

CITY OF SYRACUSE, NEW YORK

**Financial Statements as of
June 30, 2016
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

City of Syracuse, New York

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City of Syracuse, New York

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INDEPENDENT AUDITOR'S REPORT

March 27, 2017

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information (nonmajor funds and fiduciary funds) of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Syracuse Industrial Development Agency, Syracuse Economic Development Corporation and Syracuse Regional Airport Authority, which represents 93% of the assets, 93% of the net position and 88% of the revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

432 North Franklin Street, Suite 60
Syracuse, New York 13204
p (315) 476-4004
f (315) 475-1513

www.bonadio.com

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibility (Continued)

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information (nonmajor funds and fiduciary funds) of the City of Syracuse, New York, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Statements, Schedule of Funding Progress for Other Postemployment Benefits, Schedule of Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions - Pension Plans on pages 4 through 16 and pages 77 through 81, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We, and the other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Concluded)

Report on Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Syracuse, New York's basic financial statements. The combining fund financial statements listed in the table of contents on pages 82 through 91 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above and the reports of the other auditors, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017, on our consideration of the City of Syracuse, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Syracuse, New York's internal control over financial reporting and compliance.

City of Syracuse, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2016

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, 2016.

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

FINANCIAL HIGHLIGHTS

The City's total net assets decreased by approximately \$27.7 as a result of this year's operations. Net assets of our governmental activities decreased by \$29.5, while business-type activities increased by approximately \$1.8. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$27.7 less than the \$782.7 in total program expenses. Last year expenses exceeded revenues by \$11.7.

In the City's business-type activities, revenues increased to \$50.2, a 2.2% increase from last year's revenues of \$49.1. Expenses for this year (before transfers) increased to \$46.2, a 4.8% increase from last year's \$44.1.

In the City's governmental activities, revenues before transfers decreased to \$704.8 versus last year's revenues of \$710.1, a 0.7% decline. Expenses increased this year to \$736.5 versus last year at \$726.5, a 1.4% increase.

Of the City's total net assets reported at June 30, 2016, \$395.8 was net investment in capital assets versus \$374.1 the previous year. Unrestricted net position this year was a deficit balance of \$740.5 versus last year's deficit of \$690.4.

The City's General Fund reported a deficit for this year of \$3.5, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$1.0 less than the revised budget. Expenditures, including transfers out, were approximately \$5.5 less than the revised budget. The revised budget had assumed an overall deficit of \$9.2. At the end of the current fiscal year, unassigned fund balance of the City's General Fund was \$40.0 and 17.0% of total General Fund actual expenditures (including transfers out).

USING THIS ANNUAL REPORT

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

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

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

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

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

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 19 and provide detailed information about the most significant funds – not the City as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes (like the Local Development Fund) or to show that it is meeting legal responsibilities for the use of certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

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

The City as Trustee

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

THE CITY AS A WHOLE

The City's combined net position decreased from \$(281.8) at June 30, 2015 to \$(309.6) at June 30, 2016. The following analysis focuses on the net position (Table 1) and changes to net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 362.6	\$ 397.0	\$ 24.4	\$ 24.3	\$ 387.0	\$ 421.3
Capital assets	472.9	465.1	261.6	262.4	734.5	727.5
Total assets	<u>835.5</u>	<u>862.1</u>	<u>286.0</u>	<u>286.7</u>	<u>1,121.5</u>	<u>1,148.8</u>
Deferred Outflows of Resources	<u>131.3</u>	<u>41.3</u>	<u>8.1</u>	<u>1.4</u>	<u>139.4</u>	<u>42.7</u>
General obligation & School Facility bonds	252.8	268.1	114.8	121.4	367.6	389.5
Other long-term liabilities	1,035.1	896.4	44.5	34.8	1,079.6	931.2
Other liabilities	61.9	62.5	2.2	2.1	64.1	64.6
Total liabilities	<u>1,349.8</u>	<u>1,227.0</u>	<u>161.5</u>	<u>158.3</u>	<u>1,511.3</u>	<u>1,385.3</u>
Deferred Inflows of Resources	<u>58.1</u>	<u>88.0</u>	<u>1.1</u>	<u>.04</u>	<u>59.2</u>	<u>88.0</u>
Net Position:						
Net invested in capital assets	247.3	232.7	148.5	141.4	395.8	374.1
Restricted	32.8	32.7	2.3	1.8	35.1	34.5
Unrestricted (deficit)	<u>(721.2)</u>	<u>(677.0)</u>	<u>(19.3)</u>	<u>(13.4)</u>	<u>(740.5)</u>	<u>(690.4)</u>
Total net position	<u>\$ (441.1)</u>	<u>\$ (411.6)</u>	<u>\$ 131.5</u>	<u>\$ 129.8</u>	<u>\$ (309.6)</u>	<u>\$ (281.8)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. By far, the largest positive portion of the City's total net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure); less any related debt still outstanding that was used to acquire those assets. At June 30, 2016, this balance was \$395.8 versus \$374.1 at June 30, 2015. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's total net position, \$35.1 at June 30, 2016, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net position. The remaining category of total net assets, *unrestricted* net position may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, the amount of unrestricted net position as of June 30, 2016 was a *deficit* of \$740.5, versus a *deficit* at June 30, 2015 of \$690.4.

Governmental Activities

Total net position of the City's governmental activities decreased from a *deficit* balance of \$411.6 at June 30, 2015 to a *deficit* balance of \$441.1 as of June 30, 2016, a decrease of \$29.5. The primary causes of this decrease were the cumulative effect of pension liability and asset reporting changes pursuant to GASB Statement 68 and an increase to the liability for post-employment benefits. While there were positive trends in other areas, these increases could not be extinguished.

The *deficit* in *unrestricted* net position also increased, increasing to a *deficit* of \$721.2 at June 30, 2016 compared to the previous year *deficit* of \$677.0. This was a negative change of \$44.2 in the unrestricted net position of the City's governmental activities. This increase primarily reflects the change in the liability for post-employment benefits (\$43.6) which overwhelmed any positive gains in other areas of the statement.

Business-Type Activities

The total net position of the City's business-type activities increased slightly for the fiscal year ended June 30, 2016 (\$131.5 compared to a previous fiscal year balance of \$129.8). Moderate surpluses were reported in the Aviation (\$0.9) and Water funds (\$0.9) while the Sewer fund experienced a nominal drop in position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

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

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 22.1	\$ 20.9	\$ 35.6	\$ 36.4	\$ 57.7	\$ 57.3
Grants and contributions	117.7	118.4	8.5	6.2	126.2	124.6
General revenues:						
Property taxes and tax items	91.9	93.5	-	-	91.9	93.5
Other taxes	3.1	3.3	-	-	3.1	3.3
Sales and use taxes	82.3	82.2	-	-	82.3	82.2
Unallocated State Aid	377.0	372.1	-	-	377.0	372.1
Unallocated Federal Aid	3.8	11.8	-	-	3.8	11.8
Investment earnings	0.6	0.7	-	-	0.6	0.7
Other general revenues	6.3	7.2	6.1	6.5	12.4	13.7
Total revenues	<u>704.8</u>	<u>710.1</u>	<u>50.2</u>	<u>49.1</u>	<u>755.0</u>	<u>759.2</u>
Program expenses						
Total governmental	736.5	726.5	-	-	736.5	726.5
Aviation	-	-	23.0	21.7	23.0	21.7
Water	-	-	18.0	17.5	18.0	17.5
Sewer	-	-	5.2	4.9	5.2	4.9
Total expenses	<u>736.5</u>	<u>726.5</u>	<u>46.2</u>	<u>44.1</u>	<u>782.7</u>	<u>770.6</u>
Excess (deficiency) before transfers	(31.7)	(16.4)	4.0	5.0	(27.7)	(11.4)
Transfers	2.2	2.5	(2.2)	(2.8)	-	(.3)
Airport Assets/Liabilities to Authority	-	-	-	-	-	-
Increase (decrease) in net position	<u>\$ (29.5)</u>	<u>\$ (13.9)</u>	<u>\$ 1.8</u>	<u>\$ 2.2</u>	<u>\$ (27.7)</u>	<u>\$ (11.7)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City's total revenues for the fiscal year ended June 30, 2016 decreased by 0.6% (\$755.0 compared to the previous year of \$759.2), a \$4.2 decrease. Most notably, unallocated state aid to the City governmental funds increased by \$4.9 and unallocated federal aid decreased by 8.0. Minor increases and decreases in other areas comprised the balance of the change.

The total cost of all programs and services increased by approximately 1.6% (\$782.7 compared to \$770.6 in the prior year). This increase (\$12.1) is primarily due to a \$26.4 increase in public safety costs offset by a \$23.2 decrease in the amount spent for education. Increases in the amounts spent for general government (\$2.7), transportation (\$2.6) and home and community cost (\$1.6) comprise the bulk of the remainder of the change.

Total revenues were not sufficient to cover this year's total costs. This deficit decreased the net position of the City by \$27.7 for fiscal year ended June 30, 2016 versus a decrease of \$11.7 for fiscal year ended June 30, 2015. 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 decreased from \$710.1 during the fiscal year ended June 30, 2015 to \$704.8 for the year ended June 30, 2016, a decrease of \$5.3. In summary, the City realized a decrease of \$8.0 in unallocated federal aid. This decrease was mitigated by an increase in state aid of \$4.9. Small decreases in other categories accounted for the balance of the shortfall.

Program expenses increased for the year ended June 30, 2016, rising from \$726.5 in the fiscal year ended June 30, 2015 to \$736.5 for the year ended June 30, 2016, a 1.4% or \$10.0 increase. Decreases in educational costs (\$23.2) were offset by increased public safety costs (Up \$26.4) and increases in transportation (\$2.6), general government (\$2.7) and home and community costs (\$1.6) to produce the increase in overall costs.

The decrease in program revenues and general revenues coupled with an increase in program expenditures produced a decrease in governmental net position for the year ended June 30, 2016 of \$29.5 after transfers, versus a decrease in net position for the year ended June 30, 2015 of \$13.9.

Business-Type Activities

Total revenues in the City's business-type activities (See Table 2) increased by \$1.1 or 2.2% for the year ended June 30, 2016 (\$50.2 in the current year as compared to \$49.1 in the prior year). This reflects a \$1.8 increase in the Aviation fund and small decreases in other funds and categories.

Expenses of the City's business-type activities before transfers increased by 4.8%, or \$2.1 (\$46.2 versus \$44.1 last year). This resulted from an increase of \$1.3 in the Aviation fund and smaller increases in both the Water and Sewer funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

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 \$140.1, which is a 9.6% decrease from last year's total of \$155.0. This decrease (\$14.9) is primarily due to operating deficits in the City General Fund of \$3.5 and a deficit in the School District Special Revenue Fund of \$8.5.

Approximately \$40.0 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$32.8 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$64.8 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$2.6) is non-spendable. This includes inventories, prepaid items and bequests that must remain intact.

- **General Fund** --- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$40.0, while total fund balance was \$55.2. 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, 2016, unassigned fund balance represents 17.0% of total fund expenditures (including transfers out) totaling \$235.4, while total fund balance represents 23.5% of that same amount. The fund balance of the City's General Fund decreased by \$3.5 during the current fiscal year. The adopted budget for the year ended June 30, 2016, included the use of fund balance (\$9.2) to balance budget revenues to budget expenditures. An analysis of the variance is presented in the section following titled General Fund Budgetary Highlights.
- **Capital Projects Fund** --- The Capital Projects Fund accounts for the construction and reconstruction of general public improvements and major asset purchases, excluding projects related to business-type activities, which are accounted for in each business-type activity. At the end of the current fiscal year, the fund balance was \$29.1. The entire balance of the fund is required to be used in the completion of City and School District capital projects.
- **Joint School Construction Board Fund** --- The Joint School Construction Board Fund is a School District Fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The Joint School Construction Board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. At the end of the current fiscal year, the fund had a balance of \$5.7. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

- *School District Special Revenue Fund* --- The School District Special Revenue Fund is comprised of the School District's general operating fund and the special aid fund. The combined total fund balance at the end of the current fiscal year was \$35.2, last year it was \$43.8. The decrease of \$8.6 reflects that expenditures recorded exceeded the revenues of the current fiscal year. Revenues in the School District's General Fund for the year (including transfers in) were \$442.8 and expenditures (including transfers out) were \$451.4.
- *Neighborhood and Business Development Special Revenue Fund* --- The Neighborhood and Business Development Fund is a special revenue fund used to account for the programs and projects primarily funded by the U.S. Department of Housing and Urban Development. The fund accounts for its revenue and expenditures using grant accounting; therefore, revenues are accrued as the expenditures are incurred. During the year, the fund recorded \$8.7 in both revenues and expenditures. For the prior fiscal year the fund recorded revenues and expenditures of \$8.4. At June 30, 2016, total assets of the fund were \$14.6 and total liabilities were \$14.6. At the end of the previous fiscal year, total assets and total liabilities were \$13.7.

Proprietary Funds --- The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. All of the City's proprietary funds are enterprise funds and consist of the Airport, Water and Sewer Funds. The net position of the proprietary funds at the end of the current fiscal year totaled \$131.5. The increase of \$1.8 in total net position of the proprietary funds from \$129.8 resulted from the following activity: The Aviation and Water funds had slightly less than a \$1.0 surplus each and the Sewer fund had a \$0.4 deficit.

General Fund Budgetary Highlights

According to the City Charter, the City must adopt its budget no later than May 8 of each year for the ensuing fiscal year beginning on July 1. The City's General Fund original budget for the fiscal year ended June 30, 2016, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$239.8.

During the course of the year, the City's General Fund budget was amended to reflect additional revenues and additional appropriations for various small items, resulting in a final, revised budget of \$242.1, utilizing \$9.2 of fund balance. Please refer to page 77 [Statement of Revenues, Expenditures and Encumbrances – Budget and Actual (Budgetary Basis)] for presentation of the General Fund original budget and final budget.

The actual performance of the General Fund resulted in a deficit for the current year of \$3.5, as compared to a final adopted budget with a projected *deficit* of \$9.2. This positive variance from the projected deficit was primarily the result of positive fluctuations in the expenditure projections.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

On the revenue side, shortfalls in property tax (\$0.8) and sales tax (\$3.8) were offset by a net surplus in federal and state aid (\$2.2) and miscellaneous revenues (\$1.3) to produce a total net shortage of \$1.1.

Expenditures varied positively from budgeted amounts in every departmental category except transportation and home and community. Transportation had a \$2.5 negative variance while home and community had a \$0.5 negative variance. Unspent funds were reported in general government support (\$1.8), public safety (\$5.6) and culture and recreation (\$0.5). These variances combined to produce a \$4.9 overall favorable expenditure variance, reducing the need to use fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

In accordance with GASB No. 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$734.5 (net of accumulated depreciation). The previous year's amount was \$727.5. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

The City's governmental capital assets were \$472.9 (net of accumulated depreciation) this year as compared to a \$465.1 balance last year. For the City's business-type activities, the balance at the end of this year was \$261.6 (net of accumulated depreciation) as compared to a balance of \$262.4 last year.

