt service	6,866,371
Miscellaneous trusts	1,115,620
Joint School Construction Board	66,636,131
Unspent revenue anticipation bond proceeds	23,900,000
EMS training	299,124
Clinton Square maintenance	84,420
School District Special Aid Fund	<u>536,827</u>
Total restricted	<u>110,599,978</u>
Total	<u>\$ 110,780,484</u>

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

- c. Unrestricted net assets - all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” and are deemed to be available for general use by the City.

*Fund Financial Statements*

During the previous year ended June 30, 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Statement No. 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation to provide users more consistent and understandable information about a fund’s net resources. Constraints are broken down into five different classifications: nonspendable, restricted, committed, assigned, and unassigned. The classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor constraints on the specific purposes for which resources in a fund can be spent.

(Continued)

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

**K. Equity Classifications (Cont'd)**

*Fund Financial Statements (Cont'd)*

Governmental fund equity is classified as fund balance. In the fund basis statements there are five classifications of fund balance:

- a. Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory and prepaid expenses recorded in the School District Special Revenue Fund of \$855,036 and restricted cash recorded in Nonmajor Governmental Funds of \$26,936.
- b. Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds and remaining funds not otherwise classified as nonspendable, committed or assigned in funds other than the General Fund and School District fund are classified as restricted fund balance.
- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's and School District's highest level of decision making authority, i.e., the Common Council and Board of Education. Committed fund balance includes \$427,000 designated for technology in the City School District Special Revenue Fund. Committed Capital Projects Fund balance of \$7,458,742 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$451,050 for Special Assessment Districts.
- d. Assigned - Includes all amounts in the City School District Special Revenue Fund. Included in the District's assigned fund balance are encumbrances of \$2,680,754. Assigned fund balance in the City's General Fund consists of encumbrances of \$330,922 and \$800,917 of appropriations to fund fiscal year 2012-2013 operating expenditures. Under the City's adopted policy, the Board of Education and the Common Council may assign amounts for specific purposes.
- e. Unassigned - Includes all other General Fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the City.

(Continued)

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

**K. Equity Classifications (Cont'd)**

*Fund Financial Statements (Cont'd)*

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

*Order of Use of Fund Balance*

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

**L. Retirement and Other Postemployment Benefits**

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

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

(Continued)

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

**M. Revenue, Expenditures and Expenses**

**Property Taxes**

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

**Assessment Tax Revenue**

In the fund financial statements, sidewalk and sewer assessments are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments receivable of \$4,371,014 at June 30, 2012 are offset by deferred revenue and included in the Debt Service Fund. In the government-wide financial statements, assessment revenue is recorded when it is added to the property tax levy annually. Only the portion of the assessments due in the current period is accrued as revenue, less an allowance for uncollectible amounts.

**Intergovernmental Revenues - Grants**

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

(Continued)

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

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

**Other Revenues**

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

**Operating Revenues and Expenses**

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

**Expenditures/Expenses**

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

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

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

Proprietary Funds - By operating and nonoperating

(Continued)

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

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

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

**Interfund Transfers**

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

**Payments Between the City and Component Units**

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

**Restricted and Unrestricted Resources**

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

**N. Delinquent Property Taxes**

Delinquent taxes receivable from the prior year are converted to tax sale certificates annually in April and October for the County and the City, respectively. At June 30, 2012, the tax sale certificates are fully offset by an allowance for uncollectible delinquent taxes and deferred revenue in the fund financial statements. The allowance and deferred revenue amounts at June 30, 2012 were \$22,765,348 and \$15,536,545, respectively.

**O. Deferred Charges**

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

(Continued)

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

**P. Current Vulnerability Due to Certain Concentrations**

Most of the City's employees are covered by collective bargaining agreements. Approximately 7% expire in one year or less and 34% have expired. The remaining 59% of these agreements extend beyond one year.

**Q. Economic Dependency**

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

**R. Restricted Cash and Cash Equivalents**

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

**S. Deficit Fund Balance**

The oil and flushing fund, a non-major special revenue fund, has a deficit fund balance of \$311,552.

**T. Use of Estimates**

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

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

**2. CASH AND CASH EQUIVALENTS**

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

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**2. CASH AND CASH EQUIVALENTS (CONT'D)**

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.

**Deposits**

Deposits include demand deposits, time deposits and certificate of deposits with original maturities of three months or less with all short-term cash surpluses invested at money market rates in overnight accounts. All deposits with financial institutions must be collateralized in an amount equal to 102% of deposits not insured by the Federal Deposit Insurance Corporation. Securities that may be pledged as collateral are limited to the obligations of the United States or any obligation fully insured as to the principal and interest by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York and must be held either by the financial institution's trust department or by a third party custodial bank. At year end, the carrying amount of the City's deposits, including certificate of deposits, was \$314,706,103 and the bank balance was \$330,174,576. As of June 30, 2012 all deposits were insured or collateralized.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**3. CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2012:

	Balance at June 30, 2011	Additions	Disposals/ Transfers	Balance at June 30, 2012
<b>Governmental activities:</b>				
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>60,004,828</u>	<u>74,625,044</u>	<u>31,791,513</u>	<u>102,838,359</u>
Subtotal	<u>76,274,629</u>	<u>74,625,044</u>	<u>31,791,513</u>	<u>119,108,160</u>
Other capital assets:				
Buildings	373,521,205	21,902,148	645,000	394,778,353
Machinery and equipment	83,011,909	5,237,309	4,136,819	84,112,399
Improvements/infrastructure	<u>338,451,709</u>	<u>9,892,986</u>	<u>636,885</u>	<u>347,707,810</u>
Subtotal	<u>794,984,823</u>	<u>37,032,443</u>	<u>5,418,704</u>	<u>826,598,562</u>
 Total capital assets	 <u>871,259,452</u>	 <u>111,657,487</u>	 <u>37,210,217</u>	 <u>945,706,722</u>
Accumulated depreciation:				
Buildings	257,178,867	6,273,359	645,000	262,807,226
Machinery and equipment	63,039,734	5,821,311	4,069,343	64,791,702
Improvements/infrastructure	<u>216,133,545</u>	<u>12,490,436</u>	<u>636,885</u>	<u>227,987,096</u>
Total	<u>536,352,146</u>	<u>24,585,106</u>	<u>5,351,228</u>	<u>555,586,024</u>
Net capital assets - governmental activities	<u>\$334,907,306</u>	<u>\$87,072,381</u>	<u>\$31,858,989</u>	<u>\$390,120,698</u>

