

CITY OF SYRACUSE, NEW YORK

**Financial Statements as of
June 30, 2015
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 25, 2016

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, 2015, 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 95% of the assets, 95% of the net position and 93% 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.

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 14 to the financial statements, the Syracuse City School District, a blended component unit of the City of Syracuse, New York, corrected its reporting for pollution remediation under Government Accounting Standards Board Statement No. 49, *Accounting and Reporting for Pollution Remediation Obligations*. Our opinions are not modified with respect to this matter.

Also, as described in Note 14 to the financial statements, there were restatements to increase the fund balance of the Joint Schools Construction Board, a blended component unit of the Syracuse City School District and the capital projects fund, both of which are governmental funds, as of July 1, 2014. In addition, there was a restatement to decrease capital assets and accrued liabilities in the governmental activities as of July 1, 2014. The restatements were the result of overstatements of accrued liabilities relating to retainage payable. Our opinions are not modified with respect to this matter.

Also, as described in Note 3 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date* – an amendment of GASB Statement No. 68. Our opinions are not modified with respect to this matter.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Concluded)

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 information, 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.

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 25, 2016, 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, 2015

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, 2015.

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 \$11.7 as a result of this year's operations. Net assets of our governmental activities decreased by \$13.9, while business-type activities increased by approximately \$2.2. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$11.7 less than the \$770.6 in total program expenses. Last year expenses exceeded revenues by \$69.4.

In the City's business-type activities, revenues decreased to \$49.1, a 17.8% decrease from last year's revenues of \$59.7. Expenses for this year (before transfers) decreased to \$44.1, a 21.0% decrease from last year's \$55.8. This reflects less activity in the Aviation Fund as more operations migrate to the Syracuse Regional Airport Authority.

In the City's governmental activities, revenues before transfers decreased to \$710.1 versus last year's revenues of \$711.7, a 0.2% decline. Expenses decreased this year to \$726.5 versus last year at \$745.5, a 2.6% decrease.

Of the City's total net assets reported at June 30, 2015, \$374.1 was net investment in capital assets versus \$333.2 the previous year. Unrestricted net position this year was a deficit balance of \$690.4 versus last year's deficit of \$674.2.

The City's General Fund reported a deficit for this year of \$10.6, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$2.8 more than the revised budget. Expenditures, including transfers out, were approximately \$6.7 under the revised budget. The revised budget had assumed an overall deficit of \$21.4. At the end of the current fiscal year, unassigned fund balance of the City's General Fund was \$47.5 and 19.8% 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 increased from \$(303.5) at June 30, 2014 to \$(281.8) at June 30, 2015. 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 397.0	\$ 294.0	\$ 24.3	\$ 29.5	\$ 421.3	\$ 323.5
Capital assets	465.1	446.6	262.4	263.1	727.5	709.7
Total assets	<u>862.1</u>	<u>740.6</u>	<u>286.7</u>	<u>292.6</u>	<u>1,148.8</u>	<u>1,033.2</u>
Deferred Outflows of Resources	<u>41.3</u>	<u>1.6</u>	<u>1.4</u>	<u>-</u>	<u>42.7</u>	<u>1.6</u>
General obligation & School Facility bonds	268.1	289.4	121.4	128.3	389.5	417.7
Other long-term liabilities	896.4	818.8	34.8	31.3	931.2	850.1
Other liabilities	62.5	62.1	2.1	4.0	64.6	66.1
Total liabilities	<u>1,227.0</u>	<u>1,170.3</u>	<u>158.3</u>	<u>163.6</u>	<u>1,385.3</u>	<u>1,333.9</u>
Deferred Inflows of Resources	<u>88.0</u>	<u>4.4</u>	<u>0.04</u>	<u>-</u>	<u>88.0</u>	<u>4.4</u>
Net Position:						
Net invested in capital assets	232.7	197.2	141.4	136.0	374.1	333.2
Restricted	32.7	32.3	1.8	5.2	34.5	37.5
Unrestricted (deficit)	<u>(677.0)</u>	<u>(662.0)</u>	<u>(13.4)</u>	<u>(12.2)</u>	<u>(690.4)</u>	<u>(674.2)</u>
Total net position	<u>\$ (411.6)</u>	<u>\$ (432.5)</u>	<u>\$ 129.8</u>	<u>\$ 129.0</u>	<u>\$ (281.8)</u>	<u>\$ (303.5)</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, 2015, this balance was \$374.1 versus \$333.2 at June 30, 2014. 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, \$34.5 at June 30, 2015, 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, 2015 was a *deficit* of \$690.4, versus a *deficit* at June 30, 2014 of \$674.2.

Governmental Activities

Total net position of the City's governmental activities increased from a *deficit* balance of \$432.5 at June 30, 2014 to a *deficit* balance of \$411.6 as of June 30, 2015, an increase of \$20.9. The primary causes of this increase were a School District prior period adjustment to reflect the removal of a long-term liability for environmental remediation (\$14.5) and an adjustment to reflect the adoption of GASB Statements 68 and 71 concerning changes for reporting pension's liabilities and assets. As a result, the City overall reported a cumulative position increase of \$20.9. These adjustments resulted in an increase of position over the 2014 year.

The *deficit* in *unrestricted* net position also increased, increasing to a *deficit* of \$677.0 at June 30, 2015 compared to the previous year *deficit* of \$662.0. This was a negative change of \$15.0 in the unrestricted net position of the City's governmental activities. This increase primarily reflects the change in the liability for post-employment benefits which overwhelmed any positive gains due to accounting changes or the reduction of bond liability.

Business-Type Activities

The total net position of the City's business-type activities increased slightly for the fiscal year ended June 30, 2015 (\$129.8 compared to a previous fiscal year balance of \$129.0). Moderate surpluses were reported in each of the Enterprise Funds. These increases were offset by the accounting changes, but each fund still posted nominal increases.

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	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 20.9	\$ 20.8	\$ 36.4	\$ 50.1	\$ 57.3	\$ 70.9
Grants and contributions	118.4	115.2	6.2	7.5	124.6	122.7
General revenues:						
Property taxes and tax items	93.5	89.5	-	-	93.5	89.5
Other taxes	3.3	4.8	-	-	3.3	4.8
Sales and use taxes	82.2	79.0	-	-	82.2	79.0
Unallocated State Aid	372.1	391.0	-	-	372.1	391.0
Unallocated Federal Aid	11.8	4.8	-	-	11.8	4.8
Investment earnings	0.7	0.7	-	0.1	0.7	0.8
Other general revenues	7.2	5.9	6.5	2.0	13.7	7.9
Total revenues	<u>710.1</u>	<u>711.7</u>	<u>49.1</u>	<u>59.7</u>	<u>759.2</u>	<u>771.4</u>
Program expenses						
Total governmental	726.5	745.5	-	-	726.5	745.5
Aviation	-	-	21.7	32.8	21.7	32.8
Water	-	-	17.5	17.4	17.5	17.4
Sewer	-	-	4.9	5.6	4.9	5.6
Total expenses	<u>726.5</u>	<u>745.5</u>	<u>44.1</u>	<u>55.8</u>	<u>770.6</u>	<u>801.3</u>
Excess (deficiency) before transfers	(16.4)	(33.8)	5.0	3.9	(11.4)	(29.9)
Transfers	2.5	2.8	(2.8)	(2.8)	(0.3)	-
Airport Assets/Liabilities to Authority	-	-	-	(39.5)	-	(39.5)
Increase (decrease) in net position	<u>\$ (13.9)</u>	<u>\$ (31.0)</u>	<u>\$ 2.2</u>	<u>\$ (38.4)</u>	<u>\$ (11.7)</u>	<u>\$ (69.4)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City's total revenues for the fiscal year ended June 30, 2015 decreased by 1.6% (\$759.2 compared to the previous year of \$771.4), a \$12.2 decrease. Most notably, unallocated state aid to the City governmental funds decreased by \$18.9 and business-type charges for services decreased by \$13.7 as operations were transferred from the Aviation Proprietary Fund to the Syracuse Regional Airport Authority. These decreases were offset by an increase in property tax collections of \$4.0, an increase of \$7.0 in Federal Aid and an increase of \$3.2 in sales tax revenue. Minor increases and decreases in other areas comprised the balance of the change.

The total cost of all programs and services decreased by approximately 3.8% (\$770.6 compared to \$801.3 in the prior year). This decrease (\$30.7) is primarily due to an \$11.1 decrease in Aviation costs due to the transfer of operations to the Airport Authority, an \$8.5 drop in expenditure in the Joint School Construction Board Expenditures due to less construction work and a \$1.2 drop in Syracuse Urban Renewal expenditures.

Total revenues were not sufficient to cover this year's total costs. This deficit decreased the net position of the City by \$11.7 for fiscal year ended June 30, 2015 versus a decrease of \$69.4 for fiscal year ended June 30, 2014. 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 \$711.7 during the fiscal year ended June 30, 2014 to \$710.1 for the year ended June 30, 2015, an decrease of \$1.6. In summary, the City realized a decrease of \$18.9 in unallocated state aid. However the effect of this drop was mitigated by increases in property tax revenue (\$4.0), sales tax revenue (\$3.2), federal aid (\$7.0) and capital grants (\$6.7) with small variances throughout the rest of the revenue categories.

Program expenses decreased for the year ended June 30, 2015, falling from \$745.5 in in the fiscal year ended June 30, 2014 to \$726.5 for the year ended June 30, 2015, a 2.5% or \$19.0 decrease. Decreases in educational costs (\$12.4) and transportation costs (\$8.9) combined with other minor variances produced the difference.

The decrease in program expenses together with the slight decrease in governmental revenues, as discussed above, resulted in a reduced decrease in governmental net position for the year ended June 30, 2015 of \$13.9 after transfers, versus a decrease in net position for the year ended June 30, 2014 of \$31.0.

Business-Type Activities

Total revenues in the City's business-type activities (See Table 2) decreased by \$10.6 or 17.8% for the year ended June 30, 2015 (\$49.1 in the current year as compared to \$59.7 in the prior year).

Expenses of the City's business-type activities before transfers decreased by 21.0%, or \$11.7 (\$44.1 versus \$55.8 last year). This resulted from a decrease of \$11.1 in the Aviation Fund and a \$0.1 increase in the Water Fund.

Both of these drops are primarily attributable to the transfer of operations at the airport from the Aviation business-type activity to the Syracuse Regional Airport Authority, a component unit.

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 \$155.0, which is a 9.7% decrease from last year's total of \$171.6 (prior to the restatement). This decrease (\$16.6) is primarily due to an operational deficit in the City General Fund of \$10.6 and a deficit in the School District Special Revenue Fund of \$7.6.

Approximately \$47.5 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$32.6 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$72.5 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$2.4) 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 \$47.5, while total fund balance was \$58.7. 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, 2015, unassigned fund balance represents 19.8% of total fund expenditures (including transfers out) totaling \$240.3, while total fund balance represents 24.4% of that same amount. The fund balance of the City's General Fund decreased by \$10.6 during the current fiscal year. The adopted budget for the year ended June 30, 2015, included the use of fund balance (\$20.2) 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 \$29.3. 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 \$6.5. 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 \$43.8, last year it was \$51.4. The decrease of \$7.6 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 \$436.6 and expenditures (including transfers out) were \$444.2.
- *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 \$8.4 in both revenues and expenditures. For the prior fiscal year the fund recorded revenues and expenditures of \$8.6. At June 30, 2015, total assets of the fund were \$13.7 and total liabilities were \$13.7. At the end of the previous fiscal year, total assets and total liabilities were \$12.5.

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 \$129.8. The increase of \$0.8 in total net position of the proprietary funds from \$129.0 resulted from the following activity: Beginning balances for all 3 funds were restated at a lower balance due to new guidance from the Governmental Accounting Standards Board. The cumulative adjustment was (\$1.4). Additionally, each fund had a small surplus. The cumulative total of those surpluses was \$2.2.

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, 2015, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$246.9.

During the course of the year, the City's General Fund budget was amended to reflect additional revenues and additional appropriations for various small items, resulting in a final, revised budget of \$248.2, utilizing \$21.4 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 \$10.6, as compared to a final adopted budget with a projected *deficit* of \$21.4. 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, the City experienced no major variances between actual revenues and the final budget.

Expenditures varied positively from budgeted amounts in every departmental category excepting Public Safety. Public Safety had a \$0.5 negative variance. Unspent funds were reported in general government support (\$2.8), transportation (\$1.9), home and community services (\$1.0) and culture and recreation (\$0.9). These variances combined to produce a \$6.2 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, 2015, amounted to \$727.5 (net of accumulated depreciation). The previous year's amount was \$709.7. 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 \$465.1 (net of accumulated depreciation) this year as compared to a \$446.6 balance last year. For the City's business-type activities, the balance at the end of this year was \$262.4 (net of accumulated depreciation) as compared to a balance of \$263.1 last year.