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

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

- School District Building and Improvements -- \$100.9
- School District Machinery and Equipment -- \$1.0
- Information Systems Equipment -- \$0.5
- DPW Equipment -- \$2.5
- City Infrastructure (Bridge Repairs, Traffic Signals, Sidewalks and Road Resurfacing) -- \$0.9
- Police Department Equipment -- \$1.0
- Citywide Improvements -- \$0.4
- Parks Equipment -- \$0.3
- Fire Department Equipment -- \$0.4
- Oiling and Flushing Equipment -- \$
- Water Department Equipment -- \$0.5
- Water Infrastructure -- \$0.8
- Sewer Equipment -- \$0.3
- Sewer Infrastructure -- \$1.2

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

- Airport Buildings -- \$ 7.7
- Airport Improvements/Infrastructure -- \$6.1

Depreciation expense for the current fiscal year was \$21.0 for governmental activities and \$13.6 for business-type activities.

Long-Term Debt

At year end, the City had \$375.5 outstanding in bonds and notes versus \$391.5 last year, a decrease of 4.1%. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
General obligation bonds and school facility revenue bonds	\$ 252.8	\$ 268.1	\$ 83.3	\$ 88.6	\$ 336.1	\$ 356.7
Construction bonds payable	-	-	31.5	32.8	31.5	32.8
Bond anticipation notes	<u>7.9</u>	<u>2.0</u>	<u>-</u>	<u>-</u>	<u>7.9</u>	<u>2.0</u>
Total	<u>\$ 260.7</u>	<u>\$ 270.1</u>	<u>\$ 114.8</u>	<u>\$ 121.4</u>	<u>\$ 375.5</u>	<u>\$ 391.5</u>

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$13.3. Proceeds were used to finance capital expenditures, fund slurry seal for streets and to fund Water and Sewer fund projects. Major projects and satisfactions funded with these proceeds are as follows:

- Road Reconstruction -- \$1.7
- Sidewalk Improvements -- \$1.0
- Transportation Projects -- \$1.4
- Parks Equipment and Improvements -- \$0.7
- Multi-Space Meters -- \$1.1
- DPW Equipment -- \$1.1
- DPW Facility Improvements -- \$0.3
- Fire Department Vehicles and Apparatus -- \$3.2
- Unimproved Street Slurry -- \$1.0
- Water Pipe Rubber Bridge Replacement -- \$1.4
- Meadowbrook Sewer Infrastructure -- \$0.1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City issued \$7.9 of bond anticipation notes for the Joint Schools Construction Board which were outstanding at June 30, 2016.

The City issued \$82.7 in revenue anticipation notes (RANs) during the fiscal year; \$58.9 on behalf of the School District and \$23.8 for the City for cash flow purposes. A large portion of both the City and School District's state aid is not received until the last quarter of the fiscal year; and therefore, the City needs cash flow borrowing to fund day-to-day operations. Both of these issues were paid off during the fiscal year leaving no revenue anticipation notes outstanding at June 30, 2016.

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, 2016.

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 \$416.2, 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
- A declining population
- Significant increases in employee health care costs
- High retirement system costs (see notes to the financial statements for more information.)

In setting the June 30, 2017 fiscal year budget, the City portion of the property tax levy increased by \$3.8, rising from \$30.5 in the 15/16 fiscal year to \$34.3 in the 16/17 fiscal year. The School District portion of the levy increased by \$7.1, rising from \$57.9 in the 15/16 fiscal year to \$65.0 in the 16/17 fiscal year. The actual combined property tax levy of the City and School District for fiscal year 16/17 is \$99.3 (\$34.3 for the City and \$65.0 for the School District), compared with the previous year of \$88.4 (\$30.5 for the City and \$57.9 for the School District), exclusive of the State's STAR program. The City and School District combined property tax rate for 16/17 is \$26.6153 per \$1,000 of assessed property value (\$9.2646 for the City and \$17.3507 for the School District).

The City's June 30, 2017 budget includes a provision for use of fund balance for the City General Fund in the amount of \$12.1. Revenues for the 16/17 fiscal year are predicted to be approximately \$3.1 more than the previous year's budget and expenditures are projected to be \$6.0 more than the previous year. The School District budget includes a provision to use \$11,000,000 of fund balance.

The Airport Fund will remain self-sufficient and will not affect the City's General Fund operations for the June 30, 2016 fiscal year.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Although the City School District is a blended component unit of the City, the City School District issues a separate financial statement. To obtain this report contact the Chief Financial Officer of the Syracuse City School District at 1025 Erie Blvd. West, Syracuse, New York 13204-2749. The Joint Schools Construction Board is also a blended component unit that has a separately issued financial statement. To obtain this report contact the Commissioner of Finance, City Hall, Syracuse, New York 13202.

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

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

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

CITY OF SYRACUSE, NEW YORK

STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 59,933,261	\$ 18,447,028	\$ 78,380,289	\$ -
Cash and cash equivalents	1,245,605	-	1,245,605	34,578,291
Receivables:				
Accounts	7,225,951	3,312,561	10,538,512	4,127,827
Taxes (net of allowance of \$28,015,867)	10,790,567	-	10,790,567	-
Other	2,868,231	-	2,868,231	504,136
Notes and loans receivable - due within one year	10,752,672	-	10,752,672	282,800
Due from primary government	-	-	-	757,917
Due from other governments	120,706,889	294,921	121,001,810	459,856
Due from component units - due within one year (net of allowance of \$5,502,128)	382,524	657,216	1,039,740	129,450
Internal balances	686,246	(686,246)	-	-
Inventories	1,318,174	-	1,318,174	713,035
Prepaid expenses and other assets	1,300,334	-	1,300,334	1,303,982
Net pension asset	109,230,979	-	109,230,979	-
Restricted assets:				
Pooled cash and cash equivalents	19,252,564	2,136,598	21,389,162	-
Cash and cash equivalents	17,001,246	236,278	17,237,524	22,122,878
Notes and loans receivable - due in more than one year	-	-	-	8,689,483
Due from component units - due in more than one year	-	-	-	4,889,850
Capital assets:				
Nondepreciable	106,812,937	9,985,342	116,798,279	50,000
Depreciable, net	<u>366,059,503</u>	<u>251,592,912</u>	<u>617,652,415</u>	<u>3,934,844</u>
Total assets	<u>835,567,683</u>	<u>285,976,610</u>	<u>1,121,544,293</u>	<u>82,544,349</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - relating to debt refunding	1,941,523	439,781	2,381,304	-
Deferred outflows - relating to pensions	<u>129,359,551</u>	<u>7,674,873</u>	<u>137,034,424</u>	<u>464,038</u>
Total deferred outflows of resources	<u>131,301,074</u>	<u>8,114,654</u>	<u>139,415,728</u>	<u>464,038</u>
LIABILITIES				
Accounts payable and accrued expenses	38,343,277	2,201,684	40,544,961	9,528,669
Due to other governments	874,405	-	874,405	-
Unearned revenue	3,163,659	-	3,163,659	483,545
Loans payable	10,893,865	-	10,893,865	-
Other current liabilities	415,180	-	415,180	735,368
Due to fiduciary funds	192,352	-	192,352	-
Bond anticipation notes payable	7,905,000	-	7,905,000	-
Long-term liabilities - due within one year	77,751,768	9,709,436	87,461,204	529,000
Due to primary government - due within one year	-	-	-	686,809
Due to component units - due within one year	91,250	-	91,250	129,450
Long-term liabilities - due in more than one year	1,210,195,483	149,610,068	1,359,805,551	1,119,629
Due to primary government - due in more than one year	-	-	-	5,850,108
Due to component units - due in more than one year	-	-	-	4,889,850
Total liabilities	<u>1,349,826,239</u>	<u>161,521,188</u>	<u>1,511,347,427</u>	<u>23,952,428</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,139,258	-	5,139,258	91,250
Deferred inflows - relating to pensions	<u>52,966,562</u>	<u>1,064,822</u>	<u>54,031,384</u>	<u>47,306</u>
Total deferred outflows of resources	<u>58,105,820</u>	<u>1,064,822</u>	<u>59,170,642</u>	<u>138,556</u>
NET POSITION				
Net investment in capital assets	247,320,488	148,472,293	395,792,781	3,554,844
Restricted	32,820,982	2,372,876	35,193,858	22,447,552
Unrestricted (deficit)	<u>(721,204,772)</u>	<u>(19,339,915)</u>	<u>(740,544,687)</u>	<u>32,915,007</u>
Total net position	<u>\$ (441,063,302)</u>	<u>\$ 131,505,254</u>	<u>\$ (309,558,048)</u>	<u>\$ 58,917,403</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government			Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General government support	\$ 93,718,389	\$ 1,483,702	\$ 3,573,037	\$ 1,008,804	\$ (87,652,846)	\$ -	\$ (87,652,846)	\$ -
Police department	108,159,951	4,977,976	1,655,718	-	(101,526,257)	-	(101,526,257)	-
Fire department	68,891,797	317,043	4,000	-	(68,570,754)	-	(68,570,754)	-
Other public safety	6,123,140	3,491,111	36,135	-	(2,595,894)	-	(2,595,894)	-
Transportation	38,953,146	8,478,714	291,744	17,045,797	(13,136,891)	-	(13,136,891)	-
Economic opportunity and development	405,870	351,057	100,795	-	45,982	-	45,982	-
Home and community services	25,198,396	2,015,563	8,743,411	-	(14,439,422)	-	(14,439,422)	-
Culture and recreation	14,757,909	547,324	116,096	-	(14,094,489)	-	(14,094,489)	-
Food service	13,192,161	319,235	14,458,080	-	1,585,154	-	1,585,154	-
Education	332,817,227	165,614	70,192,568	-	(262,459,045)	-	(262,459,045)	-
Pupil transportation	23,354,008	-	483,798	-	(22,870,210)	-	(22,870,210)	-
Interest on long-term debt	10,908,414	-	-	-	(10,908,414)	-	(10,908,414)	-
Total governmental activities	<u>736,480,408</u>	<u>22,147,339</u>	<u>99,655,382</u>	<u>18,054,601</u>	<u>(596,623,086)</u>	<u>-</u>	<u>(596,623,086)</u>	<u>-</u>
Business-Type Activities:								
Aviation	23,032,572	9,286,886	-	8,520,866	-	(5,224,820)	(5,224,820)	-
Water	18,026,940	20,750,847	-	13,500	-	2,737,407	2,737,407	-
Sewer	<u>5,153,737</u>	<u>5,540,921</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,184</u>	<u>387,184</u>	<u>-</u>
Total business-type activities	<u>46,213,249</u>	<u>35,578,654</u>	<u>-</u>	<u>8,534,366</u>	<u>-</u>	<u>(2,100,229)</u>	<u>(2,100,229)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 782,693,657</u>	<u>\$ 57,725,993</u>	<u>\$ 99,655,382</u>	<u>\$ 26,588,967</u>	<u>(596,623,086)</u>	<u>(2,100,229)</u>	<u>(598,723,315)</u>	<u>-</u>
COMPONENT UNITS:								
Syracuse Industrial Development Agency	6,134,594	5,395,038	500,000	-	-	-	-	(239,556)
Syracuse Economic Development Corporation	444,060	183,014	143,751	-	-	-	-	(117,295)
Greater Syracuse Property Development Corporation	5,586,580	1,601,704	4,395,599	-	-	-	-	410,723
Syracuse Regional Airport Authority	<u>39,576,779</u>	<u>31,525,630</u>	<u>-</u>	<u>6,769,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,281,944)</u>
TOTAL COMPONENT UNITS	<u>\$ 51,742,013</u>	<u>\$ 38,705,386</u>	<u>\$ 5,039,350</u>	<u>\$ 6,769,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,228,072)</u>
General revenues:								
Property taxes and tax items					91,924,959	-	91,924,959	114,350
Sales and use taxes					82,274,495	-	82,274,495	-
Other taxes					3,064,354	-	3,064,354	-
Unallocated state aid					376,988,411	-	376,988,411	-
Unallocated federal aid					3,808,510	-	3,808,510	-
Investment earnings					588,411	881	589,292	364,564
Contributions					-	-	-	822,200
Miscellaneous					6,251,150	6,079,185	12,330,335	-
Transfers					<u>2,225,000</u>	<u>(2,225,000)</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>567,125,290</u>	<u>3,855,066</u>	<u>570,980,356</u>	<u>1,301,114</u>
Changes in net position					(29,497,796)	1,754,837	(27,742,959)	73,042
NET POSITION - beginning of year								
(as restated for Syracuse Regional Airport Authority)					<u>(411,565,506)</u>	<u>129,750,417</u>	<u>(281,815,089)</u>	<u>58,844,361</u>
NET POSITION - end of year					<u>\$ (441,063,302)</u>	<u>\$ 131,505,254</u>	<u>\$ (309,558,048)</u>	<u>\$ 58,917,403</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Capital Projects Fund	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
			City School District	Neighborhood & Business Development		
ASSETS						
Pooled cash and cash equivalents	\$ 23,628,212	\$ 10,910,151	\$ 24,130,802	\$ -	\$ 1,264,096	\$ 59,933,261
Pooled restricted cash and cash equivalents	-	11,795,465	1,767,289	-	5,689,810	19,252,564
Cash and cash equivalents	-	-	-	-	1,245,605	1,245,605
Restricted cash and cash equivalents	-	-	-	1,953,573	15,047,673	17,001,246
Loans receivable	-	-	-	10,602,672	150,000	10,752,672
Accounts receivable	1,971,862	111,398	-	1,393	5,144,824	7,229,477
Other receivable	-	-	2,820,385	-	-	2,820,385
Taxes receivable (net of allowance of \$28,015,867)	7,991,162	-	3,557,795	-	21,462	11,570,419
Due from other funds	3,528,333	1,806,733	5,214,782	-	8,257,209	18,807,057
Due from other governments	45,362,214	8,872,091	61,288,054	1,740,246	3,444,284	120,706,889
Due from component units (net of allowance of \$ 5,502,128)	-	-	-	347,882	34,642	382,524
Inventory	-	-	1,047,571	-	270,603	1,318,174
Prepaid expenditures and other assets	-	-	1,285,536	-	59,118	1,344,654
Total assets	\$ 82,481,783	\$ 33,495,838	\$ 101,112,214	\$ 14,645,766	\$ 40,629,326	\$ 272,364,927
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable and accrued expenses	\$ 5,940,816	\$ 4,101,181	\$ 22,849,257	\$ 1,560,712	\$ 2,071,005	\$ 36,522,971
Due to other funds	-	-	14,446,314	218,054	3,648,795	18,313,163
Due to component units	-	91,250	-	-	-	91,250
Due to other governments	30,231	-	787,189	54,074	2,911	874,405
Amounts due to retirement systems	5,543,395	-	26,356,978	-	-	31,900,373
Accrued compensated absences	-	-	-	-	-	-
Self-insurance claims	7,786,629	-	1,435,759	-	-	9,222,388
Bond anticipation note	-	-	-	-	7,905,000	7,905,000
Unearned revenue	-	-	-	1,919,061	1,244,598	3,163,659
Loans payable	-	-	-	10,893,865	-	10,893,865
Other liabilities	208,759	206,421	-	-	-	415,180
Total liabilities	19,509,830	4,398,852	65,875,497	14,645,766	14,872,309	119,302,254
DEFERRED INFLOW OF RESOURCES / UNAVAILABLE REVENUE	7,769,755	-	-	-	5,148,829	12,918,584
Fund Balances:						
Nonspendable	-	-	2,333,107	-	297,586	2,630,693
Restricted	339,514	13,602,198	-	-	18,852,287	32,793,999
Committed	-	15,494,788	-	-	405,453	15,900,241
Assigned	14,899,997	-	32,903,610	-	1,052,862	48,856,469
Unassigned	39,962,687	-	-	-	-	39,962,687
Total fund balances	55,202,198	29,096,986	35,236,717	-	20,608,188	140,144,089
Total liabilities, deferred inflow of resources and fund balances	\$ 82,481,783	\$ 33,495,838	\$ 101,112,214	\$ 14,645,766	\$ 40,629,326	\$ 272,364,927