Depreciation was charged to activities as follows:

Governmental activities:

General government support	\$ 1,766,800
Police department	780,100
Fire department	1,540,066
Other public safety	5,828
Transportation	13,292,904
Culture and recreation	1,640,699
Home and community services	246,197
Education	<u>5,312,512</u>
Total governmental activities depreciation expense	 <u>\$ 24,585,106</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**3. CAPITAL ASSETS AND DEPRECIATION (CONT'D)**

	Balance at June 30, 2011	Additions	Disposals/ Transfers	Balance at June 30, 2012
<b>Business-type activities:</b>				
Not being depreciated:				
Land	\$ 6,535,440	\$ -	\$ -	\$ 6,535,440
Construction in progress	<u>10,846,190</u>	<u>32,028,211</u>	<u>5,156,061</u>	<u>37,718,340</u>
Subtotal	<u>17,381,630</u>	<u>32,028,211</u>	<u>5,156,061</u>	<u>44,253,780</u>
Other capital assets:				
Buildings	111,037,386	641,232	-	111,678,618
Machinery and equipment	26,669,627	680,961	541,777	26,808,811
Improvements/infrastructure	<u>252,602,933</u>	<u>3,101,929</u>	<u>-</u>	<u>255,704,862</u>
Subtotal	<u>390,309,946</u>	<u>4,424,122</u>	<u>541,777</u>	<u>394,192,291</u>
Total capital assets	<u>407,691,576</u>	<u>36,452,333</u>	<u>5,697,838</u>	<u>438,446,071</u>
Accumulated depreciation:				
Buildings	85,604,519	4,094,386	-	89,698,905
Machinery and equipment	20,281,749	2,090,020	528,333	21,843,436
Improvements/infrastructure	<u>99,347,580</u>	<u>8,131,396</u>	<u>-</u>	<u>107,478,976</u>
Total	<u>205,233,848</u>	<u>14,315,802</u>	<u>528,333</u>	<u>219,021,317</u>
Net capital assets - business-type activities	<u>\$202,457,728</u>	<u>\$22,136,531</u>	<u>\$ 5,169,505</u>	<u>\$219,424,754</u>

Depreciation was charged to activities as follows:

Business-type activities:

Aviation	\$ 11,213,684
Water	2,494,144
Sewer	576,693
Food Service	<u>31,281</u>
Total business-type activities depreciation expense	<u>\$ 14,315,802</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**4. CAPITAL INDEBTEDNESS**

**General Obligations Bonds Payable**

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

During the year ended June 30, 2012, the City issued general obligation bonds of \$64,821,975. Of this amount, \$9,468,975 was used for capital projects, \$10,000,000 was used to finance water fund projects, \$44,330,000 was used to finance airport construction projects and \$1,023,000 was used to settle two legal claims. SIDA issued School Facility Revenue Bonds of \$46,860,000 to finance District building renovations (see note 12).

In addition, on December 1, 2011, the City issued \$9,235,000 in general obligation bonds with an average interest rate of 2.4377% to advance refund \$9,255,000 of outstanding 2001C bonds with an average interest rate of 5.27%. The net proceeds of \$9,574,620 (including a net premium of \$339,620) 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 City's financial statements. This refunding decreases total debt service payments over the next 6 years by \$616,000 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$612,000.

**Changes in Long-term Liabilities**

Long-term liability activity for governmental activities for the year ended June 30, 2012:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amount due within one year
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation and school facility revenue bonds payable	280,045,906	57,351,975	23,888,731	313,509,150	27,394,349
Premium on bonds payable	2,550,050	3,062,496	178,442	5,434,104	315,041
Discount on bonds payable	(1,012,746)	-	(321,880)	(690,866)	(188,807)
Total bonds payable	<u>281,583,210</u>	<u>60,414,471</u>	<u>23,745,293</u>	<u>318,252,388</u>	<u>27,520,583</u>
Other liabilities:					
Amount due to retirement systems	28,059,429	43,687,229	35,782,178	35,964,480	29,748,886
Accrued compensated absences	20,372,252	14,991,867	12,514,474	22,849,645	7,891,407
Self-insurance claims	41,333,690	102,219,215	94,576,570	48,976,335	12,740,752
Other postemployment benefits	349,654,101	112,310,330	-	461,964,431	-
Judgments and claims	10,068,000	1,802,164	1,802,164	10,068,000	-
Environmental remediation	16,085,587	-	1,087,231	14,998,356	-
Lottery aid payable	25,150,000	-	1,016,667	24,133,333	1,016,667
Total other liabilities	<u>490,723,059</u>	<u>275,010,805</u>	<u>146,779,284</u>	<u>618,954,580</u>	<u>51,397,712</u>
Governmental activities long-term liabilities	<u>\$ 772,306,269</u>	<u>\$ 335,425,276</u>	<u>\$ 170,524,577</u>	<u>\$ 937,206,968</u>	<u>\$ 78,918,295</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**4. CAPITAL INDEBTEDNESS (CONT'D)**

**Changes in Long-term Liabilities (Cont'd)**

Payments on the bonds and notes payable that pertain to the City's governmental activities are made by the Debt Service Fund.