Please refer to Note 5 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 -- \$1.1
- School District Machinery and Equipment -- \$2.6
- School District Software -- \$ 0.1
- DPW Equipment -- \$0.6
- City Infrastructure (Bridge Repairs, Traffic Signals, Sidewalks and Road Resurfacing) -- \$21.8
- Police Department Equipment -- \$1.5
- Police Department Improvements -- \$1.1
- Parks Improvements -- \$0.6
- Parks Equipment -- \$0.3
- Fire Department Equipment -- \$1.4
- Oiling and Flushing Equipment -- \$0.2
- Water Department Equipment -- \$0.5
- Water Infrastructure -- \$24.4
- Sewer Equipment -- \$0.1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

- Airport Buildings -- \$ 1.9
- Airport Improvements/Infrastructure -- \$4.7

Depreciation expense for the current fiscal year was \$19.8 for governmental activities and \$12.7 for business-type activities.

Long-Term Debt

At year end, the City had \$391.5 outstanding in bonds and notes versus \$419.7 last year, a decrease of 6.7%. 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>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds and school facility revenue bonds	\$ 268.1	\$ 289.4	\$ 88.6	\$ 94.2	\$ 356.7	\$ 383.6
Construction bonds payable	-	-	32.8	34.1	32.8	34.1
Bond anticipation notes	<u>2.0</u>	<u>2.0</u>	<u>-</u>	<u>-</u>	<u>2.0</u>	<u>2.0</u>
Total	<u>\$ 270.1</u>	<u>\$ 291.4</u>	<u>\$ 121.4</u>	<u>\$ 128.3</u>	<u>\$ 391.5</u>	<u>\$ 419.7</u>

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$10.1. Proceeds were used to finance capital expenditures, satisfy litigation settlements and to fund Water Fund projects. Major projects and satisfactions funded with these proceeds are as follows:

- Road Reconstruction -- \$3.0
- Sidewalk Improvements -- \$1.5
- Parking Garage Revenue Control -- \$0.5
- Parks Equipment and Improvements -- \$0.4
- James Street Improvements -- \$0.4
- DPW Equipment -- \$0.5
- DPW Facility Improvements -- \$0.3
- Fire Department Vehicles and Apparatus -- \$0.3
- Meacham Rink Improvements -- \$0.7
- Litigation Settlements -- \$1.5
- Stewart Standpipe Renovation -- \$1.0

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City also issued \$33.8 in General obligation bonds to advance refund \$36.5 of outstanding bonds. This refunding was intended to produce an economic gain and resulted in the reduction of total debt service payments for the next 12 years by approximately \$3.2.

These issues are discussed further in Note 6 of the notes to the financial statements.

The City issued \$2.0 of bond anticipation notes for the Joint Schools Construction Board which were outstanding at June 30, 2015.

The City issued \$60.1 in revenue anticipation notes (RANs) during the fiscal year; \$35.1 on behalf of the School District and \$25.0 for the City for cash flow purposes. A large portion of both the City and School District's state aid is not received until the last quarter of the fiscal year; and therefore, the City needs cash flow borrowing to fund day-to-day operations. Both of these issues were paid off during the fiscal year leaving no revenue anticipation notes outstanding at June 30, 2015.

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, 2015.

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 \$413.9, 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, 2016 fiscal year budget, the City portion of the property tax levy increased negligibly from the prior fiscal year, rising \$0.05. The School District portion of the levy increased by \$0.06. The actual combined property tax levy of the City and School District for fiscal year 15/16 is \$88.4 (\$30.5 for the City and \$57.9 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 15/16 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, 2016 budget includes a provision for use of fund balance for the City General Fund in the amount of \$9.2. Revenues for the 15/16 fiscal year are predicted to be approximately \$7.4 less than the previous year's budget and expenditures are projected to be \$5.1 less than the previous year. The School District budget includes a provision to use \$25,000,000 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 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 333 Washington Street, Suite 130, Syracuse, New York 13202.

CITY OF SYRACUSE, NEW YORK

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 94,967,880	\$ 18,975,145	\$ 113,943,025	\$ -
Cash and cash equivalents	1,566,514	-	1,566,514	30,093,647
Receivables:				
Accounts	7,556,850	3,009,018	10,565,868	5,614,321
Taxes (net of allowance of \$27,856,103)	14,773,069	-	14,773,069	-
Other	2,667,605	-	2,667,605	109,000
Notes and loans receivable - due within one year	10,168,941	-	10,168,941	384,068
Due from primary government	-	-	-	818,417
Due from other governments	115,683,383	479,033	116,162,416	-
Due from component units - current portion (net of allowance of \$5,502,128)	387,610	750,664	1,138,274	125,316
Internal balances	768,507	(768,507)	-	-
Inventories	1,447,007	-	1,447,007	534,328
Prepaid expenses and other assets	943,644	-	943,644	1,192,253
Net pension asset	119,424,530	-	119,424,530	-
Restricted assets:				
Pooled cash and cash equivalents	14,300,819	869,892	15,170,711	-
Cash and cash equivalents	12,408,084	962,846	13,370,930	21,509,355
Notes and loans receivable - due in more than one year	-	-	-	8,989,823
Due from component units - long-term portion	-	-	-	5,029,914
Capital assets:				
Nondepreciable	185,958,083	13,791,336	199,749,419	50,000
Depreciable, net	<u>279,139,479</u>	<u>248,615,496</u>	<u>527,754,975</u>	<u>4,950,583</u>
Total assets	<u>862,162,005</u>	<u>286,684,923</u>	<u>1,148,846,928</u>	<u>79,401,025</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - relating to debt refunding	2,345,067	479,762	2,824,829	-
Deferred outflows - relating to pensions	<u>38,919,548</u>	<u>880,811</u>	<u>39,800,359</u>	<u>51,535</u>
Total deferred outflows of resources	<u>41,264,615</u>	<u>1,360,573</u>	<u>42,625,188</u>	<u>51,535</u>
LIABILITIES				
Accounts payable and accrued expenses	46,328,403	2,126,797	48,455,200	2,933,726
Due to other governments	883,333	-	883,333	-
Unearned revenue	1,062,420	-	1,062,420	422,725
Loans payable	10,460,111	-	10,460,111	-
Other current liabilities	1,311,642	-	1,311,642	735,368
Due to fiduciary funds	75,497	-	75,497	-
Bond anticipation notes payable	2,000,000	-	2,000,000	-
Long-term liabilities - due within one year	84,842,285	10,197,915	95,040,200	488,064
Due to primary government - due within one year	-	-	-	790,079
Due to component units - due within one year	372,018	-	372,018	135,929
Long-term liabilities - due in more than one year	1,079,623,489	145,934,927	1,225,558,416	1,282,633
Due to primary government - due in more than one year	-	-	-	5,850,075
Due to component units - due in more than one year	-	-	-	5,019,300
Total liabilities	<u>1,226,959,198</u>	<u>158,259,639</u>	<u>1,385,218,837</u>	<u>17,657,899</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,007,670	-	5,007,670	151,750
Deferred inflows - relating to pensions	<u>83,025,258</u>	<u>35,440</u>	<u>83,060,698</u>	<u>16,590</u>
Total deferred outflows of resources	<u>88,032,928</u>	<u>35,440</u>	<u>88,068,368</u>	<u>168,340</u>
NET POSITION				
Net investment in capital assets	232,667,031	141,386,577	374,053,608	4,375,583
Restricted	32,676,427	1,832,738	34,509,165	22,165,289
Unrestricted (deficit)	<u>(676,908,964)</u>	<u>(13,468,898)</u>	<u>(690,377,862)</u>	<u>35,085,449</u>
Total net position	<u>\$ (411,565,506)</u>	<u>\$ 129,750,417</u>	<u>\$ (281,815,089)</u>	<u>\$ 61,626,321</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, 2015

	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	\$ 91,010,834	\$ 3,469,379	\$ 3,036,677	\$ 961,688	\$ (83,543,090)	\$ -	\$ (83,543,090)	\$ -
Police department	90,269,827	4,626,896	2,060,643	199,864	(83,382,424)	-	(83,382,424)	-
Fire department	59,829,252	73,006	196,466	-	(59,559,780)	-	(59,559,780)	-
Other public safety	6,651,003	3,275,035	-	-	(3,375,968)	-	(3,375,968)	-
Transportation	36,395,647	6,416,593	891,929	17,226,726	(11,860,399)	-	(11,860,399)	-
Economic opportunity and development	250,227	-	33,650	-	(216,577)	-	(216,577)	-
Home and community services	23,572,613	2,010,874	8,363,831	667,102	(12,530,806)	-	(12,530,806)	-
Culture and recreation	12,997,775	586,630	306,346	-	(12,104,799)	-	(12,104,799)	-
Food service	13,732,576	253,123	13,942,236	-	462,783	-	462,783	-
Education	355,978,512	175,459	70,130,523	-	(285,672,530)	-	(285,672,530)	-
Pupil transportation	24,277,978	-	402,121	-	(23,875,857)	-	(23,875,857)	-
Interest on long-term debt	11,552,622	-	-	-	(11,552,622)	-	(11,552,622)	-
Total governmental activities	<u>726,518,866</u>	<u>20,886,995</u>	<u>99,364,422</u>	<u>19,055,380</u>	<u>(587,212,069)</u>	<u>-</u>	<u>(587,212,069)</u>	<u>-</u>
Business-Type Activities:								
Aviation	21,703,757	9,852,363	-	6,158,951	-	(5,692,443)	(5,692,443)	-
Water	17,548,339	20,969,465	-	-	-	3,421,126	3,421,126	-
Sewer	<u>4,847,918</u>	<u>5,623,373</u>	<u>-</u>	<u>804</u>	<u>-</u>	<u>776,259</u>	<u>776,259</u>	<u>-</u>
Total business-type activities	<u>44,100,014</u>	<u>36,445,201</u>	<u>-</u>	<u>6,159,755</u>	<u>-</u>	<u>(1,495,058)</u>	<u>(1,495,058)</u>	<u>-</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 770,618,880</u>	<u>\$ 57,332,196</u>	<u>\$ 99,364,422</u>	<u>\$ 25,215,135</u>	<u>(587,212,069)</u>	<u>(1,495,058)</u>	<u>(588,707,127)</u>	<u>-</u>
COMPONENT UNITS:								
Syracuse Industrial Development Agency	5,183,091	4,917,125	18,424	-	-	-	-	(247,542)
Syracuse Economic Development Corporation	400,637	216,566	160,276	-	-	-	-	(23,795)
Greater Syracuse Property Development Corporation	2,745,445	1,086,480	2,385,608	-	-	-	-	726,643
Syracuse Regional Airport Authority	<u>35,024,098</u>	<u>34,528,347</u>	<u>-</u>	<u>4,996,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500,704</u>
TOTAL COMPONENT UNITS	<u>\$ 43,353,271</u>	<u>\$ 40,748,518</u>	<u>\$ 2,564,308</u>	<u>\$ 4,996,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,956,010</u>
General revenues:								
Property taxes and tax items					92,250,484	-	92,250,484	109,000
Sales and use taxes					83,378,297	-	83,378,297	-
Other taxes					3,266,169	-	3,266,169	-
Unallocated state aid					372,082,271	-	372,082,271	-
Unallocated federal aid					11,803,299	-	11,803,299	-
Investment earnings					741,605	1,262	742,867	378,656
Contributions					-	-	-	887,150
Miscellaneous					6,931,266	6,510,643	13,441,909	-
Transfers					<u>2,826,675</u>	<u>(2,825,000)</u>	<u>1,675</u>	<u>-</u>
Total general revenues and transfers					<u>573,280,066</u>	<u>3,686,905</u>	<u>576,966,971</u>	<u>1,374,806</u>
Changes in net position								
NET POSITION - beginning of year as previously reported					(13,932,003)	2,191,847	(11,740,156)	6,330,816
Cumulative effect of change in accounting principle (Note 3)					(432,512,477)	129,014,555	(303,497,922)	55,322,469
Prior period adjustments (Note 14)					19,975,459	(1,455,985)	18,519,474	(26,964)
NET POSITION - beginning of year, as restated					<u>(397,633,503)</u>	<u>127,558,570</u>	<u>(270,074,933)</u>	<u>55,295,505</u>
Change in net position					<u>(13,932,003)</u>	<u>2,191,847</u>	<u>(11,740,156)</u>	<u>6,330,816</u>
NET POSITION - end of year					<u>\$ (411,565,506)</u>	<u>\$ 129,750,417</u>	<u>\$ (281,815,089)</u>	<u>\$ 61,626,321</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Capital Projects Fund	Special Revenue City School District	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 26,465,578	\$ 17,234,858	\$ 50,780,167	\$ 487,277	\$ 94,967,880
Pooled restricted cash and cash equivalents	-	7,690,258	1,567,400	5,043,161	14,300,819
Cash and cash equivalents	-	-	-	1,566,514	1,566,514
Restricted cash and cash equivalents	-	-	-	12,408,084	12,408,084
Loans receivable	-	-	-	10,168,941	10,168,941
Accounts receivable	2,350,938	180,361	-	5,025,551	7,556,850
Other receivable	-	-	2,667,605	-	2,667,605
Taxes receivable (net of allowance of \$27,856,103)	11,655,269	-	3,743,963	57,394	15,456,626
Due from other funds	4,124,822	3,256,412	983,885	10,335,404	18,700,523
Due from other governments	45,293,134	5,361,933	57,797,676	4,526,706	112,979,449
Due from component units (net of allowance of \$ 5,502,128)	-	-	-	387,610	387,610
Inventory	-	-	1,187,760	259,247	1,447,007
Prepaid expenditures and other assets	63,953	-	819,570	60,121	943,644
Total assets	<u>\$ 89,953,694</u>	<u>\$ 33,723,822</u>	<u>\$ 119,548,026</u>	<u>\$ 50,326,010</u>	<u>\$ 293,551,552</u>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 7,795,552	\$ 3,153,845	\$ 29,627,782	\$ 3,985,924	\$ 44,563,103
Due to other funds	-	-	13,513,288	4,494,225	18,007,513
Due to component units	220,268	151,750	-	-	372,018
Due to other governments	25,045	-	801,076	57,212	883,333
Amounts due to retirement systems	5,571,053	-	30,588,956	-	36,160,009
Accrued compensated absences	-	-	40,601	-	40,601
Self-insurance claims	6,157,939	-	1,197,025	-	7,354,964
Bond anticipation note	-	-	-	2,000,000	2,000,000
Unearned revenue	-	-	-	1,062,420	1,062,420
Loans payable	-	-	-	10,460,111	10,460,111
Other liabilities	218,438	1,093,204	-	-	1,311,642
Total liabilities	<u>19,988,295</u>	<u>4,398,799</u>	<u>75,768,728</u>	<u>22,059,892</u>	<u>122,215,714</u>
DEFERRED INFLOW OF RESOURCES / UNAVAILABLE REVENUE	<u>11,283,027</u>	<u>-</u>	<u>-</u>	<u>5,046,760</u>	<u>16,329,787</u>
Fund Balances:					
Nonspendable	63,953	-	2,007,330	286,219	2,357,502
Restricted	332,533	10,632,636	88,703	21,595,583	32,649,455
Committed	-	18,692,387	-	528,800	19,221,187
Assigned	10,737,217	-	41,683,265	808,756	53,229,238
Unassigned	47,548,669	-	-	-	47,548,669
Total fund balances	<u>58,682,372</u>	<u>29,325,023</u>	<u>43,779,298</u>	<u>23,219,358</u>	<u>155,006,051</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 89,953,694</u>	<u>\$ 33,723,822</u>	<u>\$ 119,548,026</u>	<u>\$ 50,326,010</u>	<u>\$ 293,551,552</u>