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

Total fund balances for governmental funds	\$	140,144,089
Total net assets reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of associated accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds		472,872,440
Pension obligation activity:		
Net pension asset		109,230,979
Deferred outflows of resources		129,359,551
Net pension liability		(103,266,571)
Deferred inflows of resources		(52,966,562)
Revenue collected after year end and not available to pay for current year expenditures and deferred in funds		7,212,055
Long-term liabilities, including bonds payable, compensated absences, due to retirement systems, judgments and claims, self- insurance claims, postemployment benefits and other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(1,143,557,916)
Deferred charges relating to debt refunding not reported in the funds		1,941,523
Accrued interest not reported in the funds		<u>(2,032,890)</u>
Total net position of governmental activities	\$	<u>(441,063,302)</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Capital Projects Fund	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
			City School District	Neighborhood & Business Development		
REVENUES:						
General property taxes and tax items	\$ 38,407,435	\$ -	\$ 57,308,195	\$ -	\$ 2,799,039	\$ 98,514,669
Sales and use taxes	81,329,539	-	944,956	-	-	82,274,495
Other local taxes	3,064,354	-	-	-	1,002,883	4,067,237
Departmental revenues	11,311,711	-	-	-	-	11,311,711
Intergovernmental charges	157,188	-	-	-	-	157,188
Licenses and permits	3,422,069	-	-	-	-	3,422,069
Fines and forfeitures	3,144,100	-	-	-	-	3,144,100
Sale of property and compensation for loss	556,150	-	212,172	-	-	768,322
Use of money and property	133,771	2,489	158,632	-	345,008	639,900
Federal and state aid and other grants	80,708,113	11,337,265	377,680,210	8,564,887	16,397,853	494,688,328
Pass-through New York State funding from District	-	-	-	-	11,735,619	11,735,619
Surplus food	-	-	-	-	837,759	837,759
Sales-School Food Service program	-	-	-	-	319,235	319,235
Other revenues	<u>7,324,343</u>	<u>2,257,575</u>	<u>445,498</u>	<u>112,411</u>	<u>487,008</u>	<u>10,626,835</u>
Total revenues	<u>229,558,773</u>	<u>13,597,329</u>	<u>436,749,663</u>	<u>8,677,298</u>	<u>33,924,404</u>	<u>722,507,467</u>
CURRENT EXPENDITURES:						
General government support	27,861,373	-	53,587,599	1,407,582	8,152,049	91,008,603
Public safety	142,320,186	-	-	-	1,327,661	143,647,847
Transportation	21,728,812	-	-	-	1,989,738	23,718,550
Economic opportunity and development	-	-	-	-	405,870	405,870
Home and community services	13,909,982	-	1,060,885	7,269,716	3,083	22,243,666
Culture and recreation	10,927,540	-	-	-	273,354	11,200,894
Education	-	-	374,740,119	-	-	374,740,119
Principal debt payments	-	-	95,000	-	26,341,532	26,436,532
Interest on debt	199,325	-	257,785	-	10,534,861	10,991,971
Capital outlays	-	27,860,904	-	-	1,688,788	29,549,692
Cost of sales - Food Service program	-	-	-	-	5,914,751	5,914,751
Pass-through New York State funding to JSCB	-	-	11,735,619	-	-	11,735,619
Total expenditures	<u>216,947,218</u>	<u>27,860,904</u>	<u>441,477,007</u>	<u>8,677,298</u>	<u>56,631,687</u>	<u>751,594,114</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,611,555</u>	<u>(14,263,575)</u>	<u>(4,727,344)</u>	<u>-</u>	<u>(22,707,283)</u>	<u>(29,086,647)</u>
OTHER FINANCING SOURCES (USES):						
Bond proceeds	-	10,692,840	-	-	1,095,000	11,787,840
Bond premium	106,150	-	-	-	105,695	211,845
Operating transfers in	2,225,000	3,647,140	6,036,979	-	20,684,341	32,593,460
Operating transfers out	<u>(18,422,879)</u>	<u>(304,442)</u>	<u>(9,852,216)</u>	<u>-</u>	<u>(1,788,923)</u>	<u>(30,368,460)</u>
Total other financing sources (uses)	<u>(16,091,729)</u>	<u>14,035,538</u>	<u>(3,815,237)</u>	<u>-</u>	<u>20,096,113</u>	<u>14,224,685</u>
CHANGES IN FUND BALANCES	(3,480,174)	(228,037)	(8,542,581)	-	(2,611,170)	(14,861,962)
FUND BALANCES - beginning of year	<u>58,682,372</u>	<u>29,325,023</u>	<u>43,779,298</u>	<u>-</u>	<u>23,219,358</u>	<u>155,006,051</u>
FUND BALANCES - end of year	<u>\$ 55,202,198</u>	<u>\$ 29,096,986</u>	<u>\$ 35,236,717</u>	<u>\$ -</u>	<u>\$ 20,608,188</u>	<u>\$ 140,144,089</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

Net change in fund balances - total governmental funds	\$ (14,861,962)
The change in net position reported for governmental activities in the Statement of Activities and Changes in Net Position is different because:	
Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	7,780,641
Disposal of assets not fully depreciated resulting in a loss in the statement of activities.	(5,762)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal or a capital lease obligation is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	14,648,692
Revenues in the statement of activities that do not provide current financial resources and are not recorded in the governmental funds.	(6,130,436)
Pension income(expense) resulting from pension obligation is not recorded in the governmental funds but is recorded in the statement of activities.	21,222,222
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.	(52,036,623)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>(114,568)</u>
Net change in net position of governmental activities	<u>\$ (29,497,796)</u>

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2016**

	<u>Business-type Activities</u> <u>Enterprise Funds</u>			<u>Total</u>
	<u>Aviation</u>	<u>Water</u>	<u>NonMajor/Sewer</u>	
ASSETS				
CURRENT ASSETS:				
Pooled cash and cash equivalents	\$ -	\$ 10,899,138	\$ 7,547,890	\$ 18,447,028
Accounts receivable	-	2,621,680	690,881	3,312,561
Due from other governments	-	-	294,921	294,921
Due from component unit	<u>657,216</u>	<u>-</u>	<u>-</u>	<u>657,216</u>
Total current assets	<u>657,216</u>	<u>13,520,818</u>	<u>8,533,692</u>	<u>22,711,726</u>
NONCURRENT ASSETS:				
Pooled restricted cash and cash equivalents	-	2,016,598	120,000	2,136,598
Restricted cash and cash equivalents	236,278	-	-	236,278
Capital assets (net)	<u>148,060,802</u>	<u>98,973,769</u>	<u>14,543,683</u>	<u>261,578,254</u>
Total noncurrent assets	<u>148,297,080</u>	<u>100,990,367</u>	<u>14,663,683</u>	<u>263,951,130</u>
Total Assets	<u>148,954,296</u>	<u>114,511,185</u>	<u>23,197,375</u>	<u>286,662,856</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows- relating to debt refunding	-	305,521	134,260	439,781
Deferred outflows - relating to pensions	<u>4,101,714</u>	<u>2,649,602</u>	<u>923,557</u>	<u>7,674,873</u>
Total Deferred Outflows of Resources	<u>4,101,714</u>	<u>2,955,123</u>	<u>1,057,817</u>	<u>8,114,654</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	119,489	982,616	259,157	1,361,262
Accrued interest	345,430	434,334	60,658	840,422
Due to other funds	657,216	14,896	14,134	686,246
Current portion of bonds payable	3,562,676	3,727,583	537,602	7,827,861
Amounts due to retirement systems	278,501	182,014	63,213	523,728
Accrued compensated absences	231,694	24,834	16,011	272,539
Self-insurance claims	<u>380,140</u>	<u>519,312</u>	<u>185,856</u>	<u>1,085,308</u>
Total current liabilities	<u>5,575,146</u>	<u>5,885,589</u>	<u>1,136,631</u>	<u>12,597,366</u>
NONCURRENT LIABILITIES:				
Bonds payable - net of current portion	40,719,780	61,586,363	4,690,287	106,996,430
Amounts due to retirement systems	66,504	28,307	9,852	104,663
Accrued compensated absences	-	291,075	104,687	395,762
Self-insurance claims	559,871	926,169	299,233	1,785,273
Net pension liability	4,168,517	2,855,824	996,599	8,020,940
Other postemployment benefits	<u>9,559,600</u>	<u>15,734,300</u>	<u>7,013,100</u>	<u>32,307,000</u>
Total noncurrent liabilities	<u>55,074,272</u>	<u>81,422,038</u>	<u>13,113,758</u>	<u>149,610,068</u>
Total Liabilities	<u>60,649,418</u>	<u>87,307,627</u>	<u>14,250,389</u>	<u>162,207,434</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - relating to pensions	<u>572,804</u>	<u>364,944</u>	<u>127,074</u>	<u>1,064,822</u>
NET POSITION:				
Net investment in capital assets	103,778,346	35,321,017	9,372,930	148,472,293
Restricted	236,278	2,016,598	120,000	2,372,876
Unrestricted (deficit)	<u>(12,180,836)</u>	<u>(7,543,878)</u>	<u>384,799</u>	<u>(19,339,915)</u>
Total net position	<u>\$ 91,833,788</u>	<u>\$ 29,793,737</u>	<u>\$ 9,877,729</u>	<u>\$ 131,505,254</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>Nonmajor/Sewer</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for services	\$ -	\$ 19,989,967	\$ 5,540,921	\$ 25,530,888
Expense reimbursement income	9,286,886	-	-	9,286,886
Miscellaneous	<u>-</u>	<u>760,880</u>	<u>-</u>	<u>760,880</u>
Total operating revenues	<u>9,286,886</u>	<u>20,750,847</u>	<u>5,540,921</u>	<u>35,578,654</u>
OPERATING EXPENSES:				
Cost of sales and services	-	12,548,906	4,300,045	16,848,951
Administration	11,128,146	290,580	335	11,419,061
Depreciation	<u>9,835,663</u>	<u>3,150,498</u>	<u>645,073</u>	<u>13,631,234</u>
Total operating expenses	<u>20,963,809</u>	<u>15,989,984</u>	<u>4,945,453</u>	<u>41,899,246</u>
OPERATING INCOME (LOSS)	<u>(11,676,923)</u>	<u>4,760,863</u>	<u>595,468</u>	<u>(6,320,592)</u>
NONOPERATING REVENUES (EXPENSES):				
Capital grants	-	13,500	-	13,500
Capital contributions	8,520,866	-	-	8,520,866
Lease income	6,079,185	-	-	6,079,185
Investment income	105	776	-	881
Interest expense	<u>(2,068,763)</u>	<u>(2,036,956)</u>	<u>(208,284)</u>	<u>(4,314,003)</u>
Total nonoperating revenues (expenses)	<u>12,531,393</u>	<u>(2,022,680)</u>	<u>(208,284)</u>	<u>10,300,429</u>
INCOME BEFORE OPERATING TRANSFERS	854,470	2,738,183	387,184	3,979,837
OPERATING TRANSFERS OUT	<u>-</u>	<u>(1,800,000)</u>	<u>(425,000)</u>	<u>(2,225,000)</u>
CHANGES IN NET POSITION	854,470	938,183	(37,816)	1,754,837
NET POSITION - beginning of year	<u>90,979,318</u>	<u>28,855,554</u>	<u>9,915,545</u>	<u>129,750,417</u>
NET POSITION - end of year	<u>\$ 91,833,788</u>	<u>\$ 29,793,737</u>	<u>\$ 9,877,729</u>	<u>\$ 131,505,254</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities			
	Enterprise Funds			
	Aviation	Water	Nonmajor- Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ -	\$ 20,481,106	\$ 5,507,119	\$ 25,988,225
Receipts from expense reimbursements	9,380,334	-	-	9,380,334
Payments to vendors	(1,207,211)	(3,762,810)	(396,752)	(5,366,773)
Payments to employees	(6,321,404)	(6,017,129)	(2,075,704)	(14,414,237)
Internal activity with other funds - net	(93,448)	-	-	(93,448)
Claims paid	(1,758,271)	(1,803,145)	(824,110)	(4,385,526)
Net cash flow from operating activities	<u>-</u>	<u>8,898,022</u>	<u>2,210,553</u>	<u>11,108,575</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating subsidies and transfers to other funds	-	(1,800,000)	(425,000)	(2,225,000)
Payments from (to) other governments	-	-	184,112	184,112
Net cash flow from noncapital financing activities	<u>-</u>	<u>(1,800,000)</u>	<u>(240,888)</u>	<u>(2,040,888)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	-	1,400,000	120,000	1,520,000
Proceeds from capital grants	-	13,500	-	13,500
Purchases of capital assets	(726,673)	(2,243,338)	(1,311,779)	(4,281,790)
Principal paid on capital debt	(3,963,132)	(3,629,512)	(562,731)	(8,155,375)
Interest paid on capital debt	(2,116,053)	(1,960,761)	(155,253)	(4,232,067)
Other receipts	6,079,185	-	-	6,079,185
Net cash flow from capital and related financing activities	<u>(726,673)</u>	<u>(6,420,111)</u>	<u>(1,909,763)</u>	<u>(9,056,547)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends received	<u>105</u>	<u>776</u>	<u>-</u>	<u>881</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS - beginning of year	<u>962,846</u>	<u>12,237,049</u>	<u>7,607,988</u>	<u>20,807,883</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 236,278</u>	<u>\$ 12,915,736</u>	<u>\$ 7,667,890</u>	<u>\$ 20,819,904</u>
Reconciliation of operating income (loss) to net cash flow from operating activities:				
Operating income (loss)	\$ (11,676,923)	\$ 4,760,863	\$ 595,468	\$ (6,320,592)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Depreciation expense	9,835,663	3,150,498	645,073	13,631,234
Amortization expense	42,324	-	-	42,324
Change in assets and liabilities:				
Accounts receivable	-	(269,741)	(33,802)	(303,543)
Due to other funds	(93,448)	-	11,187	(82,261)
Due to component units	93,448	-	-	93,448
Accounts payable and accrued expenses	5,524	(140,218)	127,645	(7,049)
Amounts due to retirement systems	(111,653)	(97,499)	(35,348)	(244,500)
Net pension liability	3,466,728	2,255,702	785,102	6,507,532
Other Postemployment Benefits	1,317,200	829,500	860,300	3,007,000
Self-insurance claims	246,960	367,385	(65,963)	548,382
Accrued compensated absences	(38,701)	-	-	(38,701)
Deferred outflows	(3,641,121)	(2,311,112)	(801,848)	(6,754,081)
Deferred inflows	553,999	352,644	122,739	1,029,382
Net cash flow from operating activities	<u>\$ -</u>	<u>\$ 8,898,022</u>	<u>\$ 2,210,553</u>	<u>\$ 11,108,575</u>

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

(Continued)

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

The Aviation Fund recognized additions to its capital assets related to a capital contribution from the Syracuse Regional Airport Authority of \$8,520,866.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning of Year:			
Aviation Fund	\$ -	\$ 962,846	\$ 962,846
Water Fund	11,367,157	869,892	12,237,049
Sewer Fund	<u>7,607,988</u>	<u>-</u>	<u>7,607,988</u>
Total - Cash and cash equivalents - beginning of year	<u>18,975,145</u>	<u>1,832,738</u>	<u>20,807,883</u>
End of Year:			
Aviation Fund	-	236,278	236,278
Water Fund	10,899,138	2,016,598	12,915,736
Sewer Fund	<u>7,547,890</u>	<u>120,000</u>	<u>7,667,890</u>
Total - Cash and cash equivalents - end of year	<u>\$ 18,447,028</u>	<u>\$ 2,372,876</u>	<u>\$ 20,819,904</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016**