Liabilities for compensated absences, retirement, self-insurance claims and judgments and claims attributable to the governmental activities will be liquidated by the General Fund or the City School District, which is a special revenue fund. The liabilities for environmental remediation and 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, 2012:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012	Amount due within one year
<b>Business-Type Activities:</b>					
Bonds payable and capital lease obligations:					
General obligation bonds payable	\$ 41,701,602	\$ 63,565,000	\$ 14,522,767	\$ 90,743,835	\$ 5,693,147
Construction bonds payable	37,768,930	-	1,213,930	36,555,000	1,235,000
Capital lease obligation	188,644	-	41,352	147,292	39,625
Total bonds payable and capital lease obligations	<u>79,659,176</u>	<u>63,565,000</u>	<u>15,778,049</u>	<u>127,446,127</u>	<u>6,967,772</u>
Other liabilities:					
Amounts due to retirement systems	1,807,288	3,014,380	2,819,877	2,001,791	1,274,803
Accrued compensated absences	765,499	544,070	434,494	875,075	415,052
Self-insurance claims	2,545,196	4,761,718	5,070,415	2,236,499	1,100,704
Other postemployment benefits	21,767,406	2,278,314	-	24,045,720	-
Total other liabilities	<u>26,885,389</u>	<u>10,598,482</u>	<u>8,324,786</u>	<u>29,159,085</u>	<u>2,790,559</u>
Business-type activities long term liabilities	<u>\$ 106,544,565</u>	<u>\$ 74,163,482</u>	<u>\$ 24,102,835</u>	<u>\$ 156,605,212</u>	<u>\$ 9,758,331</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.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**4. CAPITAL INDEBTEDNESS (CONT'D)**

**Summary of Debt Service on Bonds to Maturity**

As of June 30, 2012, amounts due to service general obligation, school facility revenue bonds payable and construction bonds, principal and interest in future years, are as follows:

Year Ending June 30,	Governmental Activities		Business-type activities		Total
	Principal	Interest	Principal	Interest	
2013	\$ 27,394,349	\$ 13,378,418	\$ 6,928,147	\$ 5,422,375	\$ 53,123,289
2014	28,222,968	12,301,611	8,324,007	4,409,122	53,257,708
2015	28,447,632	11,142,319	7,012,376	4,169,884	50,772,211
2016	23,169,863	10,076,359	6,705,137	3,954,185	43,905,544
2017	23,592,611	9,110,122	6,752,386	3,731,945	43,187,064
2018-2022	101,187,573	31,436,773	24,017,427	15,893,535	172,535,308
2023-2027	72,743,840	12,900,137	22,531,160	11,893,211	120,068,348
2028-2032	8,750,314	686,918	20,368,416	8,062,161	37,867,809
2033-2037	-	-	20,350,000	3,537,694	23,887,694
2038-2040	-	-	4,309,779	299,324	4,609,103
<b>TOTALS</b>	<b>\$ 313,509,150</b>	<b>\$ 101,032,657</b>	<b>\$ 127,298,835</b>	<b>\$ 61,373,436</b>	<b>\$ 603,214,078</b>

**Short-term Debt**

*Revenue Anticipation Notes Payable*

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

*Bond Anticipation Notes Payable*

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

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**4. CAPITAL INDEBTEDNESS (CONT'D)**

**Short-term Debt (Cont'd)**

Short-term debt activity for the year ended June 30, 2012:

	Balance at June 30, 2011	Additions	Reductions	Balance at June 30, 2012
Governmental Activities:				
Revenue anticipation notes	\$ -	\$ 107,500,000	\$ 64,000,000	\$ 43,500,000
Business-type Activities:				
Bond anticipation notes	\$ 4,127,500	\$ 3,380,000	\$ 4,127,500	\$ 3,380,000

**5. AIRPORT LEASE AND USE AGREEMENTS**

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

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

The cost and related accumulated depreciation of the leased property is not readily determinable. Approximate future minimum payments due to the City as of June 30, 2012 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2013	\$ 2,305,158
2014	831,731
2015	810,227
2016	810,855
2017	644,032
Thereafter	<u>9,066,593</u>
TOTAL	<u>\$14,468,596</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**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, 2012 were approximately \$913,000. The minimum future non-cancelable operating lease payments as of June 30, 2012 were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2013	\$ 627,359
2014	351,307
2015	758,729
2016	178,051
2017	178,051
Thereafter	<u>83,698</u>
TOTAL	<u>\$ 2,177,195</u>

The City leases a parking garage from a component unit. In addition, the City leases property from an unrelated entity. Total rental expenditures on these leases for the fiscal year ended June 30, 2012 were approximately \$410,000. Future minimum lease payments for these non-cancelable operating leases were as follows as of June 30, 2012:

YEAR ENDING JUNE 30,	AMOUNT
2013	\$ 408,542
2014	406,747
2015	250,175
2016	242,825
2017	237,920
Thereafter	<u>242,237</u>
TOTAL	<u>\$1,788,446</u>

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**6. OPERATING LEASE COMMITMENTS (CONT'D)**

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages cost approximately \$61,800,000 with accumulated depreciation of \$57,616,280 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2012 under non-cancelable operating leases were as follows:

YEAR ENDING JUNE 30,	AMOUNT
2013	\$ 883,500
2014	758,100
2015	735,300
2016	443,100
2017	328,260
Thereafter	<u>4,804,800</u>
TOTAL	<u>\$7,953,060</u>

**7. CAPITAL LEASE OBLIGATIONS**

The Airport is obligated under certain leases accounted for as capital leases. The leased assets and related liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair market value of the assets. Capital assets include leased assets in the Aviation Fund of \$398,241, which are fully depreciated at June 30, 2012. The related obligations are accounted for as liabilities in the Statement of Net Assets. Payments are expenditures of the Aviation Fund. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of June 30, 2012.

Year ending June 30,	Business -Type Activities
2013	\$ 48,600
2014	48,600
2015	48,600
Thereafter	<u>8,100</u>
Minimum lease payments - capital leases	153,900
Less: Amounts representing interest between 5% and 8.5% per annum	<u>(6,608)</u>
Present value - minimum lease payments	<u>\$ 147,292</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**Receivables and Payables**

To improve cash management, most disbursements are made from a pooled account in the general fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. With the exception of a receivable in the Aviation Fund and payable in the Capital Projects Fund of \$272,750, these receivables and payables are short-term in nature and are typically repaid in less than one year. The following schedule summarizes interfund receivables and payables at June 30, 2012:

	<u>AMOUNT</u> <u>RECEIVABLE</u>	<u>AMOUNT</u> <u>PAYABLE</u>
General Fund	\$ 6,558,747	\$ -
City School District	52,942,116	14,502,993
Neighborhood and Business Development	-	73,629
Capital Projects Fund	3,297,655	333,250
Joint Schools Construction Board	562,948	-
Proprietary Funds:		
Aviation	333,250	5,403,837
Food Service	3,302,680	-
Nonmajor governmental funds:		
Debt Service	2,041,394	-
Special Grants	-	791,099
Oil and Flushing	-	290,183
Fiduciary	-	47,643,799
Total	<u>\$ 69,038,790</u>	<u>\$ 69,038,790</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2012:

	<u>AMOUNT</u> <u>RECEIVABLE</u>	<u>AMOUNT</u> <u>PAYABLE</u>
General Fund	\$ 4,137,507	\$ -
Neighborhood and Business Development	737,321	122,080
Proprietary Funds:		
Water	-	13,484
Sewer	-	1,981
Aviation	-	8,027
Nonmajor governmental fund:		
Local Development	1,672,650	-
Component units:		
SURA	89,282	527,145
SIDA	429,636	2,034,763
SEDCO	70,340	4,429,256
Total	<u>\$ 7,136,736</u>	<u>\$ 7,136,736</u>

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**Receivables and Payables (Cont'd)**

The amounts receivable and payable above are as of June 30, 2012. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2011. The interfund receivables and payables differences relating to SIDA and SEDCO result from loan and other transactions in the normal course of business.

**Transfers**

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to the Capital Projects and Debt Service Funds. They also facilitate the contribution of proprietary fund earnings to the General Fund. Interfund transfers for the fiscal year ended June 30, 2012, which were routine in nature, were as follows:

	Transfers In	Transfers Out
General Fund	\$ 2,825,000	\$ 19,714,882
Capital Projects Fund	3,131,000	642,630
Joint School Construction Board	4,095,263	7,397,149
Special revenue funds:		
City School District	10,555,743	21,669,313
Oil and Flushing	-	213,508
Debt Service Fund	31,855,476	-
Proprietary funds:		
Water	-	2,300,000
Sewer	-	525,000
Total	<u>\$ 52,462,482</u>	<u>\$ 52,462,482</u>

(Continued)

**9. RETIREMENT PLANS**

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

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

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

ERS and PFRS:

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

TRS:

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

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**9. RETIREMENT PLANS (CONT'D)**

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

	<u>TRS</u>	<u>ERS</u>	<u>PFRS</u>
June 30, 2012	\$ 21,252,794	\$ 12,802,192	\$ 14,560,983
June 30, 2011	\$ 15,539,793	\$ 9,777,603	\$ 13,976,448
June 30, 2010	\$ 12,819,586	\$ 7,413,538	\$ 10,996,599

**10. SELF INSURANCE**

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

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

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

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

**11. OTHER POSTEMPLOYMENT BENEFITS**

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

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)**

**Plan Description**

The City provides OPEB to its employees under a single-employer, self-insured benefit plan. The plan provides medical and prescription drug coverage to retirees and their covered dependents. Benefit provisions are established and amended through negotiations between the City and the respective unions. The financial information for the City's plan is contained solely within these basic financial statements.

**Funding Policy**

The contribution requirements of the plan members and the City are established on an annual premium equivalent rate calculated by a third party administrator based on a projected pay-as-you-go financing requirement. For the year ended June 30, 2012, the City contributed approximately \$20,700,000 for the total cost of the plan net of retiree contributions of approximately \$700,000. The District contributed approximately \$21,400,000 net of retiree contributions of approximately \$1,400,000.

**Annual OPEB Cost and Net Obligation**

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

	<u>City</u>	<u>District</u>
Annual required contribution	\$ 77,900,643	\$ 86,109,603
Interest on net OPEB obligation	6,546,076	8,314,384
Adjustment to annual required contribution	<u>(9,464,007)</u>	<u>(12,020,542)</u>
Annual OPEB cost (expense)	74,982,712	82,403,445
Contributions made	<u>(21,433,912)</u>	<u>(21,363,601)</u>
Increase in net OPEB obligation	53,548,800	61,039,844
Net OPEB obligation - Beginning of Year	<u>163,561,900</u>	<u>207,859,607</u>
Net OPEB obligation - End of Year	<u>\$ 217,110,700</u>	<u>\$ 268,899,451</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 61,041,328	25.12%	\$ 151,352,132
June 30, 2011	\$ 72,801,036	22.38%	\$ 207,859,607
June 30, 2012	\$ 82,403,445	25.93%	\$ 268,899,451

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)**

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 63,988,800	35.0%	\$ 121,624,900
June 30, 2011	\$ 67,161,400	37.6%	\$ 163,561,900
June 30, 2012	\$ 74,982,712	28.7%	\$ 217,110,700

**Funding Status and Funding Progress**

As of June 30, 2012, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$885,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$220,000,000 and the ratio of the liability to the covered payroll was 399%.

As of July 1, 2011, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately \$890,500,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$115,200,000 and the ratio of the liability to the covered payroll was 773%.

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

**Actuarial Methods and Assumptions**

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

(Continued)

**11. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)**

In the most recent actuarial valuations the Projected Unit Credit Cost Method was used for both the City and the District. The actuarial assumptions include a 4% investment rate of return for both the City and the District, which is based on the portfolio of the City and District's general assets used to pay for these benefits. For the City, the annual medical and prescription cost trend is 10% initially, decreasing to 5% for all benefits after 5 years for both Pre-65 and Post-65 individuals. For the District, the annual health care cost trend rate of 11.00% is used initially, decreasing to 5.00% after seven years for Pre-65 individuals and 10.00% initially, decreasing to 5.00% for Post-65 individuals after seven years. The prescription cost trend begins at 11.00% initially and decreases to 5.00% after seven years. Both rates include an inflation assumption of 3.25% for the City and 3.00% for the District. The UAAL is being amortized based on a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2012 was thirty years.

**12. JOINT SCHOOLS CONSTRUCTION BOARD**

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

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

**Financing of JSCB**

In accordance with Chapter 58 Pt. A-4 of the Laws of 2006 of the State of New York pursuant to Indenture of Trusts (Series 2008 Project) between the SIDA (the Issuer) and M&T Trust Company (the Trustee), School Facility Revenue Bonds, Series 2008A, dated March 12, 2008, totaling \$49,230,000 and Series 2010A, dated December 23, 2010, totaling \$31,470,000, Series 2011A dated July 12, 2011, totaling \$31,860,000 and series 2011B, dated July 12, 2011, totaling \$15,000,000, were issued by the SIDA for the purpose of financing a portion of the cost of the project consisting of the design, reconstruction, rehabilitation, and equipping of certain existing school buildings for use by the District.