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, 2015**

Total fund balances for governmental funds	\$	155,006,051
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		465,097,562
Pension obligation activity:		
Net pension asset		119,424,530
Deferred outflows of resources		38,919,548
Net pension liability		(14,183,643)
Deferred inflows of resources		(83,025,258)
School District receivables not received within 90 days and therefore not reported in the funds		2,703,934
Revenue collected after year end and not available to pay for current year expenditures and deferred in funds		10,638,558
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		(1,106,726,557)
Deferred charges relating to debt refunding expensed as incurred in funds		2,345,067
Accrued interest not reported in the funds		<u>(1,765,298)</u>
Total net position of governmental activities	\$	<u>(411,565,506)</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, 2015**

	General Fund	Capital Projects Fund	Special Revenue City School District	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes and tax items	\$ 37,212,859	\$ -	\$ 57,913,999	\$ 2,989,425	\$ 98,116,283
Sales and use taxes	82,152,727	-	1,225,570	-	83,378,297
Other local taxes	3,266,169	-	-	904,284	4,170,453
Departmental revenues	10,855,866	-	-	-	10,855,866
Intergovernmental charges	269,913	-	-	-	269,913
Licenses and permits	2,490,942	-	-	-	2,490,942
Fines and forfeitures	3,175,785	-	-	-	3,175,785
Sale of property and compensation for loss	520,958	-	60,920	-	581,878
Use of money and property	186,791	9,572	255,863	307,829	760,055
Federal and state aid and other grants	79,283,927	21,058,447	367,555,022	26,485,869	494,383,265
Pass-through New York State funding from District	-	-	-	11,705,144	11,705,144
Surplus food	-	-	-	779,981	779,981
Sales-School Food Service program	-	-	-	253,123	253,123
Other revenues	5,875,503	1,800,631	1,840,494	586,810	10,103,438
Total revenues	225,291,440	22,868,650	428,851,868	44,012,465	721,024,423
CURRENT EXPENDITURES:					
General government support	28,893,900	-	50,822,606	9,184,187	88,900,693
Public safety	141,663,293	-	-	2,250,081	143,913,374
Transportation	23,454,077	-	-	2,484,466	25,938,543
Economic opportunity and development	-	-	-	250,227	250,227
Home and community services	12,828,694	-	1,344,283	7,416,512	21,589,489
Culture and recreation	10,625,065	-	-	86,352	10,711,417
Education	-	-	363,254,620	-	363,254,620
Principal debt payments	-	-	-	30,959,102	30,959,102
Interest on debt	58,153	-	172,056	11,394,680	11,624,889
Capital outlays	-	35,362,852	-	2,396,566	37,759,418
Cost of sales - Food Service program	-	-	-	5,556,378	5,556,378
Pass-through New York State funding to JSCB	-	-	11,705,144	-	11,705,144
Total expenditures	217,523,182	35,362,852	427,298,709	71,978,551	752,163,294
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,768,258	(12,494,202)	1,553,159	(27,966,086)	(31,138,871)
OTHER FINANCING SOURCES (USES):					
Bond proceeds	1,500,000	7,639,500	-	-	9,139,500
Premium on refunding bonds	-	-	-	2,865,587	2,865,587
Proceeds of refunding bonds	-	-	-	22,692,061	22,692,061
Payments to escrow agent	-	-	-	(25,557,648)	(25,557,648)
Operating transfers in	2,826,675	5,809,719	7,712,248	28,352,083	44,700,725
Operating transfers out	(22,733,645)	(412,670)	(16,861,836)	(1,865,899)	(41,874,050)
Total other financing sources (uses) - net	(18,406,970)	13,036,549	(9,149,588)	26,486,184	11,966,175
CHANGES IN FUND BALANCES	(10,638,712)	542,347	(7,596,429)	(1,479,902)	(19,172,696)
FUND BALANCES - beginning of year, as previously reported	69,321,084	28,403,708	51,375,727	22,524,375	171,624,894
PRIOR PERIOD ADJUSTMENT (NOTE 14)	-	378,968	-	2,174,885	2,553,853
FUND BALANCES - beginning of year, as restated	69,321,084	28,782,676	51,375,727	24,699,260	174,178,747
NET CHANGE IN FUND BALANCES	(10,638,712)	542,347	(7,596,429)	(1,479,902)	(19,172,696)
FUND BALANCES - end of year	\$ 58,682,372	\$ 29,325,023	\$ 43,779,298	\$ 23,219,358	\$ 155,006,051

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, 2015**

Net change in fund balances - total governmental funds	\$ (19,172,696)
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.	20,691,577
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.	21,819,602
Revenues in the statement of activities that do not provide current financial resources and are not recorded in the governmental funds.	440,910
Pension income(expense) resulting from pension obligation is not recorded in the governmental funds but is recorded in the statement of activities.	41,159,715
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.	(79,028,447)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>157,336</u>
Net change in net position of governmental activities	<u>\$ (13,932,003)</u>

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2015**

	<u>Business-type Activities</u> <u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>NonMajor/Sewer</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS:				
Pooled cash and cash equivalents	\$ -	\$ 11,367,157	\$ 7,607,988	\$ 18,975,145
Accounts receivable	-	2,351,939	657,079	3,009,018
Due from other governments	-	-	479,033	479,033
Due from component unit	<u>750,664</u>	<u>-</u>	<u>-</u>	<u>750,664</u>
Total current assets	<u>750,664</u>	<u>13,719,096</u>	<u>8,744,100</u>	<u>23,213,860</u>
NONCURRENT ASSETS:				
Pooled restricted cash and cash equivalents	-	869,892	-	869,892
Restricted cash and cash equivalents	962,846	-	-	962,846
Capital assets (net)	<u>148,648,926</u>	<u>99,880,929</u>	<u>13,876,977</u>	<u>262,406,832</u>
Total noncurrent assets	<u>149,611,772</u>	<u>100,750,821</u>	<u>13,876,977</u>	<u>264,239,570</u>
Total Assets	<u>150,362,436</u>	<u>114,469,917</u>	<u>22,621,077</u>	<u>287,453,430</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows- relating to debt refunding	-	333,296	146,466	479,762
Deferred outflows - relating to pensions	<u>460,593</u>	<u>310,715</u>	<u>109,503</u>	<u>880,811</u>
Total Deferred Outflows of Resources	<u>460,593</u>	<u>644,011</u>	<u>255,969</u>	<u>1,360,573</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	113,965	1,122,834	131,512	1,368,311
Accrued interest	392,720	358,139	7,627	758,486
Due to other funds	750,664	14,896	2,947	768,507
Current portion of bonds payable	3,920,807	3,643,365	562,731	8,126,903
Amounts due to retirement systems	367,349	273,857	96,444	737,650
Accrued compensated absences	270,395	24,834	16,011	311,240
Self-insurance claims	<u>325,907</u>	<u>462,372</u>	<u>233,843</u>	<u>1,022,122</u>
Total current liabilities	<u>6,141,807</u>	<u>5,900,297</u>	<u>1,051,115</u>	<u>13,093,219</u>
NONCURRENT LIABILITIES:				
Bonds payable - net of current portion	44,282,457	63,900,093	5,107,889	113,290,439
Amounts due to retirement systems	89,309	33,963	11,969	135,241
Accrued compensated absences	-	291,075	104,687	395,762
Self-insurance claims	367,144	615,724	317,209	1,300,077
Net pension liability	701,789	600,122	211,497	1,513,408
Other postemployment benefits	<u>8,242,400</u>	<u>14,904,800</u>	<u>6,152,800</u>	<u>29,300,000</u>
Total noncurrent liabilities	<u>53,683,099</u>	<u>80,345,777</u>	<u>11,906,051</u>	<u>145,934,927</u>
Total Liabilities	<u>59,824,906</u>	<u>86,246,074</u>	<u>12,957,166</u>	<u>159,028,146</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - relating to pensions	<u>18,805</u>	<u>12,300</u>	<u>4,335</u>	<u>35,440</u>
NET POSITION:				
Net investment in capital assets	100,458,794	32,747,145	8,180,638	141,386,577
Restricted	962,846	869,892	-	1,832,738
Unrestricted (deficit)	<u>(10,442,322)</u>	<u>(4,761,483)</u>	<u>1,734,907</u>	<u>(13,468,898)</u>
Total net position	<u>\$ 90,979,318</u>	<u>\$ 28,855,554</u>	<u>\$ 9,915,545</u>	<u>\$ 129,750,417</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, 2015**