	City Agency Funds	City School District Agency Funds	Total Agency Funds	City School District Private Purpose Trusts	Total Fiduciary Funds
ASSETS:					
Pooled restricted cash and cash equivalents	\$ 1,266,340	\$ -	\$ 1,266,340	\$ -	\$ 1,266,340
Restricted cash	896,013	205,388	1,101,401	180,419	1,281,820
Taxes receivable	51,074,234	-	51,074,234	-	51,074,234
Due from other funds	<u>-</u>	<u>207,352</u>	<u>207,352</u>	<u>-</u>	<u>207,352</u>
 Total assets	 <u>53,236,587</u>	 <u>412,740</u>	 <u>53,649,327</u>	 <u>180,419</u>	 <u>53,829,746</u>
 LIABILITIES:					
Due to other governments	\$ 1,067,540	\$ -	\$ 1,067,540	\$ -	\$ 1,067,540
Deferred property tax revenue	51,098,352	-	51,098,352	-	51,098,352
Other liabilities	1,070,695	412,740	1,483,435	4,720	1,488,155
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
 Total liabilities	 <u>53,236,587</u>	 <u>412,740</u>	 <u>53,649,327</u>	 <u>19,720</u>	 <u>53,669,047</u>
 NET POSITION:					
Held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,699</u>	<u>\$ 160,699</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	City School District Private <u>Purpose Trusts</u>
ADDITIONS:	
Contributions / Total additions	\$ <u>17,253</u>
DEDUCTIONS:	
Scholarships and awards	20,220
Loss on investment	<u>12,193</u>
Total deductions	<u>32,413</u>
CHANGE IN NET POSITION	(15,160)
NET POSITION - beginning of year	<u>175,859</u>
NET POSITION - end of year	<u>\$ <u>160,699</u></u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
JUNE 30, 2016**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
ASSETS:					
Cash and cash equivalents	\$ 4,876,527	\$ 2,232,757	\$ 24,131,301	\$ 3,337,706	\$ 34,578,291
Restricted cash	582	7,753	21,647,908	466,635	22,122,878
Accounts receivable	-	-	4,127,827	-	4,127,827
Loans receivable - current portion	34,002	119,348	-	-	153,350
Notes receivable - current portion	-	129,450	-	-	129,450
Grant and government subsidiary receivable	-	-	-	459,856	459,856
Other receivables	504,136	-	-	-	504,136
Due from primary government	-	-	91,250	666,667	757,917
Due from other component units - current portion	129,450	-	-	-	129,450
Inventory	-	-	-	713,035	713,035
Other assets	985,220	-	266,478	52,284	1,303,982
Loans receivable - long-term portion	-	3,799,633	-	-	3,799,633
Notes receivable - long-term portion	-	4,889,850	-	-	4,889,850
Due from other component units - long-term	4,889,850	-	-	-	4,889,850
Destiny USA fees receivable	11,400,000	-	-	-	11,400,000
Destiny USA fees payable to the City and County	(11,400,000)	-	-	-	(11,400,000)
Capital assets:					
Nondepreciable	50,000	-	-	-	50,000
Depreciable, net	<u>337,838</u>	<u>-</u>	<u>3,586,308</u>	<u>10,698</u>	<u>3,934,844</u>
Total assets	<u>11,807,605</u>	<u>11,178,791</u>	<u>53,851,072</u>	<u>5,706,881</u>	<u>82,544,349</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - relating to pensions	<u>-</u>	<u>-</u>	<u>464,038</u>	<u>-</u>	<u>464,038</u>
LIABILITIES:					
Accounts payable and accrued expenses	269,787	115,986	8,273,486	860,998	9,520,257
Accrued interest expense	8,412	-	-	-	8,412
Unearned revenue	-	-	-	483,545	483,545
Due to primary government	-	29,593	657,216	-	686,809
Due to other component units	-	129,450	-	-	129,450
Grant payable	735,368	-	-	-	735,368
Non-current liabilities:					
Due within one year	529,000	-	-	-	529,000
Due within more than one year	724,000	-	395,629	-	1,119,629
Due to primary government - long-term portion	2,020,338	3,829,770	-	-	5,850,108
Due to other component units - long-term portion	<u>-</u>	<u>4,889,850</u>	<u>-</u>	<u>-</u>	<u>4,889,850</u>
Total liabilities	<u>4,286,905</u>	<u>8,994,649</u>	<u>9,326,331</u>	<u>1,344,543</u>	<u>23,952,428</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - relating to pensions	-	-	47,306	-	47,306
Unavailable revenue	<u>-</u>	<u>-</u>	<u>91,250</u>	<u>-</u>	<u>91,250</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>138,556</u>	<u>-</u>	<u>138,556</u>
NET POSITION:					
Net investment in capital assets	(42,162)	-	3,586,308	10,698	3,554,844
Restricted for Lakefront Development Programs	31,982	-	-	-	31,982
Restricted for Urban Development Action Grant	-	674,018	-	-	674,018
Restricted for Airport Authority Projects	-	-	21,647,908	-	21,647,908
Restricted for Parking Mitigation	93,644	-	-	-	93,644
Unrestricted	<u>7,437,236</u>	<u>1,510,124</u>	<u>19,616,007</u>	<u>4,351,640</u>	<u>32,915,007</u>
Total net position	<u>\$ 7,520,700</u>	<u>\$ 2,184,142</u>	<u>\$ 44,850,223</u>	<u>\$ 4,362,338</u>	<u>\$ 58,917,403</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2016**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
EXPENSES:					
Destiny USA Fee to City of Syracuse and Onondaga County	\$ 3,800,000	\$ -	\$ -	\$ -	\$ 3,800,000
Airport expenses	-	-	39,101,504	-	39,101,504
Greater Syracuse Property Development Corporation expenses	-	-	-	5,586,580	5,586,580
Public improvements	1,213,983	-	-	-	1,213,983
Development projects	539,556	249,642	-	-	789,198
Other costs	399,176	41,788	-	-	440,964
Interest	69,266	152,630	428	-	222,324
Depreciation	112,613	-	474,847	-	587,460
Total expenses	6,134,594	444,060	39,576,779	5,586,580	51,742,013
PROGRAM REVENUE:					
Financing fees	5,066,525	-	-	-	5,066,525
Grant, contributions and government subsidy revenue	500,000	143,751	6,769,205	4,395,599	11,808,555
Passenger facility charges	-	-	4,017,972	-	4,017,972
Landing fees	-	-	6,443,196	-	6,443,196
Parking rents	-	-	8,439,000	-	8,439,000
Concession and other	-	-	7,070,031	-	7,070,031
Terminal rents	-	-	5,004,195	-	5,004,195
Rent revenue	328,513	-	-	97,381	425,894
Sale of property	-	-	-	1,481,447	1,481,447
Mortgage interest income	-	152,630	-	-	152,630
Miscellaneous income	-	30,384	551,236	22,876	604,496
Total program revenue	5,895,038	326,765	38,294,835	5,997,303	50,513,941
NET PROGRAM REVENUE (EXPENSE)	(239,556)	(117,295)	(1,281,944)	410,723	(1,228,072)
GENERAL REVENUE:					
Property taxes	114,350	-	-	-	114,350
Investment earnings	173,403	97,637	93,524	-	364,564
Total general revenue	287,753	97,637	93,524	-	478,914
CONTRIBUTIONS	-	-	-	822,200	822,200
CHANGES IN NET POSITION	48,197	(19,658)	(1,188,420)	1,232,923	73,042
NET POSITION - beginning of year, as restated for Syracuse Regional Airport Authority	7,472,503	2,203,800	46,038,643	3,129,415	58,844,361
NET POSITION - end of year	\$ 7,520,700	\$ 2,184,142	\$ 44,850,223	\$ 4,362,338	\$ 58,917,403

The accompanying notes are an integral part of these statements.

City of Syracuse, New York

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

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

Blended Component Units

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Syracuse City School District (the District) - The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education, which is an elected body. The District is not a separate legal entity and does not have the power to levy taxes or issue bonds. Its budget is subject to approval by the City Common Council. The City is financially accountable for the District and makes the District whole with respect to the property tax levy. The District is primarily included in the basic financial statements as a special revenue fund in the fund financial statements. The District's general fund and special aid fund are combined in the City's fund financial statements. In the government-wide statements the District is included in the governmental activities. Separately issued financial statements may be obtained by contacting the Chief Financial Officer of the District at 1025 Erie Blvd. West, Syracuse, New York 13204-2749.

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

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

Discretely Presented Component Units

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

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

Syracuse Economic Development Corporation (SEDCO) - SEDCO is a not-for-profit corporation established by the City to foster development ventures in the City. SEDCO loans funds through Direct and Entrepreneur Loan Programs and the Urban Development Action Grant Program. The Direct and Entrepreneur Loan Programs are funded from annual entitlement grants from the City. The Urban Development Action Grant represents funds received by the City and passed through (loaned) to SEDCO. The City is financially accountable for SEDCO and the Mayor appoints the voting majority of the governing body.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Greater Syracuse Property Development Corporation - The City of Syracuse and County of Onondaga entered into an inter-municipal agreement on March 27, 2012 to create the Greater Syracuse Property Development Corporation, a not-for-profit corporation, operating as the Greater Syracuse Land Bank (Land Bank) under the New York Land Bank Act of 2011. The purpose of the Land Bank is to address problems regarding vacant and abandoned property in a coordinated manner and to further foster the development of such property and promote economic growth through the return of vacant, abandoned, and tax-delinquent properties to productive use. The City and County, while under no obligation, may contribute to the annual Land Bank budget in such manner agreed upon. For fiscal years ended June 30, 2013 through June 30, 2016, the Common Council approved funding agreements with the Land Bank for up to \$1,500,000. A new funding agreement was approved in November 2016 for the City's fiscal year ending June 30, 2017. The City agrees to fund up to \$1,500,000 to the Land Bank based on the anticipated and actual increase in delinquent real property tax revenue to the City during the fiscal year ending June 30, 2017. The measure by which such increase in delinquent real property revenues shall be calculated shall be any actual increase over and above the 2012-2013 amounts set forth in the City's budget for prior year's tax collection and tax fees and penalties. The Land Bank is a discretely presented component unit of the City as it is fiscally dependent upon it and there is a financial benefit/burden relationship. The Land Bank has a fiscal year which ends December 31. Separate audited financial statements may be obtained by writing to Greater Syracuse Property Development Corporation, 431 East Fayette Street, Suite 375, Syracuse, New York 13202.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements provide information about the City's funds and blended component units, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major funds within the governmental and proprietary categories. Major funds are displayed in separate columns. Nonmajor funds are summarized into a single column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

Governmental Fund Types

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

Proprietary Fund Types

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

- Water Fund - The Water Fund is used to account for providing water to the public.
- Sewer Fund - The Sewer Fund is used to account for wastewater and sanitation services to the public.
- Aviation Fund - The Aviation Fund is used to account for support services provided to the Syracuse Regional Airport Authority to operate the Syracuse - Hancock International Airport.

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

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

Major and Nonmajor Funds

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

Budgets and Budgetary Accounting

In accordance with the City Charter, the annual operating budget includes the General Fund, City School District Fund exclusive of grants, the Aviation Fund and the Debt Service Fund. The budget for the Debt Service Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The budget for other governmental funds is prepared on a non-GAAP budgetary basis in that encumbrances are charged against appropriations in the year the commitment is incurred and payroll costs are on a cash basis. Formal budgetary integration is employed as a management control device during the year. For the Capital Projects Fund, long-term budgets covering the anticipated life of the project are adopted by the Common Council at the time of approval. The Neighborhood & Business Development Fund has budgets which are prepared annually for each program. The Mayor and the Common Council approve the budgets. The fund is federally funded and appropriations are based on funding received for the programs. A Statement of Revenues, Expenditures and Encumbrances – Budget and Actual (Budgetary Basis) is not presented for this fund. Program span multiple years and the comparison of actual results to budget would not be meaningful.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

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

- By April 8th, the Mayor submits to the Common Council operating budgets for the City and City School District, including the means of financing them, for the fiscal year commencing the following July 1st.
- Following a public hearing on the proposed budget, the Common Council must adopt the proposed or amended budget no later than May 9th.
- 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.
- The Mayor has the authority to transfer budgeted amounts between accounts within a department, but increases to department totals must be approved by the Common Council.
- Budget amendments occurring subsequent to the adoption of the budget are drafted and reviewed by the Budget Director and submitted to the Common Council for approval. If amendments are passed by the Common Council, they are submitted to the Mayor for final approval.

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

Receivables

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, sales and use taxes, mortgage taxes, franchise taxes, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis of accounting, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if they are considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Fee for service receivables and grant related earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories

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

Prepaid Items

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

Capital Assets (Fixed Assets)

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

Government-wide Financial Statements

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets of business-type activities, if any, are included as part of the capitalized value of the assets constructed. Interest capitalized for the year ended June 30, 2016 amounted to \$50,894.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Fixed Assets) (Continued)

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

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

Government-Wide Financial Statements:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Fund Financial Statements:

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

Compensated Absences

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Long-term debt is not reported as a liability of the governmental funds and any debt issued is reported as another financing source in the Statement of Revenues, Expenditures and Changes in Fund Balances. Payments of principal and interest on general long-term debt are recognized when paid from a governmental fund. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity Classifications

Government-wide Financial Statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Restricted net position in the governmental activities includes the following:

Nonspendable permanent funds	\$ <u>26,983</u>
Restricted:	
Capital projects	13,602,198
Debt service	2,790,188
Miscellaneous trusts	1,153,991
Joint Schools Construction Board	5,652,948
EMS training	221,313
Clinton Square maintenance	118,201
Oil & Flushing Fund	1,000,000
School District Food Service Fund	<u>8,255,160</u>
Total restricted net position - governmental funds	<u>32,793,999</u>
Total restricted net position	<u>\$ 32,820,982</u>

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

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

Fund Financial Statements

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's and School Districts highest level of decision making authority, i.e. the Common Council and Board of Education. The Common Council and Board of Education can adopt an ordinance to commit fund balance. The District has no committed fund balances at June 30, 2016. Committed Capital Projects Fund balance of \$15,494,788 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$389,893 for Special Assessment Districts and \$15,560 for urban renewal projects related to SURA.
- d. Assigned - Includes all amounts in the City School District Special Revenue Fund. Included in the District's assigned fund balance are encumbrances of \$4,297,073 and \$11,000,000 of appropriations to fund fiscal year 2016-2017 operating expenditures. Assigned fund balance in the City's General Fund consists of encumbrances of \$2,799,997 and \$ 12,100,000 of appropriations to fund fiscal year 2016-2017 operating expenditures. Assigned fund balance in the nonmajor governmental funds consists of School Food Service, Oil and Flushing and Syracuse Urban Renewal Agency fund balances. Under the City's adopted policy, the Board of Education and the Common Council may assign amounts for specific purposes.
- e. Unassigned - Includes all other General Fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the City. In addition, unassigned fund balance includes any remaining negative fund balance for funds other than the General Fund.

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

Order of Use of Fund Balance

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

Retirement and Other Postemployment Benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement and Other Postemployment Benefits (Continued)

In addition to providing pension benefits, the City provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all the City's employees may become eligible for these benefits if they reach normal retirement age while working for the City. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the City and the retired employee. See Note 10 for further information.