(Continued)

**12. JOINT SCHOOLS CONSTRUCTION BOARD (CONT'D)**

**Financing of JSCB (Cont'd)**

The series 2008A, 2010A, 2011A and 2011B Bonds are special limited obligations of the issuer payable solely from (i) the payment of installment purchase payments by the SCSD and the City under the Installment Sale Agreement and (ii) the pledge of certain funds, including a bond fund and a debt service reserve fund, under the Indenture. In the event the SCSD and the City fail to make an installment purchase payment under the Installment Sale Agreement, it is provided in the Syracuse Schools Act and the Indenture that, upon receipts by the New York State Comptroller (the "State Comptroller") of a certificate from the Series 2008A, 2010A, 2011A and 2011B Trustee on behalf of the Issuer as to the amount of such failed payment, the State Comptroller shall withhold any state and/or school aid payable to the SCSD or the City to the extent of the amount so stated in such certificate as not having been made, and shall immediately pay over to the Series 2008A, 2010A, 2011A and 2011B Trustee on behalf of the Issuer the amount withheld.

The obligation of the SCSD and the City under the Installment Sale Agreement to pay installment purchase payments is not a general obligation of the SCSD or the City and neither the faith and credit nor the taxing powers of the City is pledged to the payment of installment purchase payments under the Installment Sale Agreement. The obligation of the SCSD and the City under the Installment Sale Agreement to pay installment purchase payments in any fiscal year of the SCSD or the City constitutes a current expense of the SCSD for such fiscal year and shall not constitute an indebtedness or moral obligation of the SCSD, the City or the State within the meaning of any constitutional or statutory provision or other laws of the State. Except for the application of the debt service reserve fund, the only source of moneys available for the payment of the principal of and interest on the Series 2008A, 2010A, 2011A and 2011B Bonds is installment purchase payments made by the SCSD and the City under the Installment Sale Agreement to the extent of State Aid to Education appropriated by the State and available to the SCSD and/or the City and appropriated by the City and the SCSD to make such payments, and the intercept by the State Comptroller of any other state and/or school aid payable to the City or the SCSD to the extent of any installment purchase deficiency. The Series 2008A, 2010A, 2011A and 2011B Bonds are neither a general obligation of the Issuer, nor a debt or indebtedness of the City or the State and neither the City nor the State shall be liable thereon. The District will be responsible for the maintenance and operation of the facilities constructed and/or repaired with the Series 2008A, 2010A, 2011A and 2011B proceeds.

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

**13. CONTINGENCIES AND COMMITMENTS**

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

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**13. CONTINGENCIES AND COMMITMENTS (CONT'D)**

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, 2012.

The District has a potential liability for the overbilling of tuition to other districts for students in attendance at Elmcrest Children's Center. It is uncertain if the districts involved are entitled to or will seek restitution. As such any potential liability relating to this contingency cannot be determined at June 30, 2012.

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

SIDA has HUD-108 loans payable amounting to \$4,371,000. These loans bear interest at rates varying from .2 to 2.5%. 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, 2011:

Year ending December 31,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,687,000	\$ 72,922	\$ 2,759,922
2013	301,000	17,825	318,825
2014	277,000	16,176	293,176
2015	283,000	14,991	297,991
2016	324,000	13,605	337,605
2017-2021	148,000	11,345	159,345
2022-2026	154,000	8,911	162,911
2027-2031	165,000	6,063	171,063
2032-2036	16,000	1,932	17,932
2037-2041	16,000	972	16,972
Total	<u>\$ 4,371,000</u>	<u>\$ 164,742</u>	<u>\$ 4,535,742</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.

(Continued)

**CITY OF SYRACUSE, NEW YORK**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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**14. ENVIRONMENTAL REMEDIATION**

Asbestos remediation obligations related to school district buildings have been recognized at June 30, 2012. The estimated liability at June 30, 2012 is based on management's estimated cost to perform remediation. There is potential for changes due to price increase or technology advancements.

**15. TERMINATION BENEFITS OBLIGATED DURING THE YEAR**

During the year ended June 30, 2012, the cost of termination benefits was \$3,063,785 for the District employees who agreed to retire under the terms of the retirement incentive offered during the current year.

**16. LAND BANK**

The City of Syracuse and County of Onondaga entered into an inter-municipal agreement on March 27, 2012 for the purpose of creating the Greater Syracuse Property Development Corporation, a type C not-for-profit corporation to operate as a 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. The City has not provided any funding to the Land Bank as of this date.

**17. SUBSEQUENT EVENTS**

On October 25, 2012, the City issued \$45,000,000 in Revenue Anticipation Notes at 0.92% maturing on June 28, 2013 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. The request was approved by the City of Syracuse, New York Common Council on September 10, 2012.

On August 13, 2012, the City issued \$76,000,000 in Revenue Anticipation Notes at 0.79% maturing June 28, 2013 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the District. The request was approved by the City of Syracuse, New York Common Council on July 9, 2012.

Revenue Anticipation Notes of \$43,500,000, which were outstanding at June 30, 2012, were satisfied in July 2012.