	<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	\$ -	\$ 20,229,288	\$ 5,623,373	\$ 25,852,661
Expense reimbursement income	9,852,363	-	-	9,852,363
Miscellaneous	<u>-</u>	<u>740,177</u>	<u>-</u>	<u>740,177</u>
Total operating revenues	<u>9,852,363</u>	<u>20,969,465</u>	<u>5,623,373</u>	<u>36,445,201</u>
OPERATING EXPENSES:				
Cost of sales and services	-	12,745,761	3,893,674	16,639,435
Administration	9,981,432	658,604	51,766	10,691,802
Depreciation	9,500,186	2,489,880	656,430	12,646,496
Uncollectible accounts	<u>-</u>	<u>294,787</u>	<u>44,790</u>	<u>339,577</u>
Total operating expenses	<u>19,481,618</u>	<u>16,189,032</u>	<u>4,646,660</u>	<u>40,317,310</u>
OPERATING INCOME (LOSS)	<u>(9,629,255)</u>	<u>4,780,433</u>	<u>976,713</u>	<u>(3,872,109)</u>
NONOPERATING REVENUES (EXPENSES):				
Capital grants	-	-	804	804
Capital contributions	6,158,951	-	-	6,158,951
Lease income	6,510,643	-	-	6,510,643
Investment income	-	1,262	-	1,262
Interest expense	<u>(2,222,139)</u>	<u>(1,359,307)</u>	<u>(201,258)</u>	<u>(3,782,704)</u>
Total nonoperating revenues (expenses)	<u>10,447,455</u>	<u>(1,358,045)</u>	<u>(200,454)</u>	<u>8,888,956</u>
INCOME BEFORE OPERATING TRANSFERS	818,200	3,422,388	776,259	5,016,847
OPERATING TRANSFERS OUT	<u>-</u>	<u>(2,300,000)</u>	<u>(525,000)</u>	<u>(2,825,000)</u>
CHANGES IN NET POSITION	<u>818,200</u>	<u>1,122,388</u>	<u>251,259</u>	<u>2,191,847</u>
NET POSITION - beginning of year as previously reported	90,817,292	28,324,557	9,872,706	129,014,555
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE 3)	<u>(656,174)</u>	<u>(591,391)</u>	<u>(208,420)</u>	<u>(1,455,985)</u>
NET POSITION - beginning of year, as restated	90,161,118	27,733,166	9,664,286	127,558,570
CHANGES IN NET POSITION	<u>818,200</u>	<u>1,122,388</u>	<u>251,259</u>	<u>2,191,847</u>
NET POSITION - end of year	<u>\$ 90,979,318</u>	<u>\$ 28,855,554</u>	<u>\$ 9,915,545</u>	<u>\$ 129,750,417</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, 2015**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>Nonmajor- Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ -	\$ 20,775,347	\$ 5,485,226	\$ 26,260,573
Receipts from expense reimbursements	10,480,039	-	-	10,480,039
Payments to vendors	(1,315,983)	(7,607,979)	(710,656)	(9,634,618)
Payments to employees	(6,762,457)	(4,938,710)	(2,127,717)	(13,828,884)
Internal activity with other funds - net	(627,676)	-	-	(627,676)
Claims paid	(1,769,171)	(1,729,346)	(717,525)	(4,216,042)
Net cash flow from operating activities	<u>4,752</u>	<u>6,499,312</u>	<u>1,929,328</u>	<u>8,433,392</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating subsidies and transfers to other funds	-	(2,300,000)	(525,000)	(2,825,000)
Payments from (to) other governments	-	-	804	804
Net cash flow from noncapital financing activities	<u>-</u>	<u>(2,300,000)</u>	<u>(524,196)</u>	<u>(2,824,196)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from capital debt	-	8,317,909	3,800,030	12,117,939
Purchases of capital assets	(1,699,052)	(3,704,504)	(551,787)	(5,955,343)
Principal paid on capital debt	(4,240,609)	(10,597,852)	(4,188,538)	(19,026,999)
Interest paid on capital debt	(2,269,794)	(1,357,997)	(230,977)	(3,858,768)
Other receipts	6,510,643	-	-	6,510,643
Net cash flow from capital and related financing activities	<u>(1,698,812)</u>	<u>(7,342,444)</u>	<u>(1,171,272)</u>	<u>(10,212,528)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends received	-	1,262	-	1,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(1,694,060)</u>	<u>(3,141,870)</u>	<u>233,860</u>	<u>(4,602,070)</u>
CASH AND CASH EQUIVALENTS - beginning of year	<u>2,656,906</u>	<u>15,378,919</u>	<u>7,374,128</u>	<u>25,409,953</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 962,846</u>	<u>\$ 12,237,049</u>	<u>\$ 7,607,988</u>	<u>\$ 20,807,883</u>
Reconciliation of operating income (loss) to net cash flow from operating activities:				
Operating income (loss)	\$ (9,629,255)	\$ 4,780,433	\$ 976,713	\$ (3,872,109)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Depreciation expense	9,500,186	2,489,880	656,430	12,646,496
Amortization expense	42,505	-	-	42,505
Gain on sale of capital assets	-	(6,263)	-	(6,263)
Uncollectible accounts	-	294,787	44,790	339,577
Change in assets and liabilities:				
Accounts receivable	-	140,337	65,620	205,957
Due to other funds	(627,676)	-	-	(627,676)
Due to component units	627,676	-	(215)	627,461
Prepaid expenses and other	-	-	-	-
Accounts payable and accrued expenses	10,185	(1,500,174)	(110,646)	(1,600,635)
Amounts due to retirement systems	(149,219)	(109,466)	(39,282)	(297,967)
Net pension liability	45,615	8,731	3,077	57,423
Other Postemployment Benefits	594,700	1,075,500	459,800	2,130,000
Self-insurance claims	17,911	(63,780)	108,988	63,119
Accrued compensated absences	13,912	21,038	15,687	50,637
Deferred outflows	(460,593)	(644,011)	(255,969)	(1,360,573)
Deferred inflows	18,805	12,300	4,335	35,440
Net cash flow from operating activities	<u>\$ 4,752</u>	<u>\$ 6,499,312</u>	<u>\$ 1,929,328</u>	<u>\$ 8,433,392</u>

(Continued)

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

(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 \$6,158,951.

**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	\$ -	\$ 2,656,906	\$ 2,656,906
Water Fund	12,836,332	2,542,587	15,378,919
Sewer Fund	<u>7,374,128</u>	<u>-</u>	<u>7,374,128</u>
TOTAL - beginning of year	<u>20,210,460</u>	<u>5,199,493</u>	<u>25,409,953</u>
End 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 - end of year	<u>\$ 18,975,145</u>	<u>\$ 1,832,738</u>	<u>\$ 20,807,883</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015**

	Private Purpose Funds			Combined City School District	Total
	Coca Cola & Mayor's Round Ball	Agency Funds	Total City		
ASSETS:					
Pooled restricted cash and cash equivalents	\$ -	\$ 1,107,766	\$ 1,107,766	\$ -	\$ 1,107,766
Restricted cash	-	840,486	840,486	421,374	1,261,860
Taxes receivable	-	53,746,884	53,746,884	-	53,746,884
Due from other funds	-	-	-	75,497	75,497
Total assets	-	55,695,136	55,695,136	496,871	56,192,007
LIABILITIES:					
Due to other governments	\$ -	\$ 913,979	\$ 913,979	\$ -	\$ 913,979
Deferred property tax revenue	-	53,746,884	53,746,884	-	53,746,884
Other liabilities	-	1,034,273	1,034,273	321,012	1,355,285
Total liabilities	-	55,695,136	55,695,136	321,012	56,016,148
NET POSITION:					
Held in trust	\$ -	\$ -	\$ -	\$ 175,859	\$ 175,859

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, 2015

	City Private Purpose Funds Coca Cola & Mayor's Round Ball	Combined City School District	Total
ADDITIONS:			
Contributions	\$ -	\$ 20,030	\$ 20,030
Investment income	<u>-</u>	<u>1,051</u>	<u>1,051</u>
Total additions	<u>-</u>	<u>21,081</u>	<u>21,081</u>
DEDUCTIONS:			
Scholarships and awards	<u>-</u>	<u>22,050</u>	<u>22,050</u>
Total deductions	<u>-</u>	<u>22,050</u>	<u>22,050</u>
CHANGE IN NET POSITION	-	(969)	(969)
OTHER FINANCING USES / OPERATING TRANSFERS OUT	<u>(1,675)</u>	<u>-</u>	<u>(1,675)</u>
CHANGE IN NET POSITION	(1,675)	(969)	(2,644)
NET POSITION - beginning of year	<u>1,675</u>	<u>176,828</u>	<u>178,503</u>
NET POSITION - end of year	<u>\$ -</u>	<u>\$ 175,859</u>	<u>\$ 175,859</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, 2015

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
ASSETS:					
Cash and cash equivalents	\$ 5,156,774	\$ 2,113,493	\$ 20,671,074	\$ 2,152,306	\$ 30,093,647
Restricted cash	582	7,753	21,201,020	300,000	21,509,355
Accounts receivable	-	-	5,612,721	1,600	5,614,321
Loans receivable - current portion	97,867	150,272	-	-	248,139
Notes receivable - current portion	-	135,929	-	-	135,929
Other receivables	109,000	-	-	-	109,000
Due from primary government	-	-	151,750	666,667	818,417
Due from other component units - current portion	125,316	-	-	-	125,316
Inventory	-	-	-	534,328	534,328
Other assets	985,220	-	162,208	44,825	1,192,253
Loans receivable - long-term portion	34,002	3,936,521	-	-	3,970,523
Notes receivable - long-term portion	-	5,019,300	-	-	5,019,300
Due from other component units - long-term	5,029,914	-	-	-	5,029,914
Destiny USA fees receivable	15,200,000	-	-	-	15,200,000
Destiny USA fees payable to the City and County	(15,200,000)	-	-	-	(15,200,000)
Capital assets:					
Nondepreciable	50,000	-	-	-	50,000
Depreciable, net	450,451	-	4,475,880	24,252	4,950,583
Total assets	12,039,126	11,363,268	52,274,653	3,723,978	79,401,025
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - relating to pensions	-	-	51,535	-	51,535
LIABILITIES:					
Accounts payable and accrued expenses	69,718	135,054	2,546,884	171,838	2,923,494
Accrued interest expense	10,232	-	-	-	10,232
Unearned revenue	-	-	-	422,725	422,725
Due to primary government	-	39,415	750,664	-	790,079
Due to other component units	-	135,929	-	-	135,929
Grant payable	735,368	-	-	-	735,368
Non-current liabilities:					
Due within one year	476,000	-	12,064	-	488,064
Due within more than one year	1,255,000	-	27,633	-	1,282,633
Due to primary government - long-term portion	2,020,305	3,829,770	-	-	5,850,075
Due to other component units - long-term portion	-	5,019,300	-	-	5,019,300
Total liabilities	4,566,623	9,159,468	3,337,245	594,563	17,657,899
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - relating to pensions	-	-	16,590	-	16,590
Unavailable revenue	-	-	151,750	-	151,750
Total deferred inflows of resources	-	-	168,340	-	168,340
NET POSITION:					
Net investment in capital assets	(124,549)	-	4,475,880	24,252	4,375,583
Restricted for Lakefront Development Programs	196,607	-	-	-	196,607
Restricted for Urban Development Action Grant	-	674,018	-	-	674,018
Restricted for Airport Authority Projects	-	-	21,201,020	-	21,201,020
Restricted for Parking Mitigation	93,644	-	-	-	93,644
Unrestricted	7,306,801	1,529,782	23,143,703	3,105,163	35,085,449
Total net position	\$ 7,472,503	\$ 2,203,800	\$ 48,820,603	\$ 3,129,415	\$ 61,626,321

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, 2015**

	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	-	-	34,506,101	-	34,506,101
Greater Syracuse Property Development Corporation expenses	-	-	-	2,745,445	2,745,445
Public improvements	510,078	-	-	-	510,078
Development projects	355,430	159,498	-	-	514,928
Other costs	327,070	70,531	-	-	397,601
Interest	77,900	170,608	1,608	-	250,116
Depreciation	<u>112,613</u>	<u>-</u>	<u>516,389</u>	<u>-</u>	<u>629,002</u>
Total expenses	<u>5,183,091</u>	<u>400,637</u>	<u>35,024,098</u>	<u>2,745,445</u>	<u>43,353,271</u>
PROGRAM REVENUE:					
Financing fees	4,412,855	-	-	-	4,412,855
Grant, contributions and government subsidy revenue	18,424	160,276	4,996,455	2,385,608	7,560,763
Passenger facility charges	-	-	4,055,692	-	4,055,692
Landing fees	-	-	6,485,468	-	6,485,468
Parking rents	-	-	8,620,450	-	8,620,450
Concession and other	-	-	7,005,551	-	7,005,551
Terminal rents	-	-	8,356,592	-	8,356,592
Rent revenue	454,585	-	-	121,465	576,050
Sale of property	-	-	-	965,015	965,015
Mortgage interest income	-	169,530	-	-	169,530
Miscellaneous income	<u>49,685</u>	<u>47,036</u>	<u>4,594</u>	<u>-</u>	<u>101,315</u>
Total program revenue	<u>4,935,549</u>	<u>376,842</u>	<u>39,524,802</u>	<u>3,472,088</u>	<u>48,309,281</u>
NET PROGRAM REVENUE (EXPENSE)	<u>(247,542)</u>	<u>(23,795)</u>	<u>4,500,704</u>	<u>726,643</u>	<u>4,956,010</u>
GENERAL REVENUE:					
Property taxes	109,000	-	-	-	109,000
Investment earnings	<u>172,986</u>	<u>113,159</u>	<u>92,511</u>	<u>-</u>	<u>378,656</u>
Total general revenue	<u>281,986</u>	<u>113,159</u>	<u>92,511</u>	<u>-</u>	<u>487,656</u>
CONTRIBUTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>887,150</u>	<u>887,150</u>
CHANGES IN NET POSITION	34,444	89,364	4,593,215	1,613,793	6,330,816
NET POSITION - beginning of year, as previously reported	7,438,059	2,114,436	44,254,352	1,515,622	55,322,469
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	<u>-</u>	<u>-</u>	<u>(26,964)</u>	<u>-</u>	<u>(26,964)</u>
NET POSITION - beginning of year, as restated	7,438,059	2,114,436	44,227,388	1,515,622	55,295,505
CHANGE IN NET POSITION	<u>34,444</u>	<u>89,364</u>	<u>4,593,215</u>	<u>1,613,793</u>	<u>6,330,816</u>
NET POSITION - end of year	<u>\$ 7,472,503</u>	<u>\$ 2,203,800</u>	<u>\$ 48,820,603</u>	<u>\$ 3,129,415</u>	<u>\$ 61,626,321</u>

The accompanying notes are an integral part of these statements.