Revenue, Expenditures and Expenses

Property Taxes

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

Assessment Tax Revenue

In the fund financial statements, sidewalk and sewer assessments of \$5,139,258 are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments are recorded as revenue in the funds when they are collected within 60 days of year-end. The amounts due but not collected within 60 days are recorded as a deferred inflow of resources. In the government-wide financial statements, assessment revenue is recorded when it is added to the property tax levy annually. Only the portion of the assessments due in the current period is accrued as revenue, less an allowance for uncollectible amounts.

Intergovernmental Revenues - Grants

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Revenues

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

Proprietary Funds - By operating and nonoperating

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

Interfund Transfers

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payments Between the City and Component Units

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

Restricted and Unrestricted Resources

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

Delinquent Property Taxes

Delinquent taxes receivable from the prior year are converted to tax sale certificates annually in April and October for the County and the City, respectively. At June 30, 2016, the tax sale certificates are fully offset by an allowance for uncollectible delinquent taxes and deferred inflow of resources – unavailable revenue in the fund financial statements. The allowance and deferred inflow amounts at June 30, 2016 were \$28,015,867 and \$7,779,326, respectively.

Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 29% have expired. The remaining 71% of these agreements extend beyond one year.

Economic Dependency

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

City / County Abstract

The City has several shared service agreements with the County of Onondaga, New York, pursuant to which the County provides services to City residents. The majority of these agreements are reflected in the City Abstract, the document by which the City collects County real property taxes imposed on City residents. As reflected in the 2016 City Abstract, the total cost of these services for 2016 is \$19,815,188 and such amount was added to the County real property taxes imposed on City residents. The costs of these services are not included in either the City's annual budget or in the City's real property taxes. The City of Syracuse has the Authority to levy taxes up to the New York State Constitutional tax limit, which is (a) up to 2% of the five-year average full assessed valuation of taxable real property, for general governmental services other than the payment of principal and interest on long-term debt, (b) in unlimited amounts for the payment of principal and interest on long-term debt, and (c) in unlimited amounts for capital appropriations.

As of the 2015-2016 budget year, the City is using approximately \$98,000,000 or 79% of their tax limit to balance the budget. If the City Abstract charges were included in the City's budget, the City would exhaust approximately \$118,000,000 or 95% of the City's tax limit. The City budget would only be able to tax an additional approximately \$6,000,000 before reaching its tax limit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

3. CASH AND CASH EQUIVALENTS

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

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

Deposits

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

At year end, the carrying amount of the City's deposits, including certificate of deposits, was \$120,800,740 and the bank balance was \$135,768,681. As of June 30, 2016 all deposits were insured or collateralized.

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2016:

<u>Governmental activities</u>	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at June 30, 2016</u>
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>169,688,282</u>	<u>23,093,274</u>	<u>102,238,420</u>	<u>90,543,136</u>
Subtotal	<u>185,958,083</u>	<u>23,093,274</u>	<u>102,238,420</u>	<u>106,812,937</u>
Other capital assets:				
Buildings	405,567,683	100,913,509	6,802,463	499,678,729
Machinery and equipment	90,577,689	5,717,501	11,888,692	84,406,498
Improvements/infrastructure	<u>393,167,670</u>	<u>1,311,663</u>	<u>-</u>	<u>394,479,333</u>
Subtotal	<u>889,313,042</u>	<u>107,942,673</u>	<u>18,691,155</u>	<u>978,564,560</u>
Total capital assets	<u>1,075,271,125</u>	<u>131,035,947</u>	<u>120,929,575</u>	<u>1,085,377,497</u>
Accumulated depreciation:				
Buildings	280,207,094	4,612,469	6,802,463	278,017,100
Machinery and equipment	71,697,516	5,827,564	11,882,929	65,642,151
Improvements/infrastructure	<u>258,268,953</u>	<u>10,576,853</u>	<u>-</u>	<u>268,845,806</u>
Total	<u>610,173,563</u>	<u>21,016,886</u>	<u>18,685,392</u>	<u>612,505,057</u>
Net capital assets – governmental activities	<u>\$ 465,097,562</u>	<u>\$ 110,019,061</u>	<u>\$ 102,244,183</u>	<u>\$ 472,872,440</u>

Depreciation was charged to governmental activities as follows:

General government support	\$ 1,664,195
Police department	1,162,417
Fire department	1,692,644
Other public safety	5,828
Transportation	9,615,180
Culture and recreation	1,278,592
Home and community services	646,028
Education	4,903,131
School food service	<u>48,871</u>
	<u>\$ 21,016,886</u>

4. CAPITAL ASSETS AND DEPRECIATION (Continued)

<u>Business-type activities</u>	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at June 30, 2016</u>
Not being depreciated:				
Land	\$ 6,983,304	\$ -	\$ -	\$ 6,983,304
Construction in progress	<u>6,808,032</u>	<u>4,281,791</u>	<u>8,087,785</u>	<u>3,002,038</u>
Subtotal	<u>13,791,336</u>	<u>4,281,791</u>	<u>8,087,785</u>	<u>9,985,342</u>
Other capital assets:				
Buildings	182,636,750	7,730,965	-	190,367,715
Machinery and equipment	8,838,971	826,292	470,596	9,194,667
Improvements/infrastructure	<u>296,817,729</u>	<u>8,051,393</u>	<u>-</u>	<u>304,869,122</u>
Subtotal	<u>488,293,450</u>	<u>16,608,650</u>	<u>470,596</u>	<u>504,431,504</u>
Total capital assets	<u>502,084,786</u>	<u>20,890,441</u>	<u>8,558,381</u>	<u>514,416,846</u>
Accumulated depreciation:				
Buildings	101,078,171	4,119,303	-	105,197,474
Machinery and equipment	6,848,254	609,201	470,596	6,986,859
Improvements/infrastructure	<u>131,751,529</u>	<u>8,902,730</u>	<u>-</u>	<u>140,654,259</u>
Total	<u>239,677,954</u>	<u>13,631,234</u>	<u>470,596</u>	<u>252,838,592</u>
Net capital assets – business-type activities	<u>\$262,406,832</u>	<u>\$ 7,259,207</u>	<u>\$ 8,087,785</u>	<u>\$ 261,578,254</u>

Depreciation was charged to business-type activities as follows:

Aviation	\$ 9,835,663
Water	3,150,498
Sewer	<u>645,073</u>
	<u>\$ 13,631,234</u>

5. CAPITAL INDEBTEDNESS

General Obligations Bonds Payable

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 2.00% to 6.00% with maturity dates through June 30, 2041.

During the year ended June 30, 2016, the City issued general obligation bonds of \$13,307,840. Of this amount, \$120,000 was used for sewer fund projects, \$1,400,000 was used to finance water fund projects, and \$11,787,840 was used for general fund expenditures.

5. CAPITAL INDEBTEDNESS (Continued)

General Obligations Bonds Payable (Continued)

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2016:

<u>Governmental activities</u>	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2016</u>	<u>Amount due within one year</u>
Bonds payable:					
General obligation and school facility revenue bonds payable	\$ 259,804,431	\$ 11,787,840	\$ 26,436,530	\$ 245,155,741	\$ 27,648,953
Premium on bonds payable	8,375,911	-	703,752	7,672,159	703,752
Discount on bonds payable	(38,940)	-	(38,940)	-	-
Total bonds payable	<u>268,141,402</u>	<u>11,787,840</u>	<u>27,101,342</u>	<u>252,827,900</u>	<u>28,352,705</u>
Other liabilities:					
Amount due to retirement systems	36,160,009	47,843,143	52,102,779	31,900,373	31,900,373
Early retirement incentive costs	711,520	-	711,520	-	-
Due to NYSERS - Chapter 57 & 260	3,135,439	-	570,206	2,565,233	787,523
Net pension liability	14,183,643	89,082,928	-	103,266,571	-
Accrued compensated absences	22,153,719	3,058,187	11,646,757	13,565,149	-
Self-insurance claims	50,495,490	109,528,841	105,413,344	54,610,987	14,794,500
Other postemployment benefits	738,333,219	106,580,759	45,337,607	799,576,371	-
Judgments and claims	10,068,000	80,186	580,186	9,568,000	900,000
Lottery aid payable	21,083,333	-	1,016,666	20,066,667	1,016,667
Total other liabilities	<u>896,324,372</u>	<u>356,174,044</u>	<u>217,379,065</u>	<u>1,035,119,351</u>	<u>49,399,063</u>
Governmental activities long- term liabilities	<u>\$1,164,465,774</u>	<u>\$ 367,961,884</u>	<u>\$ 244,480,407</u>	<u>\$1,287,947,251</u>	<u>\$ 77,751,768</u>

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

5. CAPITAL INDEBTEDNESS (Continued)

Changes in Long-term Liabilities (Continued)

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

Long-term liability activity for business-type activities for the year ended June 30, 2016:

<u>Business-type activities</u>	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2016</u>	<u>Amount due within one year</u>
Bonds payable:					
General obligation bonds payable	\$ 87,086,185	\$ 1,520,000	\$ 6,705,578	\$ 81,900,607	\$ 6,370,547
Construction bonds payable	32,765,000	-	1,310,000	31,455,000	1,345,000
Premium on bonds payable	2,089,509	13,853	176,164	1,927,198	177,153
Discount on bonds payable	<u>(523,352)</u>	<u>-</u>	<u>(64,838)</u>	<u>(458,514)</u>	<u>(64,839)</u>
Total bonds payable	<u>121,417,342</u>	<u>1,533,853</u>	<u>8,126,904</u>	<u>114,824,291</u>	<u>7,827,861</u>
Other liabilities:					
Amount due to retirement systems	520,728	1,857,523	1,887,847	490,404	490,404
Due to NYSERS - Chapters 57 & 260	352,163	-	214,176	137,987	33,324
Net pension liability	1,513,408	6,507,532	-	8,020,940	-
Accrued compensated absences	707,002	450,000	488,701	668,301	272,539
Self-insurance claims	2,322,199	4,933,928	4,385,546	2,870,581	1,085,308
Other postemployment benefits	<u>29,300,000</u>	<u>5,103,805</u>	<u>2,096,805</u>	<u>32,307,000</u>	<u>-</u>
Total other liabilities	<u>34,715,500</u>	<u>18,852,788</u>	<u>9,073,075</u>	<u>44,495,213</u>	<u>1,881,575</u>
Business-type activities long-term liabilities	<u>\$ 156,132,842</u>	<u>\$ 20,386,641</u>	<u>\$ 17,199,979</u>	<u>\$ 159,319,504</u>	<u>\$ 9,709,436</u>

Construction Bonds Payable

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

5. CAPITAL INDEBTEDNESS (Continued)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2016, 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	
2017	27,648,953	\$ 10,268,873	7,715,547	\$ 4,284,400	\$ 49,917,773
2018	28,456,516	9,263,419	5,941,324	4,029,204	47,690,463
2019	26,601,505	8,072,173	5,668,494	3,825,660	44,167,832
2020	22,614,734	7,019,948	5,735,268	3,624,905	38,994,855
2021	22,567,355	6,059,751	5,597,643	3,416,932	37,641,681
2022-2026	88,595,466	17,829,478	27,218,534	14,167,488	147,810,966
2027-2031	27,987,212	2,903,418	25,107,797	9,602,568	65,600,995
2032-2036	684,000	36,550	21,676,000	4,529,020	26,925,570
2037-2041	-	-	8,695,000	604,641	9,299,641
	<u>\$ 245,155,741</u>	<u>\$ 61,453,610</u>	<u>\$ 113,355,607</u>	<u>\$ 48,084,818</u>	<u>\$ 468,049,776</u>

Short-Term Debt

Revenue Anticipation Notes Payable

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

Bond Anticipation Notes Payable

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

Short-term debt activity for the year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Reductions	Balance at June 30, 2016
Governmental activities:				
Revenue anticipation notes	\$ -	\$ 82,705,000	\$ 82,705,000	\$ -
Bond anticipation notes	<u>2,000,000</u>	<u>8,000,000</u>	<u>2,095,000</u>	<u>7,905,000</u>
Total	<u>\$ 2,000,000</u>	<u>\$ 90,705,000</u>	<u>\$ 84,800,000</u>	<u>\$ 7,905,000</u>

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2016 were approximately \$950,000. The minimum future non-cancelable operating lease payments as of June 30, 2016 were as follows:

2017	\$	897,513
2018		740,563
2019		488,213
2020		177,291
Thereafter		<u>205,892</u>
	\$	<u>2,509,472</u>

The City leases a parking garage from SIDA, a component unit. Total rental expenditures on this lease for the fiscal year ended June 30, 2016 were approximately \$243,000. Future minimum lease payments for this non-cancelable operating lease were as follows as of June 30, 2016:

2017		237,920
2018		<u>242,237</u>
	\$	<u>480,157</u>

The City has entered into various operating agreements for leases of various parking garages, lots and buildings. These parking garages, which are fully depreciated, cost approximately \$61,800,000 and are included in the transportation activity. Future minimum lease payments due to the City as of June 30, 2016 under non-cancelable operating leases were as follows:

2017	\$	465,060
2018		464,400
2019		464,400
2020		464,400
2021		327,600
2022-2026		1,638,000
2027-2031		<u>1,310,400</u>
	\$	<u>5,134,260</u>

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS (Continued)

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

The lease agreement gives the Authority the exclusive right to operate, maintain and improve the Airport subject to certain restrictions and conditions. The renewals of the lease term are automatic for additional ten year terms. The City retains physical ownership of the current and future land, buildings and improvements of the Airport made by or on behalf of the Authority. The City recorded approximately \$8.5 million in nonoperating revenue from capital contributions during the year ended June 30, 2016. Upon termination or expiration of the lease agreement, the City is required to take all necessary actions to secure an Airport Operating Certificate from the Federal Aviation Administration in a timely fashion to ensure there is no interruption in Airport operations.

The land, buildings and improvements cost approximately \$367,000,000 with accumulated depreciation of approximately \$218,900,000 and are included in the business-type activities. The Authority is required to make rental payments to the City equal to the principal and interest due on Airport-related debt issued by the City. These rental payments totaled \$6,079,185 during the year ended June 30, 2016. Future minimum lease payments due to the City as of June 30, 2016 under this operating lease are as follows:

2017	\$ 5,574,450
2018	3,464,050
2019	3,336,250
2020	3,327,850
2021	3,320,650
2022-2026	15,760,227
2027-2031	15,236,840
2032-2036	15,243,975
2037	<u>3,049,375</u>
	<u>\$ 68,313,667</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, most disbursements are made from a pooled account in the General Fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. These receivables and payables are short-term in nature and are typically repaid in less than one year. The following schedule summarizes interfund receivables and payables at June 30, 2016:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,528,333	\$ -
Special Revenue City School District	5,214,782	14,446,314
Capital Projects Fund	1,806,733	-
Proprietary Funds:		
Aviation	-	657,216
Water	-	14,896
Sewer	-	14,134
Nonmajor Governmental Funds:		
Debt Service	165,225	-
Special Grants	-	2,039,454
SURA	207,792	792,371
Neighborhood and Business Development	-	218,054
School Food Service	7,884,192	-
Joint Schools Construction Board	-	816,970
Fiduciary	<u>207,352</u>	<u>15,000</u>
	<u>\$ 19,014,409</u>	<u>\$ 19,014,409</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2016:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,829,770	\$ -
Capital Projects Fund	-	91,250
Nonmajor Governmental Funds:		
Local Development	1,672,358	-
SURA	34,642	-
Neighborhood and Business Development	347,882	-
Aviation Fund	657,216	-
Component Units:		
SIDA	4,965,834	2,047,640
SEDCO	-	8,802,846
Authority	<u>91,250</u>	<u>657,216</u>
	<u>\$ 11,598,952</u>	<u>\$ 11,598,952</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Receivables and Payables (Continued)

The amounts receivable and payable above are as of June 30, 2016. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2015. The interfund receivables and payables differences relating to the component units result from loans and other transactions in the normal course of business.