(Concluded)

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL**  
**(BUDGETARY BASIS) GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>REVENUES:</b>				
General property taxes and tax items	\$ 33,329,134	\$ 33,386,308	\$ 36,948,139	\$ 3,561,831
Sales tax and use taxes	73,787,263	73,787,263	77,088,340	3,301,077
Other local taxes	3,830,000	3,830,000	3,592,174	(237,826)
Departmental revenues	9,882,035	10,379,619	11,696,868	1,317,249
Intergovernmental charges	368,850	368,850	473,196	104,346
Licenses and permits	2,083,150	2,083,150	3,293,688	1,210,538
Fines and forfeitures	3,507,250	3,507,250	3,036,716	(470,534)
Sale of property and compensation for loss	240,000	240,000	777,033	537,033
Use of money and property	338,000	338,000	219,919	(118,081)
Federal and state aid and other grants	80,645,559	80,645,559	80,125,162	(520,397)
Other revenues	5,557,200	5,557,200	5,983,159	425,959
Total revenues	<u>213,568,441</u>	<u>214,123,199</u>	<u>223,234,394</u>	<u>9,111,195</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government support	27,291,785	27,297,401	25,036,852	2,260,549
Public safety	135,022,926	135,351,687	130,105,919	5,245,768
Transportation	22,617,312	22,659,122	21,377,411	1,281,711
Home and community services	12,959,660	12,899,660	12,423,896	475,764
Culture and recreation	10,776,211	10,802,977	9,906,050	896,927
Interest on debt	450,000	450,000	319,399	130,601
Total expenditures	<u>209,117,894</u>	<u>209,460,847</u>	<u>199,169,527</u>	<u>10,291,320</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>4,450,547</u>	<u>4,662,352</u>	<u>24,064,867</u>	<u>19,402,515</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Bond proceeds	-	-	1,023,000	1,023,000
Operating transfers in	2,825,000	2,825,000	2,825,000	-
Operating transfers out	(20,592,720)	(20,592,720)	(19,714,882)	877,838
Total other financing uses - net	<u>(17,767,720)</u>	<u>(17,767,720)</u>	<u>(15,866,882)</u>	<u>1,900,838</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES</b>	<u>\$ (13,317,173)</u>	<u>\$ (13,105,368)</u>	8,197,985	<u>\$ 21,303,353</u>
<b>EFFECT OF ENCUMBRANCES</b>			<u>221,971</u>	
<b>CHANGE IN FUND BALANCE</b>			<u>\$ 8,419,956</u>	

**CITY OF SYRACUSE, NEW YORK**  
**STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Special Revenue Fund - City School District						Actual CSD - General Fund	Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual Total CSD	Less: Actual				
				CSD Special	Aid Fund			
<b>REVENUES:</b>								
General property taxes and tax items	\$ 55,506,227	\$ 55,506,227	\$ 56,771,844	\$ -	-	56,771,844	\$ 1,265,617	
Sales tax and use taxes	2,000,000	2,000,000	1,884,672	-	-	1,884,672	(115,328)	
Sale of property and compensation for loss	71,100	71,100	258,900	-	-	258,900	187,800	
Use of money and property	981,000	981,000	523,866	-	-	523,866	(457,134)	
Federal and state aid and other grants	263,474,348	263,474,348	337,542,185	71,571,400	-	265,970,785	2,496,437	
Other revenues	577,350	577,350	1,214,767	-	-	1,214,767	637,417	
Total revenues	<u>322,610,025</u>	<u>322,610,025</u>	<u>398,196,234</u>	<u>71,571,400</u>	<u>-</u>	<u>326,624,834</u>	<u>4,014,809</u>	
<b>EXPENDITURES:</b>								
Current:								
General government support	54,238,206	54,238,206	47,630,777	75,065,703	-	(27,434,926)	81,673,132	
Home and community services	-	-	2,507,405	2,507,405	-	-	-	
Education	255,208,958	255,208,958	337,092,212	-	-	337,092,212	(81,883,254)	
Interest on debt	1,500,000	1,500,000	416,924	-	-	416,924	1,083,076	
Total expenditures	<u>310,947,164</u>	<u>310,947,164</u>	<u>387,647,318</u>	<u>77,573,108</u>	<u>-</u>	<u>310,074,210</u>	<u>872,954</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>11,662,861</u>	<u>11,662,861</u>	<u>10,548,916</u>	<u>(6,001,708)</u>	<u>-</u>	<u>16,550,624</u>	<u>4,887,763</u>	
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating transfers in	1,500,000	1,500,000	10,555,743	8,547,139	-	2,008,604	508,604	
Operating transfers out	(23,162,861)	(23,162,861)	(21,669,313)	(2,008,604)	-	(19,660,709)	3,502,152	
Total other financing uses - net	<u>(21,662,861)</u>	<u>(21,662,861)</u>	<u>(11,113,570)</u>	<u>6,538,535</u>	<u>-</u>	<u>(17,652,105)</u>	<u>4,010,756</u>	
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES</b>	<u>\$ (10,000,000)</u>	<u>\$ (10,000,000)</u>	<u>\$ (564,654)</u>	<u>\$ 536,827</u>	<u>-</u>	<u>(1,101,481)</u>	<u>\$ 8,898,519</u>	
<b>EFFECT OF ENCUMBRANCES</b>						<u>(2,224,788)</u>		
<b>CHANGE IN FUND BALANCE</b>						<u>\$ (3,326,269)</u>		

**CITY OF SYRACUSE, NEW YORK  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR OTHER  
POSTEMPLOYMENT BENEFITS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

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

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

**CITY OF SYRACUSE, NEW YORK  
COMBINING BALANCE SHEET  
CAPITAL PROJECTS FUND  
JUNE 30, 2012**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Pooled cash and cash equivalents	\$ -	\$ 7,675,171	\$ 7,675,171
Pooled restricted cash and cash equivalents	-	8,044,863	8,044,863
Due from other funds	509,526		509,526
Due from agency funds	2,788,129	-	2,788,129
Due from other governments	-	4,585,170	4,585,170
TOTAL ASSETS	<u>\$ 3,297,655</u>	<u>\$ 20,305,204</u>	<u>\$ 23,602,859</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 181,033	\$ 3,965,349	\$ 4,146,382
Deferred revenues	-	503,000	503,000
Due to other funds	-	333,250	333,250
Total liabilities	<u>181,033</u>	<u>4,801,599</u>	<u>4,982,632</u>
<b>FUND BALANCES:</b>			
Restricted	3,116,622	8,044,863	11,161,485
Committed	-	7,458,742	7,458,742
Total fund balance	<u>3,116,622</u>	<u>15,503,605</u>	<u>18,620,227</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,297,655</u>	<u>\$ 20,305,204</u>	<u>\$ 23,602,859</u>