City of Syracuse, New York

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2015

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 funds any operating deficits. 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 for the purpose of creating the Greater Syracuse Property Development Corporation, a not-for-profit corporation, operating as the Greater Syracuse Land Bank (Land Bank) under the New York Land Bank Act of 2011. The purpose of the Land Bank is to address problems regarding vacant and abandoned property in a coordinated manner and to further foster the development of such property and promote economic growth through the return of vacant, abandoned, and tax-delinquent properties to productive use. The City and County, while under no obligation, may contribute to the annual Land Bank budget in such manner agreed upon. In 2013 and 2014, the Common Council approved funding agreements with the Land Bank for up to \$1,500,000. A new funding agreement was approved in November 2015 for the City's fiscal year ending June 30, 2016. The City agrees to provide 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, 2016. 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 and reports may be obtained by writing to The Greater Syracuse Property Development Corporation, 333 Washington Street, Suite 130, 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 are trust arrangements under which the principal or interest benefit specific individuals, organizations or other governments, and are therefore not available to support the City's or 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.
- 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
 - Neighborhood and Business Development
 - 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 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

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, 2015 amounted to \$817,596.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Fixed Assets) (Continued)

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 as described in note 6. 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 9.

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 9. The City also has deferred inflows for unavailable revenue from sidewalk and sewer assessments.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)

Restricted net position in the governmental activities includes the following:

Nonspendable permanent funds	\$ <u>26,972</u>
Restricted:	
Capital projects	10,632,636
Debt service	5,893,118
Miscellaneous trusts	1,093,055
Joint Schools Construction Board	6,508,092
EMS training	214,518
Clinton Square maintenance	118,015
School District Special Aid Fund	88,703
School District Food Service Fund	<u>8,101,318</u>
Total restricted net position - governmental funds	<u>32,649,455</u>
Total restricted net position	<u>\$ 32,676,427</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)

- 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, 2015. Committed Capital Projects Fund balance of \$18,692,387 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$439,804 for Special Assessment Districts and \$88,996 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 \$3,505,629 and \$25,000,000 of appropriations to fund fiscal year 2015-2016 operating expenditures. Assigned fund balance in the City's General Fund consists of encumbrances of \$1,537,217 and \$ 9,200,000 of appropriations to fund fiscal year 2015-2016 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 9 for further information.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 11 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 \$5,007,670 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, 2015, 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, 2015 were \$27,856,103 and \$11,322,147, respectively.

Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 45% have expired. The remaining 55% 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 2015 City Abstract, which is the most recent Abstract, the total cost of these services for 2015 is \$19,773,434 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 2014-2015 budget year, the City is using approximately \$98,000,000 or 76% 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 92% of the City's tax limit. The City budget would only be able to tax an additional approximately \$10,000,000 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 and useful lives of long-lived assets.

3. CHANGE IN ACCOUNTING PRINCIPLES

New Accounting Standards

The City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68, as well as for non-employer governments that have a legal obligation to contribute to those plans.

This statement required the addition of several lines to the City's government-wide financial statements and a cumulative change in accounting principle adjustment to net position as shown in the table below:

Governmental Activities:

	Government-Wide Statement of Net Position			
	Net Pension Asset	Net Pension Liability	Deferred Outflows	Net Position
Balance at June 30, 2014, as previously reported	\$ -	\$ -	\$ -	\$ (432,512,477)
Restatement of beginning balance - Adoption of GASB Statements No. 68 and No. 71				
NYS P&F Retirement System Plan	-	(8,145,990)	4,296,789	(3,849,201)
NYS Employee Retirement System Plan	-	(11,767,981)	2,829,380	(8,938,601)
NYS Teachers Retirement System Plan	<u>7,028,965</u>	<u>-</u>	<u>25,734,296</u>	<u>32,763,261</u>
	7,028,965	(19,913,971)	32,860,465	19,975,459
Balance at July 1, 2014, as restated	<u>\$ 7,028,965</u>	<u>\$ (19,913,971)</u>	<u>\$ 32,860,465</u>	<u>\$ (412,537,018)</u>

3. CHANGE IN ACCOUNTING PRINCIPLES (Continued)

Business-Type Activities:

	Business-Type Statement of Net Position			
	Net Pension Asset	Net Pension Liability	Deferred Outflows	Net Position
Balance at June 30, 2014, as previously reported	\$ -	\$ -	\$ -	\$ 129,014,555
Restatement of beginning balance - Adoption of GASB Statements No. 68 and No. 71				
NYS Employee Retirement System Plan	-	(1,849,494)	486,950	(1,362,544)
NYS P&F Retirement System Plan	-	(197,747)	104,306	(93,441)
	-	(2,047,241)	591,256	(1,455,985)
Balance at July 1, 2014, as restated	\$ -	\$ (2,047,241)	\$ 591,256	\$ 127,558,570

The City also adopted GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Transition Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement required accounting for the impact of the payment the City made to the New York State Retirement Systems during the fiscal year on the City's portion of net pension asset from TRS.

4. 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.

4. CASH AND CASH EQUIVALENTS (Continued)

At year end, the carrying amount of the City's deposits, including certificate of deposits, was \$146,420,806 and the bank balance was \$152,823,532. As of June 30, 2015 all deposits were insured or collateralized.

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015:

<u>Governmental activities</u>	Balance at July 1, 2014 (Restated)	Additions	Disposals/ Transfers	Balance at June 30, 2015
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>160,614,437</u>	<u>33,405,961</u>	<u>24,332,116</u>	<u>169,688,282</u>
Subtotal	<u>176,884,238</u>	<u>33,405,961</u>	<u>24,332,116</u>	<u>185,958,083</u>
Other capital assets:				
Buildings	405,119,272	1,084,884	636,473	405,567,683
Machinery and equipment	86,233,229	6,796,759	2,452,299	90,577,689
Improvements/infrastructure	<u>370,958,481</u>	<u>23,522,556</u>	<u>1,313,367</u>	<u>393,167,670</u>
Subtotal	<u>862,310,982</u>	<u>31,404,199</u>	<u>4,402,139</u>	<u>889,313,042</u>
Total capital assets	<u>1,039,195,220</u>	<u>64,810,160</u>	<u>28,734,255</u>	<u>1,075,271,125</u>
Accumulated depreciation:				
Buildings	276,425,597	4,417,970	636,473	280,207,094
Machinery and equipment	68,429,357	5,720,458	2,452,299	71,697,516
Improvements/infrastructure	<u>249,934,282</u>	<u>9,648,038</u>	<u>1,313,367</u>	<u>258,268,953</u>
Total	<u>594,789,236</u>	<u>19,786,466</u>	<u>4,402,139</u>	<u>610,173,563</u>
Net capital assets – governmental activities	<u>\$ 444,405,984</u>	<u>\$ 45,023,694</u>	<u>\$ 24,332,116</u>	<u>\$ 465,097,562</u>

Depreciation was charged to governmental activities as follows:

General government support	\$ 1,596,794
Police department	951,857
Fire department	1,784,977
Other public safety	5,828
Transportation	8,728,746
Culture and recreation	1,317,869
Home and community services	731,019
Education	4,643,651
School food service	<u>25,725</u>
	<u>\$ 19,786,466</u>

5. CAPITAL ASSETS AND DEPRECIATION (Continued)

<u>Business-type activities</u>	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance at June 30, 2015</u>
Not being depreciated:				
Land	\$ 6,983,304	\$ -	\$ -	\$ 6,983,304
Construction in progress	<u>26,649,423</u>	<u>5,726,817</u>	<u>25,568,208</u>	<u>6,808,032</u>
Subtotal	<u>33,632,727</u>	<u>5,726,817</u>	<u>25,568,208</u>	<u>13,791,336</u>
Other capital assets:				
Buildings	180,734,339	1,902,411	-	182,636,750
Machinery and equipment	8,425,954	677,563	264,546	8,838,971
Improvements/infrastructure	<u>267,648,788</u>	<u>29,168,941</u>	-	<u>296,817,729</u>
Subtotal	<u>456,809,081</u>	<u>31,748,915</u>	<u>264,546</u>	<u>488,293,450</u>
Total capital assets	<u>490,441,808</u>	<u>37,475,732</u>	<u>25,832,754</u>	<u>502,084,786</u>
Accumulated depreciation:				
Buildings	97,150,140	3,928,031	-	101,078,171
Machinery and equipment	6,543,146	569,654	264,546	6,848,254
Improvements/infrastructure	<u>123,602,718</u>	<u>8,148,811</u>	-	<u>131,751,529</u>
Total	<u>227,296,004</u>	<u>12,646,496</u>	<u>264,546</u>	<u>239,677,954</u>
Net capital assets – business-type activities	<u>\$263,145,804</u>	<u>\$ 24,829,236</u>	<u>\$ 25,568,208</u>	<u>\$ 262,406,832</u>

Depreciation was charged to business-type activities as follows:

Aviation	\$ 9,500,186
Water	2,489,880
Sewer	<u>656,430</u>
	<u>\$ 12,646,496</u>

6. 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, 2040.

During the year ended June 30, 2015, the City issued general obligation bonds of \$10,139,500. Of this amount, \$7,639,500 was used for capital projects, \$1,000,000 was used to finance water fund projects, and \$1,500,000 was used for general fund expenditures to settle a lawsuit.

6. CAPITAL INDEBTEDNESS (Continued)

General Obligations Bonds Payable (Continued)

On May 28, 2015 the City issued \$33,810,000 in general obligation bonds with an average interest rate of 2.43% to advance refund \$36,485,000 of outstanding 2005A, 2005B, 2005C and 2006C series bonds with an average interest rate of 4.22%. The net proceeds of \$38,151,833 (including a premium of \$4,341,833) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the City's financial statements. This refunding decreases total debt service payments for the next 12 years by \$3,169,226 resulting in an economic gain (difference between the present values of the debt service payment on the old and new debt) of \$2,685,406.

In prior years, the City defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. \$22,875,000 of bonds outstanding are considered defeased.