Transfers

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

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 2,225,000	\$ 18,422,879
Capital Projects Fund	3,647,140	304,442
Special Revenue Funds:		
City School District	6,036,979	9,852,216
Oil and Flushing	-	168,616
School Food Service Fund	-	1,530,426
Debt Service Fund	20,684,341	-
Proprietary Funds:		
Water	-	1,800,000
Sewer	-	425,000
Joint School Construction Board	-	89,881
	<u>\$ 32,593,460</u>	<u>\$ 32,593,460</u>

8. RETIREMENT PLANS

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

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

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

8. RETIREMENT PLANS (Continued)

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

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

City:

Contributions

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

		<u>NYSERS</u>		<u>NYSPFRS</u>
June 30, 2016	\$	6,599,874	\$	17,767,259
June 30, 2015	\$	7,522,533	\$	17,777,426
June 30, 2014	\$	7,348,468	\$	18,617,372

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

At June 30, 2016, the City reported net pension liabilities for its proportionate share of the NYSERS and NYSPFRS net pension liabilities. The net pension liabilities measured as of March 31, 2016, and the total pension liability used to calculate the net pension liabilities were determined by the actuarial valuation as of that date. The City's proportion of the net pension liabilities were based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2016, the City reported the following:

		<u>NYSERS</u>		<u>NYSPFRS</u>
Net Pension Liability	\$	24,817,306	\$	63,183,307
City's Proportion Percent		0.1546223%		2.1340037%
Pension Expense	\$	8,804,153	\$	23,356,847

8. RETIREMENT PLANS (Continued)

At June 30, 2016, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	NYSERS	NYSPPFRS
Differences between expected and actual experience	\$ 125,408	\$ 566,698
Net difference between projected and actual earnings on pension plan investments	14,722,987	35,409,135
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	873,070
Changes of assumptions	6,618,027	27,238,115
Contributions subsequent to the measurement date	1,521,259	4,512,560
Total	<u>\$ 22,987,681</u>	<u>\$ 68,599,578</u>

	Deferred Inflows of Resources	
	NYSERS	NYSPPFRS
Differences between expected and actual experience	\$ 2,941,678	\$ 9,552,557
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between the City's contributions and proportionate share of contributions	219,890	239,698
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 3,161,568</u>	<u>\$ 9,792,255</u>

The City recognized deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2016, which will result in a reduction of the net pension liabilities in the year ended June 30, 2017.

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

Plan's Year Ended March 31:	NYSERS	NYSPPFRS
2017	\$ 4,636,595	\$ 12,769,017
2018	4,636,595	12,769,017
2019	4,636,595	12,769,017
2020	4,395,069	12,275,988
2021	-	3,711,724
Thereafter	-	-
	<u>\$ 18,304,854</u>	<u>\$ 54,294,763</u>

8. RETIREMENT PLANS (Continued)

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

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

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liabilities (assets) - NYSERS	\$ 55,961,221	\$ 24,817,305	\$ (1,497,972)
Proportionate Share of Net Pension liabilities (assets) - NYSPFRS	\$ 141,126,562	\$ 63,183,307	\$ (2,150,033)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of the employers as of March 31, 2016 were as follows:

	Pension Plan's <u>Fiduciary Net Position</u>	City's proportionate share of Plan's <u>Fiduciary Net Position</u>	City's allocation percentage as determined by the <u>Plan</u>
<u>NYSERS:</u>			
Total pension liability	\$ 172,303,544,000	\$ 266,419,702	0.1546223%
Net position	<u>(156,253,265,000)</u>	<u>(241,602,397)</u>	0.1546223%
Net pension liability (asset)	<u>\$ 16,050,279,000</u>	<u>\$ 24,817,305</u>	0.1546223%
Fiduciary net position as a percentage of total pension liability	90.7%	90.7%	
	Pension Plan's <u>Fiduciary Net Position</u>	City's proportionate share of Plan's <u>Fiduciary Net Position</u>	City's allocation percentage as determined by the <u>Plan</u>
<u>NYSPFRS:</u>			
Total pension liability	\$ 30,347,727,000	\$ 647,621,617	2.1340037%
Net position	<u>(27,386,940,000)</u>	<u>(584,438,310)</u>	2.1340037%
Net pension liability (asset)	<u>\$ 2,960,787,000</u>	<u>\$ 63,183,307</u>	2.1340037%
Fiduciary net position as a percentage of total pension liability	90.2%	90.2%	

SURA: Contributions

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

NYSERS

June 30, 2016	\$ 426,952
June 30, 2015	\$ 426,524
June 30, 2014	\$ 688,403

8. RETIREMENT PLANS (Continued)

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

At June 30, 2016, SURA reported a net pension liability of \$2,048,848 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. SURA's proportion of the net pension liability was based on a projection of SURA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2016, SURA's proportion was 0.0127652% percent.

For the year ended June 30, 2016, SURA recognized pension expense of \$629,092. At June 30, 2016, SURA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,353	\$ 242,857
Net difference between projected and actual earnings on pension plan investments	1,215,489	-
Changes in proportion and differences between SURA's contributions and proportionate share of contributions	-	347,492
Changes of assumptions	546,366	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,772,208</u>	<u>\$ 590,349</u>

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

Plan's Year Ended March 31:

2017	\$ 285,030
2018	285,030
2019	285,030
2020	326,769
2021	-
Thereafter	-
	<u>\$ 1,181,859</u>

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

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

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	\$ 4,620,004	\$ 2,048,848	\$ (123,668)

8. RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	Pension Plan's Fiduciary Net Position	SURA's proportionate share of Plan's Fiduciary Net Position	SURA's allocation percentage as determined by the Plan
Total pension liability	\$ 172,303,544,000	\$ 21,994,891	0.0127652%
Net position	(156,253,265,000)	(19,946,043)	0.0127652%
Net pension liability (asset)	\$ 16,050,279,000	\$ 2,048,848	0.0127652%
Fiduciary net position as a percentage of total pension liability	90.7%	90.7%	

District: Contributions

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

NYSERS

June 30, 2016	\$	5,655,864
June 30, 2015	\$	5,816,753
June 30, 2014	\$	6,769,452

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

At June 30, 2016, the District reported a net pension liability of \$21,238,050 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2016, the District's proportion was 0.1323220 percent.

For the year ended June 30, 2016, the District recognized pension expense of \$7,461,458. At June 30, 2016, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 107,321	\$ 2,517,417
Net difference between projected and actual earnings on pension plan investments	12,599,576	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	58,755	391,789
Changes of assumptions	5,663,547	-
Contributions subsequent to the measurement date	1,352,217	-
Total	\$ 19,781,416	\$ 2,909,206

8. RETIREMENT PLANS (Continued)

The District recognized \$1,352,217 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2016, which recognized a reduction of the net pension liability in the year ended June 30, 2017.

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

Plan's Year Ended March 31:

2017	\$	3,911,285
2018		3,911,285
2019		3,911,285
2020		3,786,138
2021		-
Thereafter		<u>-</u>
	\$	<u>15,519,993</u>

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

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

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	\$ 47,890,260	\$ 21,238,050	\$ (1,281,929)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 172,303,544,000	\$ 227,995,495	0.1323220%
Net position	<u>(156,253,265,000)</u>	<u>(206,757,445)</u>	0.1323220%
Net pension liability (asset)	<u>\$ 16,050,279,000</u>	<u>\$ 21,238,050</u>	0.1323220%
Fiduciary net position as a percentage of total pension liability	90.7%	90.7%	

8. RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016.

The actuarial valuation used the following actuarial assumptions:

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	38.0	7.30
International Equity	13.0	8.55
Private Equity	10.0	11.00
Real Estate	8.0	8.25
Absolute Return	3.0	6.75
Opportunistic Portfolio	3.0	8.60
Real Assets	3.0	8.65
Bonds & Mortgages	18.0	4.00
Cash	2.0	2.25
Inflation-Indexed Bonds	<u>2.0</u>	4.00
	<u>100%</u>	

Discount Rate

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

8. RETIREMENT PLANS (Continued)

New York State Teacher Retirement System (NYSTRS)

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

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

Contributions

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

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

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

	<u>NYSTRS</u>	
June 30, 2015	\$	29,174,990
June 30, 2014	\$	27,027,205
June 30, 2013	\$	19,671,858

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

At June 30, 2016, the District reported a net pension asset of \$109,230,979 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of that date. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2016 the District's proportionate share was 1.051631%, which was a decrease from the 1.072093% proportionate share measured at June 30, 2015.

8. RETIREMENT PLANS (Continued)

For the year ended June 30, 2016, the District recognized pension income of \$7,499,440. At June 30, 2016, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,027,257
Net difference between projected and actual earnings on pension plan investments	-	34,528,481
Changes in proportion and differences between the District's contributions and proportionate share of contributions	639,105	22,268
Contributions subsequent to the measurement date	<u>23,254,436</u>	-
Total	<u>\$ 23,893,541</u>	<u>\$ 37,578,006</u>

The District recognized \$23,254,436 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows/ (inflows) of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2016	\$ (13,855,557)
2017	(13,855,557)
2018	(13,855,557)
2019	5,813,372
2020	(306,204)
Thereafter	<u>(879,398)</u>
	<u>\$ (36,938,901)</u>

Discount Rate

The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2015 measurement date was determined by an actuarial valuation as of June 30, 2014, with update procedures used to roll forward the total pension liability to June 30, 2015. These actuarial valuations used the following actuarial assumptions:

Inflation	3.00%
Projected Salary Increases	Rates of increase differ based on age and gender. They have been calculated based upon recent NYSTRS member experience.

<u>Age</u>	<u>Female</u>	<u>Male</u>
25	10.35%	10.91%
35	6.26%	6.27%
45	5.39%	5.04%
55	4.42%	4.01%

Projected COLAs	1.625% compounded annually
Investment Rate of Return	8.0% compounded annually, net of pension plan investment expense, including inflation.

Mortality rates are based on plan member experience, with adjustments for mortality improvements based on society of Actuaries Scale AA.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010.

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

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-term expected expected real rate of return in %</u>
Domestic Equity	37.0	6.5
International Equity	18.0	7.7
Real Estate	10.0	4.6
Alternative Investments	7.0	9.9
Domestic Fixed Income Securities	17.0	2.1
Global Fixed Income Securities	2.0	1.9
Short - Term Fixed Income	1.0	1.2
Mortgages	<u>8.0</u>	3.4

100%

8. RETIREMENT PLANS (Continued)

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

The following presents the net pension liability (asset) of the District using the discount rate of 8.0 percent, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.0 percent) or 1-percentage-point higher (9.0 percent) than the current rate:

	1% Decrease <u>7.00%</u>	Current Discount <u>8.00%</u>	1% Increase <u>9.00%</u>
Proportionate Share of Net Pension liability (asset)	\$ 7,450,961	\$ (109,230,979)	\$ (208,736,173)

Pension Plan Fiduciary Net Position

The components of the collective net pension liability (asset) of the participating school districts as of June 30, 2015, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 99,332,103,743	\$ 1,044,607,494	1.0516313%
Net position	<u>(109,718,916,659)</u>	<u>(1,153,838,473)</u>	1.0516313%
Net pension liability (asset)	<u>\$ (10,386,812,916)</u>	<u>\$ (109,230,979)</u>	1.0516313%
Fiduciary net position as a percentage of total pension liability	110.5%	110.5%	

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

The components of the net pension asset, net pension liabilities, and deferred outflows of resources and deferred inflows of resources are as follows as of June 30, 2016:

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
City NYSERS	\$ -	\$ 24,817,306	\$ 22,987,681	\$ 3,161,568
City NYSPFRS	-	63,183,307	68,599,578	9,792,255
SURA NYSERS	-	2,048,848	1,772,208	590,349
District NYSERS	-	21,238,050	19,781,416	2,909,206
District NYSTRS	<u>109,230,979</u>	<u>-</u>	<u>23,893,541</u>	<u>37,578,006</u>
Total	<u>109,230,979</u>	<u>111,287,511</u>	<u>137,034,424</u>	<u>54,031,384</u>
Business-type	-	8,020,940	7,674,873	1,064,822
Governmental	<u>109,230,979</u>	<u>103,266,571</u>	<u>129,359,551</u>	<u>52,966,562</u>
Total	<u>\$ 109,230,979</u>	<u>\$ 111,287,511</u>	<u>\$ 137,034,424</u>	<u>\$ 54,031,384</u>

8. RETIREMENT PLANS (Continued)

Other Amounts Due to NYSERS for Chapters 260 and 57 and Early Incentive Costs

Due to NYSERS-Chapter 260

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

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

This law requires participating employers to make payments on a current basis, while bonding/amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2008. The total unpaid liability for the year ended June 30, 2016 was \$458,814 all of which is reported in the governmental activities.

Due to NYSERS- Chapter 57

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

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

This law requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years when the employer opts to participate in the program. The total unpaid liability for the year ended June 30, 2016 was \$2,244,404 of which \$137,987 is reported in the proprietary funds/business-type activities and \$2,106,419 in the governmental activities.

Chapter 105 Early Retirement Incentive Costs

Chapter 105 of the Laws of 2010 of the State of New York authorized local governments to make available a retirement benefit incentive program with an estimated cost of \$3,327,000. There was no unpaid liability at June 30, 2016. For the year ended June 30, 2016 \$711,520 was charged to expenditures in the governmental activities.

9. SELF INSURANCE

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

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

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

The City believes these provisions, as described in Note 5, are adequate to cover their liability for claims based on current available information, but these estimates may differ from the amount ultimately paid when claims are settled.

10. OTHER POSTEMPLOYMENT BENEFITS

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

Plan Description

The City provides OPEB to its employees under a single-employer, self-insured benefit plan administered by a third party. The plan provides medical and prescription drug coverage to retirees and their covered dependents. Benefit provisions and retiree contributions are established and amended through negotiations between the City and the respective unions. For the City employees, upon attainment of age 65, current and future retirees will participate in the Humana Medicare Advantage Plan for medical coverage and a ProAct Employer Group Waiver Plan for prescription drug coverage. The financial information for the City's plan is contained solely within these basic financial statements.

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy

The contribution requirements of the plan members and the City are established on an annual premium equivalent rate calculated by an actuarial firm based on an actuarial valuation of projected financing requirements. For the year ended June 30, 2016, the City contributed approximately \$20,400,000 for the total cost of the plan net of retiree contributions of approximately \$3,600,000. The District contributed approximately \$21,900,000 net of retiree contributions of approximately \$1,500,000.

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarially accrued liabilities (UAAL) over a period of thirty years. The following table shows the components of the City's and District's annual OPEB cost for the year, the amount actually contributed to the Plan, and the changes in the City and District's net OPEB obligation.