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	CITY SCHOOL DISTRICT	CITY	TOTAL
<b>REVENUES:</b>			
Use of money and property	\$ -	\$ 33,742	\$ 33,742
Federal and state aid and other grants	250,000	8,578,389	8,828,389
Other revenues	550,000	4,587,406	5,137,406
Total revenues	<u>800,000</u>	<u>13,199,537</u>	<u>13,999,537</u>
<b>EXPENDITURES:</b>			
Capital outlays	<u>492,741</u>	<u>25,488,379</u>	<u>25,981,120</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>307,259</u>	<u>(12,288,842)</u>	<u>(11,981,583)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Bond proceeds	1,500,000	7,968,975	9,468,975
Operating transfers in	-	3,131,000	3,131,000
Operating transfers out	<u>(137,411)</u>	<u>(505,219)</u>	<u>(642,630)</u>
Total other financing sources - net	<u>1,362,589</u>	<u>10,594,756</u>	<u>11,957,345</u>
<b>CHANGES IN FUND BALANCE</b>	1,669,848	(1,694,086)	(24,238)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>1,446,774</u>	<u>17,197,691</u>	<u>18,644,465</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 3,116,622</u>	<u>\$ 15,503,605</u>	<u>\$ 18,620,227</u>

**CITY OF SYRACUSE, NEW YORK  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Debt Service (Combined)	Special Revenue						Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Miscellaneous Trusts			
<b>ASSETS:</b>									
Pooled cash and cash equivalents	\$ -	\$ -	\$ 406,379	\$ -	\$ -	\$ -	\$ -	\$ 406,379	
Pooled restricted cash and cash equivalents	4,824,977	478,189	-	-	-	1,123,263	10,000	6,436,429	
Restricted cash	-	-	-	-	-	-	16,936	16,936	
Accounts receivable	4,371,014	44,134	4,549	-	-	-	-	4,419,697	
Taxes receivable (net allowance of \$232,267)	-	-	103,914	-	-	-	-	103,914	
Due from other funds	2,041,394	-	-	-	-	-	-	2,041,394	
Due from other governments	-	923,391	-	-	-	-	-	923,391	
Due from component units (net of allowance of \$1,672,650)	-	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 11,237,385</b>	<b>\$ 1,445,714</b>	<b>\$ 514,842</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,123,263</b>	<b>\$ 26,936</b>	<b>\$ 14,348,140</b>	
<b>LIABILITIES AND FUND BALANCES:</b>									
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ -	\$ 176,431	\$ -	\$ 21,369	\$ 7,643	\$ -	\$ -	\$ 205,443	
Due to other funds	-	791,099	-	290,183	-	-	-	1,081,282	
Deferred revenues	4,371,014	478,184	63,792	-	-	-	-	4,912,990	
Total liabilities	4,371,014	1,445,714	63,792	311,552	7,643	-	-	6,199,715	
<b>Fund Balances:</b>									
Nonspendable	-	-	-	-	-	-	26,936	26,936	
Restricted	6,866,371	-	-	-	1,115,620	-	-	7,981,991	
Committed	-	-	451,050	-	-	-	-	451,050	
Assigned	-	-	-	-	-	-	-	-	
Unrestricted	-	-	-	(311,552)	-	-	-	(311,552)	
Total fund balances	6,866,371	-	451,050	(311,552)	1,115,620	-	26,936	8,148,425	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 11,237,385</b>	<b>\$ 1,445,714</b>	<b>\$ 514,842</b>	<b>\$ -</b>	<b>\$ 1,123,263</b>	<b>\$ -</b>	<b>\$ 26,936</b>	<b>\$ 14,348,140</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, 2012**

	Debt Service (Combined)	Special Revenue					Oil & Flushing	Miscellaneous Trusts	Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development						
<b>REVENUES:</b>										
General property taxes and tax items	\$ -	\$ -	\$ 938,275	\$ -	\$ 1,395,050	\$ -	\$ -	\$ -	\$ 2,333,325	
Other local taxes	778,704	-	-	-	-	-	-	-	778,704	
Use of money and property	361,805	-	-	-	-	-	3,020	14	364,839	
Federal and state aid and other grants	-	11,190,604	-	-	84,000	-	-	-	11,274,604	
Other revenues	-	50,370	-	-	-	-	640,963	-	691,333	
Total revenues	1,140,509	11,240,974	938,275	-	1,479,050	-	643,983	14	15,442,805	
<b>EXPENDITURES:</b>										
Current:										
General government support	-	827,072	882,506	-	-	-	1,382	-	1,710,960	
Public safety	-	2,596,179	-	-	-	-	580,694	-	3,176,873	
Transportation	-	17,842	-	-	1,705,563	-	-	-	1,723,405	
Economic opportunity and development	-	7,631,239	-	-	-	-	-	-	7,631,239	
Home and community services	-	159,588	-	-	-	-	-	-	159,588	
Culture and recreation	-	9,054	-	-	-	-	60,809	-	69,863	
Principal debt payments	23,888,730	-	-	-	-	-	-	-	23,888,730	
Interest on debt	13,516,515	-	-	-	-	-	-	-	13,516,515	
Total expenditures	37,405,245	11,240,974	882,506	-	1,705,563	-	642,885	-	51,877,173	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(36,264,736)</b>	<b>-</b>	<b>55,769</b>	<b>-</b>	<b>(226,513)</b>	<b>-</b>	<b>1,098</b>	<b>14</b>	<b>(36,434,368)</b>	
<b>OTHER FINANCING SOURCES (USES):</b>										
Operating transfers in	31,855,476	-	-	-	-	-	-	-	31,855,476	
Operating transfers out	-	-	-	-	(213,508)	-	-	-	(213,508)	
Total other financing sources (uses)	31,855,476	-	-	-	(213,508)	-	-	-	31,641,968	
<b>CHANGES IN FUND BALANCE</b>	<b>(4,409,260)</b>	<b>-</b>	<b>55,769</b>	<b>-</b>	<b>(440,021)</b>	<b>-</b>	<b>1,098</b>	<b>14</b>	<b>(4,792,400)</b>	
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>11,275,631</b>	<b>-</b>	<b>395,281</b>	<b>-</b>	<b>128,469</b>	<b>-</b>	<b>1,114,522</b>	<b>26,922</b>	<b>12,940,825</b>	
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 6,866,371</b>	<b>\$ -</b>	<b>\$ 451,050</b>	<b>\$ -</b>	<b>\$ (311,552)</b>	<b>\$ 1,115,620</b>	<b>\$ 26,936</b>	<b>\$ -</b>	<b>\$ 8,148,425</b>	