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2015:

	(As restated) Balance at <u>July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>June 30, 2015</u>	Amount due <u>within one year</u>
<u>Governmental activities</u>					
Bonds payable:					
General obligation and school facility revenue bonds payable	\$ 283,406,370	\$ 31,831,561	\$ 55,433,500	\$ 259,804,431	\$ 26,341,526
Premium on bonds payable	6,214,076	2,865,587	703,752	8,375,911	703,752
Discount on bonds payable	<u>(227,747)</u>	-	<u>(188,807)</u>	<u>(38,940)</u>	<u>(38,940)</u>
Total bonds payable	<u>289,392,699</u>	<u>34,697,148</u>	<u>55,948,445</u>	<u>268,141,402</u>	<u>27,006,338</u>
Other liabilities:					
Amount due to retirement systems	34,141,320	42,402,711	40,384,022	36,160,009	36,160,009
Early retirement incentive costs	1,373,400	-	661,880	711,520	661,880
Due to NYSERS - Chapter 57 & 260	3,670,627	-	535,188	3,135,439	543,437
Net pension liability	19,913,971	-	5,730,328	14,183,643	-
Accrued compensated absences	22,313,743	14,999,845	15,159,869	22,153,719	6,488,150
Self-insurance claims	48,934,078	111,096,124	109,534,712	50,495,490	12,965,805
Other postemployment benefits	661,670,136	125,428,480	48,765,397	738,333,219	-
Judgments and claims	10,068,000	1,812,893	1,812,893	10,068,000	-
Lottery aid payable	<u>22,100,000</u>	-	<u>1,016,667</u>	<u>21,083,333</u>	<u>1,016,666</u>
Total other liabilities	<u>824,185,275</u>	<u>295,740,053</u>	<u>223,600,956</u>	<u>896,324,372</u>	<u>57,835,947</u>
Governmental activities long-term liabilities	<u>\$1,113,577,974</u>	<u>\$ 330,437,201</u>	<u>\$ 279,549,401</u>	<u>\$1,164,465,774</u>	<u>\$ 84,842,285</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.

6. CAPITAL INDEBTEDNESS (Continued)

Changes in Long-term Liabilities

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, 2015:

<u>Business-type activities</u>	(As restated) Balance at July 1, 2014	<u>Additions</u>	<u>Reductions</u>	Balance at June 30, 2015	Amount due within one year
Bonds payable:					
General obligation bonds payable	\$ 94,218,511	\$ 12,117,939	\$ 19,250,265	\$ 87,086,185	\$ 6,705,578
Construction bonds payable	34,055,000	-	1,290,000	32,765,000	1,310,000
Premium on bonds payable	610,702	1,525,212	46,405	2,089,509	176,163
Discount on bonds payable	<u>(600,315)</u>	<u>-</u>	<u>(76,963)</u>	<u>(523,352)</u>	<u>(64,838)</u>
Total bonds payable	<u>128,283,898</u>	<u>13,643,151</u>	<u>20,509,707</u>	<u>121,417,342</u>	<u>8,126,903</u>
Other liabilities:					
Amount due to retirement systems	604,317	520,728	604,317	520,728	520,728
Due to NYSERS - Chapters 57 & 260	566,540	-	214,377	352,163	216,922
Net pension liability	2,047,241	-	533,833	1,513,408	-
Accrued compensated absences	656,365	450,000	399,363	707,002	311,240
Self-insurance claims	2,259,080	4,461,800	4,398,681	2,322,199	1,022,122
Other postemployment benefits	<u>27,170,000</u>	<u>2,370,143</u>	<u>240,143</u>	<u>29,300,000</u>	<u>-</u>
Total other liabilities	<u>33,303,543</u>	<u>7,802,671</u>	<u>6,390,714</u>	<u>34,715,500</u>	<u>2,071,012</u>
Business-type activities long-term liabilities	<u>\$ 161,587,441</u>	<u>\$ 21,445,822</u>	<u>\$ 26,900,421</u>	<u>\$ 156,132,842</u>	<u>\$ 10,197,915</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.

6. CAPITAL INDEBTEDNESS (Continued)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2015, 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 <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2016	\$ 26,341,526	\$ 10,811,095	\$ 8,015,578	\$ 4,385,335	\$ 49,553,534
2017	27,648,953	10,134,455	7,715,547	4,265,296	49,764,251
2018	27,068,676	9,024,931	5,851,323	3,997,656	45,942,586
2019	24,937,505	7,861,441	5,577,496	3,795,912	42,172,354
2020	20,815,735	6,842,493	5,634,266	3,596,977	36,889,471
2021-2025	93,100,257	21,086,850	27,144,742	15,009,675	156,341,524
2026-2030	38,309,660	4,917,352	24,549,340	10,460,018	78,236,370
2031-2035	1,582,119	98,238	22,452,893	5,569,041	29,702,291
2036-2040	-	-	12,910,000	1,119,028	14,029,028
	<u>\$ 259,804,431</u>	<u>\$ 70,776,855</u>	<u>\$ 119,851,185</u>	<u>\$ 52,198,938</u>	<u>\$ 502,631,409</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, 2015:

	<u>Balance at June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2015</u>
Governmental activities:				
Revenue anticipation notes	\$ -	\$ 60,144,000	\$ 60,144,000	\$ -
Bond anticipation notes	2,000,000	2,000,000	2,000,000	2,000,000
Total	<u>\$ 2,000,000</u>	<u>\$ 62,144,000</u>	<u>\$ 62,144,000</u>	<u>\$ 2,000,000</u>

7. 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, 2015 were approximately \$712,950. The minimum future non-cancelable operating lease payments as of June 30, 2015 were as follows:

2016	\$	920,575
2017		707,411
2018		527,134
2019		<u>296,122</u>
	\$	<u>2,451,242</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, 2015 were approximately \$243,000. Future minimum lease payments for this non-cancelable operating lease were as follows as of June 30, 2015:

2016	\$	242,825
2017		237,920
2018		<u>242,237</u>
	\$	<u>722,982</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, 2015 under non-cancelable operating leases were as follows:

2016	\$	443,100
2017		328,260
2018		327,600
2019		327,600
2020		327,600
2021-2025		1,310,400
2026-2030		1,638,000
2031		<u>873,600</u>
	\$	<u>5,576,160</u>

7. 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 \$6.2 million in nonoperating revenue from capital contributions during the year ended June 30, 2015. 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 \$357,700,000 with accumulated depreciation of approximately \$209,100,000 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 \$6,510,643 during the year ended June 30, 2015. Future minimum lease payments due to the City as of June 30, 2015 under this operating lease are as follows:

2016	\$ 6,079,185
2017	5,574,450
2018	3,464,050
2019	3,336,250
2020	3,327,850
2021-2025	16,032,183
2026-2030	15,238,346
2031-2035	15,241,663
2036-2037	<u>6,098,875</u>
	<u>\$ 74,392,852</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, most disbursements are made from a pooled account in the General Fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. 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, 2015:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 4,124,822	\$ -
Special Revenue City School District	983,885	13,513,288
Capital Projects Fund	3,256,412	-
Proprietary Funds:		
Aviation	-	750,664
Water	-	14,896
Sewer	-	2,947
Nonmajor Governmental Funds:		
Debt Service	2,650,686	-
Special Grants	-	2,137,904
SURA	154,025	1,212,304
Neighborhood and Business Development	-	160,132
Joint Schools Construction Board	-	983,885
School Food Service	7,530,693	-
Fiduciary	<u>75,497</u>	<u>-</u>
	<u>\$ 18,776,020</u>	<u>\$ 18,776,020</u>

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2015:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,829,770	\$ 220,268
Capital Projects Fund	-	151,750
Nonmajor Governmental Funds:		
Local Development	1,672,358	-
SURA	39,728	-
Neighborhood and Business Development	347,882	-
Aviation Fund	750,664	-
Component Units:		
SIDA	5,306,200	2,040,321
SEDCO	-	8,935,349
Authority	<u>151,750</u>	<u>750,664</u>
	<u>\$ 12,098,352</u>	<u>\$ 12,098,352</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Receivables and Payables (Continued)

The amounts receivable and payable above are as of June 30, 2015. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2014. 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	\$ 2,826,675	\$ 22,733,645
Capital Projects Fund	5,809,719	412,670
Special Revenue Funds:		
City School District	7,712,248	16,861,836
Oil and Flushing	-	188,659
School Food Service Fund	-	1,483,793
Miscellaneous Trusts	-	193,447
Debt Service Fund	28,352,083	-
Proprietary Funds:		
Water	-	2,300,000
Sewer	-	525,000
Fiduciary Funds	-	1,675
	<u>\$ 44,700,725</u>	<u>\$ 44,700,725</u>

9. 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.

9. 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, 2015	\$	7,522,533	\$	17,777,426
June 30, 2014	\$	7,348,468	\$	18,617,372
June 30, 2013	\$	6,903,220	\$	17,861,561

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

At June 30, 2015, 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, 2015, 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, 2015, the City reported the following:

		<u>NYSERS</u>		<u>NYSPFRS</u>
Net Pension Liability	\$	5,287,415	\$	5,516,792
City's Proportion Percent		0.1565137%		2.0042145%
Pension Expense	\$	4,758,070	\$	12,732,644

9. RETIREMENT PLANS (Continued)

At June 30, 2015, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ 169,256	\$ 665,290
Net difference between projected and actual earnings on pension plan investments	918,357	1,852,170
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	1,649,968	4,441,815
Total	<u>\$ 2,737,581</u>	<u>\$ 6,959,275</u>

	Deferred Inflows of Resources	
	NYSERS	NYSPFRS
Differences between expected and actual experience	\$ -	\$ -
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	108,369	299,622
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 108,369</u>	<u>\$ 299,622</u>

The City recognized deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2015, which resulted in a reduction of the net pension liabilities in the year ended June 30, 2015.

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

Plan's Year Ended March 31:	NYSERS	NYSPFRS
2016	\$ 244,811	\$ 536,176
2017	244,811	536,176
2018	244,811	536,176
2019	244,811	536,176
2020	-	73,134
Thereafter	-	-
	<u>\$ 979,244</u>	<u>\$ 2,217,838</u>

9. 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 7.5%, 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 (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate Share of Net Pension liabilities (assets) - NYSERS	\$ 35,242,908	\$ 5,287,415	\$ (20,002,449)
Proportionate Share of Net Pension liabilities (assets) - NYSPFRS	\$ 73,453,197	\$ 5,516,792	\$ (51,418,015)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of the employers as of March 31, 2015 were as follows:

	Pension Plan's Fiduciary Net Position	City's proportionate share of Plan's Fiduciary Net Position	City's allocation percentage as determined by the Plan
<u>NYSERS:</u>			
Total pension liability	\$ 164,591,504,000	\$ 257,608,253	0.1565137%
Net position	<u>(161,213,259,000)</u>	<u>(252,320,838)</u>	0.1565137%
Net pension liability (asset)	<u>\$ 3,378,245,000</u>	<u>\$ 5,287,415</u>	0.1565137%
Fiduciary net position as a percentage of total pension liability	97.9%	97.9%	
	Pension Plan's Fiduciary Net Position	City's proportionate share of Plan's Fiduciary Net Position	City's allocation percentage as determined by the Plan
<u>NYSPFRS:</u>			
Total pension liability	\$ 28,474,417,000	\$ 570,688,385	2.0042145%
Net position	<u>(28,199,157,000)</u>	<u>(565,171,593)</u>	2.0042145%
Net pension liability (asset)	<u>\$ 275,260,000</u>	<u>\$ 5,516,792</u>	2.0042145%
Fiduciary net position as a percentage of total pension liability	99.0%	99.0%	

**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, 2015	\$ 426,524
June 30, 2014	\$ 688,403
June 30, 2013	\$ 785,317

9. RETIREMENT PLANS (Continued)

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

At June 30, 2015, SURA reported a net pension liability of \$515,146 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2015, 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, 2015, SURA's proportion was 0.0152489% percent.

For the year ended June 30, 2015, SURA recognized pension expense of \$402,295. At June 30, 2015, 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	\$ 16,490	\$ -
Net difference between projected and actual earnings on pension plan investments	89,474	-
Changes in proportion and differences between SURA's contributions and proportionate share of contributions	-	255,667
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 105,964</u>	<u>\$ 255,667</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:

2016	\$ (37,426)
2017	(37,426)
2018	(37,426)
2019	(37,425)
2020	-
Thereafter	-
	<u>\$ (149,703)</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 7.5%, 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 (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease 6.50%	Current Discount 7.50%	1% Increase 8.50%
Proportionate Share of Net Pension liability (asset)	\$ 3,433,669	\$ 515,146	\$ (1,948,812)

9. RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2015 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	\$ 164,591,504,000	\$ 25,098,394	0.0152489%
Net position	(161,213,259,000)	(24,583,248)	0.0152489%
Net pension liability (asset)	\$ 3,378,245,000	\$ 515,146	0.0152489%
Fiduciary net position as a percentage of total pension liability	97.9%	97.9%	

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, 2015	\$	5,816,753
June 30, 2014	\$	6,769,452
June 30, 2013	\$	6,596,280

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

At June 30, 2015, the District reported a net pension liability of \$4,377,698 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2015, 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, 2015, the District's proportion was 0.129585% percent.

For the year ended June 30, 2015, the District recognized pension expense of \$3,857,127. At June 30, 2015, 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	\$ 140,135	\$ -
Net difference between projected and actual earnings on pension plan investments	760,351	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	418,926
Contributions subsequent to the measurement date	1,413,966	-
Total	\$ 2,314,452	\$ 418,926

9. RETIREMENT PLANS (Continued)

The District recognized \$1,413,966 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2015, which recognized a reduction of the net pension liability in the year ended June 30, 2016.