	<u>City</u>	<u>District</u>
Annual required contribution	\$ 76,340,511	\$ 49,031,149
Interest on net OPEB obligation	12,928,817	17,776,509
Adjustment to annual required contribution	<u>(18,691,868)</u>	<u>(25,700,432)</u>
Annual OPEB cost (expense)	70,577,460	41,107,226
Contributions made	<u>(24,000,860)</u>	<u>(23,433,674)</u>
Increase in net OPEB obligation	46,576,600	17,673,552
Net OPEB obligation - Beginning of Year	<u>323,220,500</u>	<u>444,412,719</u>
Net OPEB obligation - End of Year	<u>\$ 369,797,100</u>	<u>\$ 462,086,271</u>

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

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 77,585,062	28.89%	\$ 388,941,936
June 30, 2015	\$ 80,461,994	31.06%	\$ 444,412,719
June 30, 2016	\$ 41,107,226	57.01%	\$ 462,086,271

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

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 45,634,356	42.05%	\$ 299,898,200
June 30, 2015	\$ 47,336,526	50.73%	\$ 323,220,500
June 30, 2016	\$ 70,577,460	34.01%	\$ 369,797,100

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of June 30, 2016, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$553,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$227,000,000 and the ratio of the liability to the covered payroll was 244%.

As of July 1, 2015, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately \$803,700,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$117,500,000 and the ratio of the liability to the covered payroll was 684%.

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.

In the most recent actuarial valuations the Projected Unit Credit Cost Method was used for both the City and the District. The actuarial assumptions include a 4% investment rate of return for both the City and the District, which is based on the portfolio of the City and District's general assets used to pay for these benefits.

For the District, the annual health care cost trend rate of 7.50% is used initially, decreasing to 3.89% after sixty years for Pre-65 individuals and 6.00% initially, decreasing to 3.89% for Post-65 individuals after sixty years. The prescription cost trend begins at 10.50% initially and decreases to 3.89% after sixty years. The Medicare Part B cost trend begins at 6.00% initially and decreases to 3.89% after sixty years. Both rates include an inflation assumption of 2.25%. The UAAL is being amortized based on a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2016 was thirty years.

For the City, the annual prescription drug trend is 10.50% decreasing to 3.886% in 2075. The Pre-65 medical cost trend rate is 7.50% declining to 3.886% in 2075. The Post-65 medical cost trend rate is 6.00% declining to 3.886% in 2075. The rates include an inflation assumption of 2.25%. The UAAL is being amortized based on a level percentage of payroll on an open basis. The remaining amortization period as of June 30, 2016 was thirty years.

11. CONTINGENCIES AND COMMITMENTS

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

The City has a potential liability for employees who are not entered into the Retirement System due to the fact that they were never offered the right to join. Any potential liability relating to this contingency is not determinable at June 30, 2016.

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 that bear interest at rates varying from .3 to 5.8%. The following is a schedule of annual principal payments due on the HUD-108 loans outstanding on SIDA's statement of net assets at December 31, 2015:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 324,000	\$ 13,605	\$ 337,605
2017	148,000	11,345	159,345
2018	154,000	8,911	162,911
2019	165,000	6,064	171,064
2020-2021	<u>32,000</u>	<u>2,904</u>	<u>34,904</u>
	<u>\$ 823,000</u>	<u>\$ 42,829</u>	<u>\$ 865,829</u>

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

12. ENVIRONMENTAL REMEDIATION

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

13. NEW AND UPCOMING PRONOUNCEMENTS

New Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements and provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City considered the provisions related to Statement No. 72 for the year ended June 30, 2016 and concluded there is no effect on the financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purposes external financial reports of statement local governments for making decision and assessing accountability. The City is required to adopt portions of the provisions of Statement No. 73 for the years ending June 30, 2016 and 2017, pending applicability. The City considered the provisions related to GASB Statement No. 73 as of June 30, 2016, and concluded there is no material effect on the financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature. The City adopted the provisions of Statement No. 76 for the year ended June 30, 2016 with no material effect on the financial statements.

Upcoming Pronouncements

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. The City is required to adopt the provisions of Statement No. 74 for the year ending June 30, 2017.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pension (other postemployment benefits or OPEB). The City is required to adopt the provisions of Statement No. 75 for the year ending June 30, 2018.

13. NEW AND UPCOMING PRONOUNCEMENTS

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

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 and pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The City is required to adopt the provisions of Statement No. 78 for the year ending June 30, 2017.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. Specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; (3) calculations and requirements of a shadow price. The City is required to adopt the provisions of Statement No. 79 for the years ending June 30, 2017 and 2018, pending applicability.

In January 2016, the GASB issues Statement No. 80, *Blending Requirements for Certain Component Units; an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirement established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended. The City is required to adopt the provisions of Statement No. 80 for the year ending June 30, 2017.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City is required to adopt the provisions of Statement No. 81 for the year ending June 30, 2018.

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

13. NEW AND UPCOMING PRONOUNCEMENTS

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. This Statement also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. The City is required to adopt this Statement for the year ending June 30, 2019.

The City has not yet assessed the impact of these pronouncements on its future financial statements.

14. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year ended June 30, 2016:

On August 5, 2016, \$2,103,461 in Qualified School Construction Bond (QSCB) subsidiary receipts were transferred from the JSCB to the Syracuse City School District. The interest payments made by the JSCB that generated the QSCB subsidiaries were funded with New York State Education Department funding that is passed through the District to the JSCB. The QSCB subsidiary receipts were transferred to the District at the request of the District and the Commissioner of Finance of the City of Syracuse, New York.

On October 6, 2016, the City issued \$68,439,000 in Revenue Anticipation Notes at 1.09% maturing on June 30, 2017 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the District. The request was approved by the City of Syracuse, New York Common Council in September 2016.

On October 6, 2016, the JSCB issued an additional \$2,000,000 Bond Anticipation Note with a stated interest rate of 2.0% that will become due on June 23, 2017.

On November 15, 2016, the City issued \$35,000,000 in Revenue Anticipation Notes, \$15,000,000 at 2.25% and \$20,000,000 at 2.0% maturing on June 30, 2017 to cover an expected shortfall due to timing of cash receipts from all sources related to the City. The request was approved by the City of Syracuse Common Council in September 2016.

On July 11, 2016, the City of Syracuse, New York Common Council approved a settlement between the Syracuse Police Benevolent Association, Inc. (PBA) and the City relating to overtime work of PBA members at the Syracuse Hancock International Airport. The settlement amount of \$2,350,975 was paid by the City in November 2016. The Syracuse Regional Airport Authority, a component unit of the City, agreed to reimburse the City. The reimbursement was received by the City in January, 2017.

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>			Variance
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:				
General property taxes and tax items	\$ 37,974,999	\$ 39,220,599	\$ 38,407,435	\$ (813,164)
Sales tax and use taxes	85,168,800	85,168,800	81,329,539	(3,839,261)
Other local taxes	3,512,000	3,512,000	3,064,354	(447,646)
Departmental revenues	11,143,900	11,261,900	11,311,711	49,811
Intergovernmental charges	352,704	352,704	157,188	(195,516)
Licenses and permits	2,682,040	3,182,040	3,422,069	240,029
Fines and forfeitures	2,768,000	2,768,000	3,144,100	376,100
Sale of property and compensation for loss	316,500	537,600	556,150	18,550
Use of money and property	173,000	173,000	133,771	(39,229)
Federal and state aid and other grants	78,497,636	78,497,636	80,708,113	2,210,477
Other revenues	<u>5,764,400</u>	<u>5,995,400</u>	<u>7,324,343</u>	<u>1,328,943</u>
Total revenues	<u>228,353,979</u>	<u>230,669,679</u>	<u>229,558,773</u>	<u>(1,110,906)</u>
EXPENDITURES:				
Current:				
General government support	27,708,563	29,053,637	27,212,363	1,841,274
Public safety	146,535,827	148,056,427	142,444,766	5,611,661
Transportation	21,885,085	21,161,136	23,700,978	(2,539,842)
Home and community services	13,324,202	13,404,947	13,864,638	(459,691)
Culture and recreation	11,202,250	11,295,480	10,787,928	507,552
Interest on debt	<u>200,000</u>	<u>200,000</u>	<u>199,325</u>	<u>675</u>
Total expenditures	<u>220,855,927</u>	<u>223,171,627</u>	<u>218,209,998</u>	<u>4,961,629</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,498,052</u>	<u>7,498,052</u>	<u>11,348,775</u>	<u>3,850,723</u>
OTHER FINANCING SOURCES (USES):				
Bond premium	-	-	106,150	106,150
Operating transfers in	2,225,000	2,225,000	2,225,000	-
Operating transfers out	<u>(18,923,052)</u>	<u>(18,923,052)</u>	<u>(18,422,879)</u>	<u>500,173</u>
Total other financing uses - net	<u>(16,698,052)</u>	<u>(16,698,052)</u>	<u>(16,091,729)</u>	<u>606,323</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (9,200,000)</u>	<u>\$ (9,200,000)</u>	<u>(4,742,954)</u>	<u>\$ 4,457,046</u>
EFFECT OF ENCUMBRANCES			<u>1,262,780</u>	
CHANGE IN FUND BALANCE			<u>\$ (3,480,174)</u>	

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue Fund - City School District		Actual	Less: Actual	Actual	Variance
	Original	Final	Total	CSD Special	CSD -	Favorable
	Budget	Budget	CSD	Aid Fund	General Fund	(Unfavorable)
REVENUES:						
General property taxes and tax items	\$ 57,861,178	\$ 57,861,178	\$ 57,308,195	\$ -	\$ 57,308,195	\$ (552,983)
Sales tax and use taxes	920,000	920,000	944,956	-	944,956	24,956
Sale of property and compensation for loss	27,100	27,100	212,172	-	212,172	185,072
Use of money and property	481,000	481,000	158,632	-	158,632	(322,368)
Federal and state aid and other grants	304,721,546	304,721,546	377,680,210	71,738,556	305,941,654	1,220,108
Other revenues	<u>1,173,000</u>	<u>1,173,000</u>	<u>445,498</u>	<u>-</u>	<u>445,498</u>	<u>(727,502)</u>
Total revenues	<u>365,183,824</u>	<u>365,183,824</u>	<u>436,749,663</u>	<u>71,738,556</u>	<u>365,011,107</u>	<u>(172,717)</u>
EXPENDITURES:						
Current:						
General government support	59,257,798	59,257,798	56,034,339	-	56,034,339	3,223,459
Home and community services	-	-	1,060,885	1,060,885	-	-
Education	316,455,845	316,455,845	376,590,452	70,589,545	306,000,907	10,454,938
Pass-through New York State funding to JSCB	9,185,619	9,185,619	11,735,619	-	11,735,619	(2,550,000)
Principal on debt	-	-	95,000	-	95,000	(95,000)
Interest on debt	<u>415,000</u>	<u>415,000</u>	<u>257,785</u>	<u>-</u>	<u>257,785</u>	<u>157,215</u>
Total expenditures	<u>385,314,262</u>	<u>385,314,262</u>	<u>445,774,080</u>	<u>71,650,430</u>	<u>374,123,650</u>	<u>11,190,612</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(20,130,438)</u>	<u>(20,130,438)</u>	<u>(9,024,417)</u>	<u>88,126</u>	<u>(9,112,543)</u>	<u>11,017,895</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	2,500,000	2,500,000	6,036,979	2,170,199	3,866,780	1,366,780
Operating transfers out	<u>(10,875,191)</u>	<u>(10,875,191)</u>	<u>(9,852,216)</u>	<u>(2,017,539)</u>	<u>(7,834,677)</u>	<u>3,040,514</u>
Total other financing uses - net	<u>(8,375,191)</u>	<u>(8,375,191)</u>	<u>(3,815,237)</u>	<u>152,660</u>	<u>(3,967,897)</u>	<u>4,407,294</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (28,505,629)</u>	<u>\$ (28,505,629)</u>	<u>(12,839,654)</u>	<u>\$ 240,786</u>	<u>\$ (13,080,440)</u>	<u>\$ 15,425,189</u>
EFFECT OF ENCUMBRANCES			<u>4,297,073</u>			
CHANGE IN FUND BALANCE			<u>\$ (8,542,581)</u>			

City of Syracuse, New York

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED) SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016:

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

For the year ended June 30, 2015:

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

For the year ended June 30, 2014:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
City School District	07/01/13	\$ -	\$ 926,483,090	\$ 926,483,090	0.0%	\$ 201,000,000	461%
City	07/01/13	\$ -	\$ 566,916,111	\$ 566,916,111	0.0%	\$ 111,400,000	509%
		\$ -	\$ 1,493,399,201	\$ 1,493,399,201		\$ 312,400,000	

CITY OF SYRACUSE, NEW YORK

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016**

CITY SCHOOL DISTRICT:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the net pension liability (asset)	0.1323220%	0.1295850%								
Proportionate share of the net pension liability (asset)	\$ 21,238	\$ 4,378								
Covered-employee payroll	\$ 37,080	\$ 33,468								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	57.28%	13.08%								
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.68%	97.90%								

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

NEW YORK STATE TEACHER RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the net pension liability (asset)	1.051631%	1.072093%								
Proportionate share of the net pension liability (asset)	\$ (109,231)	\$ (119,425)								
Covered-employee payroll	\$ 157,918	\$ 158,365								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.17%	-75.41%								
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.46%	111.48%								

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

CITY:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the net pension liability (asset)	0.1546223%	0.1565137%								
Proportionate share of the net pension liability (asset)	\$ 24,817	\$ 5,287								
Covered-employee payroll	\$ 42,286	\$ 41,497								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	58.69%	12.74%								
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.68%	97.90%								

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

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the net pension liability (asset)	2.134004%	2.004215%								
Proportionate share of the net pension liability (asset)	\$ 63,183	\$ 5,517								
Covered-employee payroll	\$ 73,152	\$ 68,523								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	86.37%	8.05%								
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.24%	99.00%								

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

SURA:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Proportion of the net pension liability (asset)	0.012765%	0.015249%								
Proportionate share of the net pension liability (asset)	\$ 2,049	\$ 515								
Covered-employee payroll	\$ 2,958	\$ 3,298								
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.27%	15.62%								
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.68%	97.90%								

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

CITY OF SYRACUSE, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2016

CITY SCHOOL DISTRICT:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 5,656	\$ 5,817								
Contributions in relation to the contractually required contribution	5,656	5,817								
Contribution deficiency (excess)	\$ -	\$ -								
Covered-employee payroll	\$ 37,080	\$ 33,468								
Contributions as a percentage of covered-employee payroll	15.25%	17.38%								

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 27,692	\$ 25,734								
Contributions in relation to the contractually required contribution	27,692	25,734								
Contribution deficiency (excess)	\$ -	\$ -								
Covered-employee payroll	\$ 157,918	\$ 158,365								
Contributions as a percentage of covered-employee payroll	17.54%	16.25%								

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

CITY:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 6,600	\$ 7,523								
Contributions in relation to the contractually required contribution	6,600	7,523								
Contribution deficiency (excess)	\$ -	\$ -								
Covered-employee payroll	\$ 42,286	\$ 41,497								
Contributions as a percentage of covered-employee payroll	15.61%	18.13%								

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

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 17,767	\$ 17,777								
Contributions in relation to the contractually required contribution	17,767	17,777								
Contribution deficiency (excess)	\$ -	\$ -								
Covered-employee payroll	\$ 73,152	\$ 68,523								
Contributions as a percentage of covered-employee payroll	24.29%	25.94%								

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

SURA:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 427	\$ 427								
Contributions in relation to the contractually required contribution	427	427								
Contribution deficiency (excess)	\$ -	\$ -								
Covered-employee payroll	\$ 2,958	\$ 3,298								
Contributions as a percentage of covered-employee payroll	14.44%	12.95%								