**CITY OF SYRACUSE, NEW YORK  
 COMBINING BALANCE SHEET  
 DEBT SERVICE FUND  
 JUNE 30, 2012**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>ASSETS:</b>			
Pooled restricted cash and cash equivalents	\$ -	\$ 4,824,977	\$ 4,824,977
Accounts receivable	-	4,371,014	4,371,014
Due from agency funds	<u>2,041,394</u>	<u>-</u>	<u>2,041,394</u>
 TOTAL ASSETS	 <u>\$ 2,041,394</u>	 <u>\$ 9,195,991</u>	 <u>\$ 11,237,385</u>
 Deferred revenue/LIABILITIES	 \$ -	 \$ 4,371,014	 \$ 4,371,014
 Restricted Fund Balance	 <u>2,041,394</u>	 <u>4,824,977</u>	 <u>6,866,371</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 2,041,394</u>	 <u>\$ 9,195,991</u>	 <u>\$ 11,237,385</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, 2012**

	<u>CITY SCHOOL DISTRICT</u>	<u>CITY</u>	<u>TOTAL</u>
<b>REVENUES:</b>			
Other local taxes	\$ -	\$ 778,704	\$ 778,704
Use of money and property	33,042	328,763	361,805
Total revenues	<u>33,042</u>	<u>1,107,467</u>	<u>1,140,509</u>
<b>EXPENDITURES:</b>			
Principal debt payments	9,727,756	14,160,974	23,888,730
Interest on debt	8,687,700	4,828,815	13,516,515
Total expenditures	<u>18,415,456</u>	<u>18,989,789</u>	<u>37,405,245</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(18,382,414)	(17,882,322)	(36,264,736)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers in	14,552,867	17,302,609	31,855,476
Total other financing sources	<u>14,552,867</u>	<u>17,302,609</u>	<u>31,855,476</u>
CHANGES IN FUND BALANCE	(3,829,547)	(579,713)	(4,409,260)
FUND BALANCES AT BEGINNING OF YEAR	<u>5,870,941</u>	<u>5,404,690</u>	<u>11,275,631</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,041,394</u>	<u>\$ 4,824,977</u>	<u>\$ 6,866,371</u>

CITY OF SYRACUSE, NEW YORK  
 COMBINING BALANCE SHEET  
 MISCELLANEOUS TRUST FUNDS  
 JUNE 30, 2012

	Police Trust	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Total City Miscellaneous Trust Funds
ASSETS:							
Pooled restricted cash	\$ 311,316	\$ 85,951	\$ 1,670	\$ 402	\$ 322,967	\$ 400,957	\$ 1,123,263
TOTAL ASSETS	\$ 311,316	\$ 85,951	\$ 1,670	\$ 402	\$ 322,967	\$ 400,957	\$ 1,123,263
LIABILITIES AND FUND BALANCES:							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 1,438	\$ 6,093	\$ -	\$ -	\$ -	\$ 112	\$ 7,643
Total Liabilities	1,438	6,093	-	-	-	112	7,643
FUND BALANCES/RESTRICTED	309,878	79,858	1,670	402	322,967	400,845	1,115,620
TOTAL LIABILITIES AND FUND BALANCES	\$ 311,316	\$ 85,951	\$ 1,670	\$ 402	\$ 322,967	\$ 400,957	\$ 1,123,263

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**MISCELLANEOUS TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Police Trust	Parks Trusts	General Government Trusts	Francis Hendricks	Police State Seizures	Police Federal Seizures	Total City Miscellaneous Trust Funds
<b>REVENUES:</b>							
Use of money and property	\$ -	\$ -	\$ -	20	\$ 1,347	\$ 1,653	\$ 3,020
Other revenues	371,751	61,956	1,500	-	37,267	168,489	640,963
Total revenues	<u>371,751</u>	<u>61,956</u>	<u>1,500</u>	<u>20</u>	<u>38,614</u>	<u>170,142</u>	<u>643,983</u>
<b>EXPENDITURES:</b>							
Current:							
General government support	-	-	1,382	-	-	-	1,382
Public safety	61,873	-	-	-	179,893	338,928	580,694
Culture and recreation	-	60,809	-	-	-	-	60,809
Total expenditures	<u>61,873</u>	<u>60,809</u>	<u>1,382</u>	<u>-</u>	<u>179,893</u>	<u>338,928</u>	<u>642,885</u>
<b>CHANGES IN FUND BALANCE</b>	309,878	1,147	118	20	(141,279)	(168,786)	1,098
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	-	78,711	1,552	382	464,246	569,631	1,114,522
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 309,878</u>	<u>\$ 79,858</u>	<u>\$ 1,670</u>	<u>\$ 402</u>	<u>\$ 322,967</u>	<u>\$ 400,845</u>	<u>\$ 1,115,620</u>

**CITY OF SYRACUSE, NEW YORK  
 COMBINING BALANCE SHEET  
 PERMANENT FUNDS  
 JUNE 30, 2012**

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	CITY SCHOOL DISTRICT	CITY	TOTAL
<b>ASSETS:</b>			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	16,936	-	16,936
<b>TOTAL ASSETS</b>	<b>\$ 16,936</b>	<b>\$ 10,000</b>	<b>\$ 26,936</b>
<b>FUND BALANCES/</b>			
Nonspendable	\$ 16,936	\$ 10,000	\$ 26,936

**CITY OF SYRACUSE, NEW YORK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - PERMANENT FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

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	CITY SCHOOL DISTRICT	CITY	TOTAL
REVENUES/Use of money and property	\$ 14	\$ -	\$ 14
EXPENDITURES/General government support	-	-	-
CHANGE IN FUND BALANCE	14	-	14
FUND BALANCES AT BEGINNING OF YEAR	16,922	10,000	26,922
FUND BALANCES AT END OF YEAR	<u>\$ 16,936</u>	<u>\$ 10,000</u>	<u>\$ 26,936</u>