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:

2016	\$	120,390
2017		120,390
2018		120,390
2019		120,390
2020		-
Thereafter		-
	\$	<u>481,560</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 7.5%, 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 (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate Share of Net Pension liability (asset)	\$ 29,179,249	\$ 4,377,698	\$ (16,550,962)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 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	\$ 164,591,504,000	\$ 213,285,900	0.1295850%
Net position	<u>(161,213,259,000)</u>	<u>(208,908,202)</u>	0.1295850%
Net pension liability (asset)	<u>\$ 3,378,245,000</u>	<u>\$ 4,377,698</u>	0.1295850%
Fiduciary net position as a percentage of total pension liability	97.9%	97.9%	

9. RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The total pension liability for the March 31, 2014 measurement date was determined by using an actuarial valuation as of April 1, 2014.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.9 percent indexed by service
Projected COLAs	1.4% compounded annually
Decrements	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.5% compounded annually, net of investment expenses

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 equities and fixed income 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 target asset allocation as of March 31, 2015 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 7.5%. 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.

9. 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	\$	27,027,205
June 30, 2014	\$	19,671,858
June 30, 2013	\$	21,252,794

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

At June 30, 2015, the District reported net pension asset of \$119,424,530 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2014, 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, 2015 the District's proportionate share was 1.072093%, which was an increase from the 1.067820% proportionate share measured at June 30, 2014.

9. RETIREMENT PLANS (Continued)

For the year ended June 30, 2015, the District recognized pension income of \$4,683,067. At June 30, 2015, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ -	\$ 1,746,365
Net difference between projected and actual earnings on pension plan investments	-	80,206,551
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	25,198
Contributions subsequent to the measurement date	<u>27,683,087</u>	-
Total	<u>\$ 27,683,087</u>	<u>\$ 81,978,114</u>

The District recognized \$27,683,087 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:

2015	\$ (20,257,633)
2016	(20,257,633)
2017	(20,257,633)
2018	(20,257,633)
2019	(205,996)
Thereafter	<u>(741,584)</u>
	<u>\$ (81,978,112)</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.

9. RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, with update procedures used to roll forward the total pension liability to June 30, 2014. Total pension liability at the June 30, 2013 measurement date, was determined by an actuarial valuation as of June 30, 2012, with update procedures used to roll forward the total pension liability to June 30, 2013. 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, 2013 and 2012 valuations 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, 2013 (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	7.3
International Equity	18.0	8.5
Real Estate	10.0	5.0
Alternative Investments	7.0	11.0
Domestic Fixed Income Securities	18.0	1.5
Global Fixed Income Securities	2.0	1.4
Mortgages	8.0	3.4

100%

9. 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)	\$ (2,576,155)	\$ (119,424,530)	\$ (218,995,574)

Pension Plan Fiduciary Net Position

The components of the collective net pension liability (asset) of the participating school districts as of June 30, 2014, 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	\$ 97,015,706,548	\$ 1,040,098,599	1.0720930%
Net position	<u>(108,155,083,127)</u>	<u>(1,159,523,128)</u>	1.0720930%
Net pension liability (asset)	<u>\$ (11,139,376,579)</u>	<u>\$ (119,424,530)</u>	1.0720930%
Fiduciary net position as a percentage of total pension liability	111.5%	111.5%	

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, 2015:

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
City NYSERS	\$ -	\$ 5,287,415	\$ 2,737,581	\$ 108,369
City NYSPFRS	-	5,516,792	6,959,275	299,622
SURA NYSERS	-	515,146	105,964	255,667
District NYSERS	-	4,377,698	2,314,452	418,926
District NYSTRS	<u>119,424,530</u>	<u>-</u>	<u>27,683,087</u>	<u>81,978,114</u>
Total	<u>119,424,530</u>	<u>15,697,051</u>	<u>39,800,359</u>	<u>83,060,698</u>
Business-type	-	1,513,408	880,811	35,440
Governmental	<u>119,424,530</u>	<u>14,183,643</u>	<u>38,919,548</u>	<u>83,025,258</u>
Total	<u>\$ 119,424,530</u>	<u>\$ 15,697,051</u>	<u>\$ 39,800,359</u>	<u>\$ 83,060,698</u>

9. 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, 2015 was \$895,779, of which \$53,299 is reported in the proprietary funds / business-type activities and \$842,480 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, 2015 was \$2,591,823 of which \$298,864 is reported in the proprietary funds/business-type activities and \$2,292,959 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. The total unpaid liability at June 30, 2015 was \$711,520, all of which is reported in the governmental activities. For the year ended June 30, 2015 \$758,985 was charged to expenditures in the governmental activities.

10. SELF INSURANCE

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The City is primarily self-insured for medical, dental, workers' compensation and general liability claims. 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 6, are adequate to cover their liability for claims based on current available information, but these estimates may differ from the amount ultimately paid when claims are settled.

11. OTHER POSTEMPLOYMENT BENEFITS

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

11. 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, 2015, the City contributed approximately \$24,000,000 for the total cost of the plan net of retiree contributions of approximately \$2,900,000. The District contributed approximately \$25,000,000 net of retiree contributions of approximately \$1,700,000.

Annual OPEB Cost and Net Obligation

The City's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined 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	\$ 52,683,742	\$ 87,396,868
Interest on net OPEB obligation	11,995,929	15,557,677
Adjustment to annual required contribution	<u>(17,343,145)</u>	<u>(22,492,551)</u>
Annual OPEB cost (expense)	47,336,526	80,461,994
Contributions made	<u>(24,014,226)</u>	<u>(24,991,211)</u>
Increase in net OPEB obligation	23,322,300	55,470,783
Net OPEB obligation - Beginning of Year	<u>299,898,200</u>	<u>388,941,936</u>
Net OPEB obligation - End of Year	<u>\$ 323,220,500</u>	<u>\$ 444,412,719</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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, 2013	\$ 86,321,574	24.85%	\$ 333,768,332
June 30, 2014	\$ 77,585,062	28.89%	\$ 388,941,936
June 30, 2015	\$ 80,461,994	31.06%	\$ 444,412,719

The City's annual OPEB cost, the percentage of annual cost contributed to the plan, and the net OPEB obligation for 2015 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, 2013	\$ 77,545,897	27.30%	\$ 273,451,900
June 30, 2014	\$ 45,634,356	42.05%	\$ 299,898,200
June 30, 2015	\$ 47,336,526	50.73%	\$ 323,220,500

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial date, the District's actuarial accrued liability for benefits was approximately \$1,181,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$203,000,000 and the ratio of the liability to the covered payroll was 581%.

As of July 1, 2014, the most recent actuarial date, the City's actuarial accrued liability for benefits was approximately \$680,000,000 and there were no plan assets. The covered payroll (annual payroll of active employees covered by the Plan) was approximately \$119,000,000 and the ratio of the liability to the covered payroll was 569%.

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 7.75% is used initially, decreasing to 3.89% after sixty years for Pre-65 individuals and 6.75% initially, decreasing to 3.89% for Post-65 individuals after sixty years. The prescription cost trend begins at 8.50% 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, 2015 was thirty years.

For the City, the annual prescription drug trend is 8.50% decreasing to 3.886% in 2075. The Pre-65 medical cost trend rate is 7.75% 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, 2015 was thirty years.

12. 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, 2015.

The District has a potential liability for the overbilling of tuition to other districts for students in attendance at Elmcrest Children's Center. It is uncertain if the districts involved are entitled to or will seek restitution. As such any potential liability relating to this contingency cannot be determined at June 30, 2015.

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, 2014:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 283,000	\$ 14,991	\$ 297,991
2016	324,000	13,605	337,605
2017	148,000	11,345	159,345
2018	154,000	8,911	162,911
2019-2021	<u>197,000</u>	<u>8,968</u>	<u>205,968</u>
	<u>\$ 1,106,000</u>	<u>\$ 57,820</u>	<u>\$ 1,163,820</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.

13. 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. Any potential liability related to this matter cannot be determined at this point, therefore, no liability has been accrued in the current fiscal year.

14. PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

Environmental Remediation

During the current year the District's Administration determined that the Environmental Remediation Liability of \$14,524,547 reported as a long term liability on the District's Statement of Net Position on the District-wide financial statements did not meet the criteria under generally accepted accounting principles for a liability, under GASB Statement No. 49. A prior period adjustment was made to increase the Net Position of the District as of July 1, 2014 for the amount of the previously reported liability.

Retainage Payable

During the year ended June 30, 2015, the New York State Office of the State Comptroller issued reporting guidance regarding retainage payables owed to contractors. Based on that guidance, Administration determined that at June 30, 2014, there was no retainage payable owed to contractors in the JSCB and the Capital Projects Funds. Prior period adjustments were made to increase the JSCB's restricted fund balance on the fund financial statements as of July 1, 2014 by \$2,174,885 and to increase the capital projects restricted fund balance on the fund financial statements as of July 1, 2014 by \$378,968.

15. FUTURE CHANGES IN ACCOUNTING STANDARDS

GASB has issued Statement No.72, *Fair Value Measurement and Application*, effective for the year ending June 30, 2016.

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

GASB has issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the year ending June 30, 2016.

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

16. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year ended June 30, 2015:

On October 28, 2015, the City issued \$58,905,000 in Revenue Anticipation Notes at 0.55% maturing on June 30, 2016 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the District. The request was approved by the City of Syracuse, New York Common Council on September 28, 2015.

On December 9, 2015, the City issued \$23,800,000 in Revenue Anticipation Notes at 1.5% maturing on June 30, 2016 to cover an expected cash flow shortage due to the timing of cash receipts from all sources related to the City. The request was approved by the Common Council on November 9, 2015.

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>			Variance Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
REVENUES:				
General property taxes and tax items	\$ 36,202,684	\$ 36,202,684	\$ 37,212,859	\$ 1,010,175
Sales tax and use taxes	82,444,400	82,444,400	82,152,727	(291,673)
Other local taxes	3,529,500	3,529,500	3,266,169	(263,331)
Departmental revenues	10,176,000	10,300,822	10,855,866	555,044
Intergovernmental charges	403,504	403,504	269,913	(133,591)
Licenses and permits	2,215,380	2,215,380	2,490,942	275,562
Fines and forfeitures	3,524,500	3,559,500	3,175,785	(383,715)
Sale of property and compensation for loss	215,000	215,000	520,958	305,958
Use of money and property	363,800	363,800	186,791	(177,009)
Federal and state aid and other grants	78,946,865	78,946,865	79,283,927	337,062
Other revenues	<u>5,814,000</u>	<u>5,814,000</u>	<u>5,875,503</u>	<u>61,503</u>
Total revenues	<u>223,835,633</u>	<u>223,995,455</u>	<u>225,291,440</u>	<u>1,295,985</u>
EXPENDITURES:				
Current:				
General government support	30,305,970	32,245,960	29,495,110	2,750,850
Public safety	142,101,571	141,338,203	141,805,966	(467,763)
Transportation	24,779,210	25,503,767	23,653,183	1,850,584
Home and community services	13,955,043	13,934,321	12,893,451	1,040,870
Culture and recreation	11,773,762	11,761,778	10,907,969	853,809
Interest on debt	<u>250,000</u>	<u>250,000</u>	<u>58,153</u>	<u>191,847</u>
Total expenditures	<u>223,165,556</u>	<u>225,034,029</u>	<u>218,813,832</u>	<u>6,220,197</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>670,077</u>	<u>(1,038,574)</u>	<u>6,477,608</u>	<u>7,516,182</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	-	1,500,000	1,500,000
Operating transfers in	2,825,000	2,825,000	2,826,675	1,675
Operating transfers out	<u>(23,695,077)</u>	<u>(23,198,077)</u>	<u>(22,733,645)</u>	<u>464,432</u>
Total other financing uses - net	<u>(20,870,077)</u>	<u>(20,373,077)</u>	<u>(18,406,970)</u>	<u>1,966,107</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (20,200,000)</u>	<u>\$ (21,411,651)</u>	<u>(11,929,362)</u>	<u>\$ 9,482,289</u>
EFFECT OF ENCUMBRANCES			<u>1,290,650</u>	
CHANGE IN FUND BALANCE			<u>\$ (10,638,712)</u>	