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

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2016**

	City School District	City	Total
ASSETS:			
Pooled cash and cash equivalents	\$ -	\$ 10,910,151	\$ 10,910,151
Pooled restricted cash and cash equivalents	3,402	11,792,063	11,795,465
Accounts receivable	-	111,398	111,398
Due from other funds	1,806,733	-	1,806,733
Due from other governments	<u>-</u>	<u>8,872,091</u>	<u>8,872,091</u>
Total assets	<u>\$ 1,810,135</u>	<u>\$ 31,685,703</u>	<u>\$ 33,495,838</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ -	\$ 4,101,181	\$ 4,101,181
Due to component units	-	91,250	91,250
Other liabilities	<u>-</u>	<u>206,421</u>	<u>206,421</u>
Total liabilities	<u>-</u>	<u>4,398,852</u>	<u>4,398,852</u>
FUND BALANCES:			
Restricted	1,810,135	11,792,063	13,602,198
Committed	<u>-</u>	<u>15,494,788</u>	<u>15,494,788</u>
Total fund balance	<u>1,810,135</u>	<u>27,286,851</u>	<u>29,096,986</u>
Total liabilities and fund balance	<u>\$ 1,810,135</u>	<u>\$ 31,685,703</u>	<u>\$ 33,495,838</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, 2016**

	City School District	City	Total
REVENUES:			
Use of money and property	\$ -	\$ 2,489	\$ 2,489
Federal and state aid and other grants	226,476	11,110,789	11,337,265
Other revenues	<u>-</u>	<u>2,257,575</u>	<u>2,257,575</u>
Total revenues	<u>226,476</u>	<u>13,370,853</u>	<u>13,597,329</u>
EXPENDITURES:			
Capital outlays	<u>1,358,719</u>	<u>26,502,185</u>	<u>27,860,904</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,132,243)</u>	<u>(13,131,332)</u>	<u>(14,263,575)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	10,692,840	10,692,840
Operating transfers in	-	3,647,140	3,647,140
Operating transfers out	<u>-</u>	<u>(304,442)</u>	<u>(304,442)</u>
Total other financing sources - net	<u>-</u>	<u>14,035,538</u>	<u>14,035,538</u>
CHANGES IN FUND BALANCE	\$ (1,132,243)	\$ 904,206	\$ (228,037)
FUND BALANCES- beginning of year	<u>2,942,378</u>	<u>26,382,645</u>	<u>29,325,023</u>
FUND BALANCES - end of year	<u>\$ 1,810,135</u>	<u>\$ 27,286,851</u>	<u>\$ 29,096,986</u>

CITY OF SYRACUSE, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Debt Service (Combined)	Special Revenue							Permanent Funds (Combined)	Joint Schools Construction Board	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	School Food Service	Miscellaneous Trusts			
ASSETS											
Pooled cash and cash equivalents	\$ -	\$ -	\$ 445,517	\$ -	\$ 818,579	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,264,096
Pooled restricted cash and cash equivalents	2,624,963	874,921	-	-	1,000,000	-	-	1,179,926	10,000	-	5,689,810
Cash and cash equivalents	-	-	-	-	-	1,245,605	-	-	-	-	1,245,605
Restricted cash	-	-	-	-	-	461,423	-	-	16,983	14,569,267	15,047,673
Loans receivable	-	-	-	-	-	150,000	-	-	-	-	150,000
Accounts receivable	5,139,258	-	1,430	-	-	-	-	610	-	3,526	5,144,824
Taxes receivable (net allowance of \$232,550)	-	-	21,462	-	-	-	-	-	-	-	21,462
Due from other funds	165,225	-	-	-	-	207,792	7,884,192	-	-	-	8,257,209
Due from other governments	-	2,344,623	-	-	-	-	1,099,661	-	-	-	3,444,284
Due from component units (net of allowance of \$1,672,358)	-	-	-	-	-	34,642	-	-	-	-	34,642
Inventory	-	-	-	-	-	-	270,603	-	-	-	270,603
Prepays and other assets	-	-	-	-	-	14,798	44,320	-	-	-	59,118
Total assets	\$ 7,929,446	\$ 3,219,544	\$ 468,409	\$ -	\$ 1,818,579	\$ 2,114,260	\$ 9,298,776	\$ 1,180,536	\$ 26,983	\$ 14,572,793	\$ 40,629,326
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES											
Liabilities:											
Accounts payable and accrued expenses	\$ -	\$ 315,132	\$ 68,945	\$ -	\$ 660,287	\$ 32,119	\$ 770,102	\$ 26,545	\$ -	\$ 197,875	\$ 2,071,005
Due to other funds	-	2,039,454	-	-	-	792,371	-	-	-	816,970	3,648,795
Due to component units	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	2,911	-	-	-	2,911
Bond anticipation note	-	-	-	-	-	-	-	-	-	7,905,000	7,905,000
Unearned revenue	-	864,958	-	-	-	379,640	-	-	-	-	1,244,598
Loans payable	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	3,219,544	68,945	-	660,287	1,204,130	773,013	26,545	-	8,919,845	14,872,309
Deferred inflow of resources/Unavailable revenue	5,139,258	-	9,571	-	-	-	-	-	-	-	5,148,829
Fund Balances:											
Nonspendable	-	-	-	-	-	-	270,603	-	26,983	-	297,586
Restricted	2,790,188	-	-	-	1,000,000	-	8,255,160	1,153,991	-	5,652,948	18,852,287
Committed	-	-	389,893	-	-	15,560	-	-	-	-	405,453
Assigned	-	-	-	-	158,292	894,570	-	-	-	-	1,052,862
Total fund balances	2,790,188	-	389,893	-	1,158,292	910,130	8,525,763	1,153,991	26,983	5,652,948	20,608,188
Total liabilities, deferred inflow of resources and fund balance	\$ 7,929,446	\$ 3,219,544	\$ 468,409	\$ -	\$ 1,818,579	\$ 2,114,260	\$ 9,298,776	\$ 1,180,536	\$ 26,983	\$ 14,572,793	\$ 40,629,326

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Debt Service (Combined)	Special Revenue						Permanent Funds (Combined)	Joint School Construction Board	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	School Food Service			
REVENUES:										
General property taxes and tax items	\$ -	\$ -	\$ 913,326	\$ -	\$ 1,885,713	\$ -	\$ -	\$ -	\$ -	\$ 2,799,039
Other local taxes	1,002,883	-	-	-	-	-	-	-	-	1,002,883
Use of money and property	344,701	-	-	-	-	16	280	11	-	345,008
Federal and state aid and other grants	-	1,949,249	-	-	89,641	13,620,321	-	-	738,642	16,397,853
Pass-through New York State funding from District	-	-	-	-	-	-	-	-	11,735,619	11,735,619
Surplus food	-	-	-	-	-	837,759	-	-	-	837,759
Sales-School Food Service Program	-	-	-	-	-	319,235	-	-	-	319,235
Other revenues	-	-	-	-	351,057	-	135,951	-	-	487,008
Total revenues	1,347,584	1,949,249	913,326	-	1,885,713	440,698	14,777,331	136,231	11	33,924,404
EXPENDITURES:										
Current:										
General government support	-	20,616	963,237	-	-	-	7,166,956	1,240	-	8,152,049
Public safety	-	1,275,255	-	-	-	-	-	52,406	-	1,327,661
Transportation	-	398,590	-	-	1,591,148	-	-	-	-	1,989,738
Economic opportunity and development	-	-	-	-	-	405,870	-	-	-	405,870
Home and community services	-	3,083	-	-	-	-	-	-	-	3,083
Culture and recreation	-	251,705	-	-	-	-	-	21,649	-	273,354
Principal debt payments	19,776,532	-	-	-	-	-	-	-	6,565,000	26,341,532
Interest on debt	5,364,244	-	-	-	-	-	-	-	5,170,617	10,534,861
Capital outlays	-	-	-	-	-	-	-	-	1,688,788	1,688,788
Cost of sales - Food Service Program	-	-	-	-	-	5,914,751	-	-	-	5,914,751
Total expenditures	25,140,776	1,949,249	963,237	-	1,591,148	405,870	13,081,707	75,295	-	56,631,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(23,793,192)	-	(49,911)	-	294,565	34,828	1,695,624	60,936	11	(22,707,283)
OTHER FINANCING SOURCES (USES):										
IBond proceeds	-	-	-	-	1,000,000	-	-	-	-	95,000
IPremium on bonds	5,921	-	-	-	9,893	-	-	-	-	89,881
Operating transfers in	20,684,341	-	-	-	-	-	-	-	-	20,684,341
Operating transfers out	-	-	-	-	(168,616)	-	(1,530,426)	-	-	(89,881)
Total other financing sources (uses)	20,690,262	-	-	-	841,277	-	(1,530,426)	-	-	20,096,113
CHANGES IN FUND BALANCES	(3,102,930)	-	(49,911)	-	1,135,842	34,828	165,198	60,936	11	(2,611,170)
FUND BALANCES - beginning of year	5,893,118	-	439,804	-	22,450	875,302	8,360,565	1,093,055	26,972	23,219,358
FUND BALANCES - end of year	\$ 2,790,188	\$ -	\$ 389,893	\$ -	\$ 1,158,292	\$ 910,130	\$ 8,525,763	\$ 1,153,991	\$ 26,983	\$ 20,608,188

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - DEBT SERVICE FUND
JUNE 30, 2016**

	City School District	City	Total
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 2,624,963	\$ 2,624,963
Due from other funds	165,225	-	165,225
Accounts receivable	<u>-</u>	<u>5,139,258</u>	<u>5,139,258</u>
Total assets	<u>\$ 165,225</u>	<u>\$ 7,764,221</u>	<u>\$ 7,929,446</u>
DEFERRED INFLOW OF RESOURCES/ UNAVAILABLE REVENUE	\$ -	\$ 5,139,258	\$ 5,139,258
RESTRICTED FUND BALANCE	<u>165,225</u>	<u>2,624,963</u>	<u>2,790,188</u>
Total deferred inflow of resources and fund balance	<u>\$ 165,225</u>	<u>\$ 7,764,221</u>	<u>\$ 7,929,446</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, 2016

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Other local taxes	\$ -	\$ 1,002,883	\$ 1,002,883
Use of money and property	<u>11</u>	<u>344,690</u>	<u>344,701</u>
Total revenues	<u>11</u>	<u>1,347,573</u>	<u>1,347,584</u>
EXPENDITURES:			
Principal debt payments	6,130,251	13,646,281	19,776,532
Interest on debt	<u>2,019,700</u>	<u>3,344,544</u>	<u>5,364,244</u>
Total expenditures	<u>8,149,951</u>	<u>16,990,825</u>	<u>25,140,776</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(8,149,940)	(15,643,252)	(23,793,192)
OTHER FINANCING SOURCES:			
Operating transfers in	5,664,479	15,019,862	20,684,341
Premium on bonds	<u>-</u>	<u>5,921</u>	<u>5,921</u>
Total other financing sources	<u>5,664,479</u>	<u>15,025,783</u>	<u>20,690,262</u>
CHANGES IN FUND BALANCE	(2,485,461)	(617,469)	(3,102,930)
FUND BALANCES - beginning of year	<u>2,650,686</u>	<u>3,242,432</u>	<u>5,893,118</u>
FUND BALANCES - end of year	<u>\$ 165,225</u>	<u>\$ 2,624,963</u>	<u>\$ 2,790,188</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - MISCELLANEOUS TRUST FUNDS
JUNE 30, 2016**

	<u>Police Trust</u>	<u>Parks Trusts</u>	<u>Fire Trust</u>	<u>General Government Trusts</u>	<u>Francis Hendricks</u>	<u>Police State Seizures</u>	<u>Police Federal Seizures</u>	<u>Total City Miscellaneous Trust Funds</u>
ASSETS:								
Pooled restricted cash	\$ 271,755	\$ 107,469	\$ 136,718	\$ 77,475	\$ 410	\$ 143,946	\$ 442,153	\$ 1,179,926
Accounts receivable	-	610	-	-	-	-	-	610
Total assets	<u>\$ 271,755</u>	<u>\$ 108,079</u>	<u>\$ 136,718</u>	<u>\$ 77,475</u>	<u>\$ 410</u>	<u>\$ 143,946</u>	<u>\$ 442,153</u>	<u>\$ 1,180,536</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable and accrued expenses	\$ 11,058	\$ 3,474	\$ -	\$ -	\$ -	\$ 250	\$ 11,763	\$ 26,545
Total Liabilities	<u>11,058</u>	<u>3,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>11,763</u>	<u>26,545</u>
FUND BALANCES/RESTRICTED	<u>260,697</u>	<u>104,605</u>	<u>136,718</u>	<u>77,475</u>	<u>410</u>	<u>143,696</u>	<u>430,390</u>	<u>1,153,991</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 271,755</u>	<u>\$ 108,079</u>	<u>\$ 136,718</u>	<u>\$ 77,475</u>	<u>\$ 410</u>	<u>\$ 143,946</u>	<u>\$ 442,153</u>	<u>\$ 1,180,536</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
MISCELLANEOUS TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Police Trust</u>	<u>Parks Trusts</u>	<u>Fire Trust</u>	<u>General Government Trusts</u>	<u>Francis Hendricks</u>	<u>Police State Seizures</u>	<u>Police Federal Seizures</u>	<u>Total City Miscellaneous Trust Funds</u>
REVENUES:								
Use of money and property	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ 33	\$ 245	\$ 280
Other revenues	<u>36,135</u>	<u>30,841</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>67,975</u>	<u>135,951</u>
Total revenues	<u>36,135</u>	<u>30,841</u>	<u>-</u>	<u>1,000</u>	<u>2</u>	<u>33</u>	<u>68,220</u>	<u>136,231</u>
EXPENDITURES:								
Current:								
General government support	-	-	-	1,240	-	-	-	1,240
Public safety	40,430	-	-	-	-	7,401	4,575	52,406
Culture and recreation	<u>-</u>	<u>21,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,649</u>
Total expenditures	<u>40,430</u>	<u>21,649</u>	<u>-</u>	<u>1,240</u>	<u>-</u>	<u>7,401</u>	<u>4,575</u>	<u>75,295</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,295)	9,192	-	(240)	2	(7,368)	63,645	60,936
OTHER FINANCING USES/OPERATING TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	(4,295)	9,192	-	(240)	2	(7,368)	63,645	60,936
FUND BALANCES - beginning of year	<u>264,992</u>	<u>95,413</u>	<u>136,718</u>	<u>77,715</u>	<u>408</u>	<u>151,064</u>	<u>366,745</u>	<u>1,093,055</u>
FUND BALANCES - end of year	<u>\$ 260,697</u>	<u>\$ 104,605</u>	<u>\$ 136,718</u>	<u>\$ 77,475</u>	<u>\$ 410</u>	<u>\$ 143,696</u>	<u>\$ 430,390</u>	<u>\$ 1,153,991</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - PERMANENT FUNDS
JUNE 30, 2016**

	<u>City School District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	<u>16,983</u>	<u>-</u>	<u>16,983</u>
Total assets	<u>\$ 16,983</u>	<u>\$ 10,000</u>	<u>\$ 26,983</u>
FUND BALANCES:			
Nonspendable	<u>\$ 16,983</u>	<u>\$ 10,000</u>	<u>\$ 26,983</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES/Use of money and property	\$ 11	\$ -	\$ 11
EXPENDITURES/General government support	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	11	-	11
FUND BALANCES - beginning of year	<u>16,972</u>	<u>10,000</u>	<u>26,972</u>
FUND BALANCES - end of year	<u>\$ 16,983</u>	<u>\$ 10,000</u>	<u>\$ 26,983</u>