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Fund - City School District					
	Original Budget	Final Budget	Actual Total CSD	Less: Actual CSD Special Aid Fund	Actual CSD - General Fund	Variance Favorable (Unfavorable)
REVENUES:						
General property taxes and tax items	\$ 57,437,912	\$ 57,437,912	\$ 57,913,999	\$ -	\$ 57,913,999	\$ 476,087
Sales tax and use taxes	1,250,000	1,250,000	1,225,570	-	1,225,570	(24,430)
Sale of property and compensation for loss	27,100	27,100	60,920	-	60,920	33,820
Use of money and property	481,000	481,000	255,863	-	255,863	(225,137)
Federal and state aid and other grants	298,806,262	298,806,262	367,555,022	71,841,291	295,713,731	(3,092,531)
Other revenues	<u>1,173,000</u>	<u>1,173,000</u>	<u>1,840,494</u>	<u>-</u>	<u>1,840,494</u>	<u>667,494</u>
Total revenues	<u>359,175,274</u>	<u>359,175,274</u>	<u>428,851,868</u>	<u>71,841,291</u>	<u>357,010,577</u>	<u>(2,164,697)</u>
EXPENDITURES:						
Current:						
General government support	53,544,599	56,679,382	52,077,836	-	52,077,836	4,601,546
Home and community services	-	-	1,344,283	1,344,283	-	-
Education	295,105,696	297,231,506	365,505,019	72,453,381	293,051,638	4,179,868
Pass-through New York State funding to JSCB	11,705,144	11,705,144	11,705,144	-	11,705,144	-
Interest on debt	<u>479,167</u>	<u>479,167</u>	<u>172,056</u>	<u>-</u>	<u>172,056</u>	<u>307,111</u>
Total expenditures	<u>360,834,606</u>	<u>366,095,199</u>	<u>430,804,338</u>	<u>73,797,664</u>	<u>357,006,674</u>	<u>9,088,525</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,659,332)</u>	<u>(6,919,925)</u>	<u>(1,952,470)</u>	<u>(1,956,373)</u>	<u>3,903</u>	<u>6,923,828</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	1,750,000	1,750,000	7,712,248	3,863,207	3,849,041	2,099,041
Operating transfers out	<u>(14,517,668)</u>	<u>(14,517,668)</u>	<u>(16,861,836)</u>	<u>(2,054,569)</u>	<u>(14,807,267)</u>	<u>(289,599)</u>
Total other financing uses - net	<u>(12,767,668)</u>	<u>(12,767,668)</u>	<u>(9,149,588)</u>	<u>1,808,638</u>	<u>(10,958,226)</u>	<u>1,809,442</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (14,427,000)</u>	<u>\$ (19,687,593)</u>	<u>(11,102,058)</u>	<u>\$ (147,735)</u>	<u>\$ (10,954,323)</u>	<u>\$ 8,733,270</u>
EFFECT OF ENCUMBRANCES			<u>3,505,629</u>			
CHANGE IN FUND BALANCE			<u>\$ (7,596,429)</u>			

City of Syracuse, New York

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS FOR THE YEAR ENDED JUNE 30, 2015

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	

For the year ended June 30, 2013:

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
City School District	07/01/12	\$ -	\$ 896,672,270	\$ 896,672,270	0.0%	\$ 197,000,000	454%
City	07/01/12	\$ -	\$ 932,523,611	\$ 932,523,611	0.0%	\$ 111,500,000	836%
		\$ -	\$ 1,829,195,881	\$ 1,829,195,881		\$ 308,500,000	

CITY OF SYRACUSE, NEW YORK

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2015**

CITY SCHOOL DISTRICT:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	2015	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
		2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	0.1295850%	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.								
Proportionate share of the net pension liability (asset)	\$ 4,378									
Covered-employee payroll	\$ 33,468									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.08%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.95%									

NEW YORK STATE TEACHER RETIREMENT SYSTEM PLAN

	2015	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
		2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	1.072093%	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.								
Proportionate share of the net pension liability (asset)	\$ (119,425)									
Covered-employee payroll	\$ 158,365									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-75.41%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	111.48%									

CITY:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	2015	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
		2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	0.1565137%	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.								
Proportionate share of the net pension liability (asset)	\$ 5,287									
Covered-employee payroll	\$ 41,497									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.74%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.90%									

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN

	2015	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
		2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	2.004215%	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.								
Proportionate share of the net pension liability (asset)	\$ 5,517									
Covered-employee payroll	\$ 68,523									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.05%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.00%									

SURA:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	2015	Last 10 Fiscal Years (Dollar amounts displayed in thousands)								
		2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	0.015249%	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.								
Proportionate share of the net pension liability (asset)	\$ 515									
Covered-employee payroll	\$ 3,298									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.62%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.95%									

CITY OF SYRACUSE, NEW YORK

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEAR ENDED JUNE 30, 2015

CITY SCHOOL DISTRICT:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 5,817									
Contributions in relation to the contractually required contribution	5,817									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 33,468									
Contributions as a percentage of covered-employee payroll	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)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 25,734									
Contributions in relation to the contractually required contribution	25,734									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 158,365									
Contributions as a percentage of covered-employee payroll	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)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 7,523									
Contributions in relation to the contractually required contribution	7,523									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 41,497									
Contributions as a percentage of covered-employee payroll	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)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 17,777									
Contributions in relation to the contractually required contribution	17,777									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 68,523									
Contributions as a percentage of covered-employee payroll	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)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 427									
Contributions in relation to the contractually required contribution	427									
Contribution deficiency (excess)	\$ -									
Covered-employee payroll	\$ 3,298									
Contributions as a percentage of covered-employee payroll	12.93%									

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, 2015**

	City School District	City	Total
ASSETS:			
Pooled cash and cash equivalents	\$ 51,541	\$ 17,183,317	\$ 17,234,858
Pooled restricted cash and cash equivalents	-	7,690,258	7,690,258
Accounts receivable	-	180,361	180,361
Due from other funds	3,256,412	-	3,256,412
Due from other governments	<u>-</u>	<u>5,361,933</u>	<u>5,361,933</u>
 Total assets	 <u>\$ 3,307,953</u>	 <u>\$ 30,415,869</u>	 <u>\$ 33,723,822</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 365,575	\$ 2,788,270	\$ 3,153,845
Due to component units	-	151,750	151,750
Other liabilities	<u>-</u>	<u>1,093,204</u>	<u>1,093,204</u>
 Total liabilities	 <u>365,575</u>	 <u>4,033,224</u>	 <u>4,398,799</u>
FUND BALANCES:			
Restricted	2,942,378	7,690,258	10,632,636
Committed	<u>-</u>	<u>18,692,387</u>	<u>18,692,387</u>
 Total fund balance	 <u>2,942,378</u>	 <u>26,382,645</u>	 <u>29,325,023</u>
 Total liabilities and fund balance	 <u>\$ 3,307,953</u>	 <u>\$ 30,415,869</u>	 <u>\$ 33,723,822</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, 2015**

	City School District	City	Total
REVENUES:			
Use of money and property	\$ -	\$ 9,572	\$ 9,572
Federal and state aid and other grants	7,402,639	13,655,808	21,058,447
Other revenues	<u>-</u>	<u>1,800,631</u>	<u>1,800,631</u>
Total revenues	<u>7,402,639</u>	<u>15,466,011</u>	<u>22,868,650</u>
EXPENDITURES:			
Capital outlays	<u>8,983,562</u>	<u>26,379,290</u>	<u>35,362,852</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(1,580,923)</u>	<u>(10,913,279)</u>	<u>(12,494,202)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	7,639,500	7,639,500
Operating transfers in	1,400,000	4,409,719	5,809,719
Operating transfers out	<u>(38,789)</u>	<u>(373,881)</u>	<u>(412,670)</u>
Total other financing sources - net	<u>1,361,211</u>	<u>11,675,338</u>	<u>13,036,549</u>
CHANGES IN FUND BALANCE	<u>\$ (219,712)</u>	<u>\$ 762,059</u>	<u>\$ 542,347</u>
FUND BALANCES- beginning of year as previously reported	3,162,090	25,241,618	28,403,708
PRIOR PERIOD ADJUSTMENT	<u>-</u>	<u>378,968</u>	<u>378,968</u>
FUND BALANCES - beginning of year, as restated	3,162,090	25,620,586	28,782,676
CHANGES IN FUND BALANCE	<u>(219,712)</u>	<u>762,059</u>	<u>542,347</u>
FUND BALANCES - end of year	<u>\$ 2,942,378</u>	<u>\$ 26,382,645</u>	<u>\$ 29,325,023</u>

CITY OF SYRACUSE, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	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	Neighborhood & Business Development	School Food Service	Miscellaneous Trusts			
ASSETS												
Pooled cash and cash equivalents	\$ -	\$ -	\$ 435,203	\$ -	\$ 52,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 487,277
Pooled restricted cash and cash equivalents	3,242,432	695,838	-	-	-	-	-	-	1,094,891	10,000	-	5,043,161
Cash and cash equivalents	-	-	-	-	-	1,566,514	-	-	-	-	-	1,566,514
Restricted cash	-	-	-	-	-	620,532	2,160,200	-	-	16,972	9,610,380	12,408,084
Loans receivable	-	-	-	-	-	-	10,168,941	-	-	-	-	10,168,941
Accounts receivable	5,007,670	-	2,547	-	-	-	11,443	-	-	-	3,891	5,025,551
Taxes receivable (net allowance of \$268,793)	-	-	57,394	-	-	-	-	-	-	-	-	57,394
Due from other funds	2,650,686	-	-	-	-	154,025	-	7,530,693	-	-	-	10,335,404
Due from other governments	-	2,310,898	-	-	-	-	1,014,875	1,200,933	-	-	-	4,526,706
Due from component units (net of allowance of \$1,672,358)	-	-	-	-	-	39,728	347,882	-	-	-	-	387,610
Inventory	-	-	-	-	-	-	-	259,247	-	-	-	259,247
Prepays and other assets	-	-	-	-	-	14,798	-	45,323	-	-	-	60,121
Total assets	\$ 10,900,788	\$ 3,006,736	\$ 495,144	\$ -	\$ 52,074	\$ 2,395,597	\$ 13,703,341	\$ 9,036,196	\$ 1,094,891	\$ 26,972	\$ 9,614,271	\$ 50,326,010
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES												
Liabilities:												
Accounts payable and accrued expenses	\$ -	\$ 176,132	\$ 16,250	\$ -	\$ 29,624	\$ 18,441	\$ 2,948,854	\$ 672,493	\$ 1,836	\$ -	\$ 122,294	\$ 3,985,924
Due to other funds	-	2,137,904	-	-	-	1,212,304	160,132	-	-	-	983,885	4,494,225
Due to component units	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	54,074	3,138	-	-	-	57,212
Bond anticipation note	-	-	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Unearned revenue	-	692,700	-	-	-	289,550	80,170	-	-	-	-	1,062,420
Loans payable	-	-	-	-	-	-	10,460,111	-	-	-	-	10,460,111
Total liabilities	-	3,006,736	16,250	-	29,624	1,520,295	13,703,341	675,631	1,836	-	3,106,179	22,059,892
Deferred inflow of resources/Unavailable revenue	5,007,670	-	39,090	-	-	-	-	-	-	-	-	5,046,760
Fund Balances:												
Nonspendable	-	-	-	-	-	-	-	259,247	-	26,972	-	286,219
Restricted	5,893,118	-	-	-	-	-	-	8,101,318	1,093,055	-	6,508,092	21,595,583
Committed	-	-	439,804	-	-	88,996	-	-	-	-	-	528,800
Assigned	-	-	-	-	22,450	786,306	-	-	-	-	-	808,756
Total fund balances	5,893,118	-	439,804	-	22,450	875,302	-	8,360,565	1,093,055	26,972	6,508,092	23,219,358
Total liabilities, deferred inflow of resources and fund balance	\$ 10,900,788	\$ 3,006,736	\$ 495,144	\$ -	\$ 52,074	\$ 2,395,597	\$ 13,703,341	\$ 9,036,196	\$ 1,094,891	\$ 26,972	\$ 9,614,271	\$ 50,326,010

CITY OF SYRACUSE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	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	Neighborhood & Business Development	School Food Service			
REVENUES:											
General property taxes and tax items	\$ -	\$ -	\$ 941,389	\$ -	\$ 2,048,036	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,989,425
Other local taxes	904,284	-	-	-	-	-	-	-	-	-	904,284
Use of money and property	307,066	-	-	-	-	-	-	25	730	2	307,829
Federal and state aid and other grants	-	2,977,155	-	-	-	937,333	8,412,589	13,162,255	-	-	996,537
Pass-through New York State funding from District	-	-	-	-	-	-	-	-	-	-	11,705,144
Surplus food	-	-	-	-	-	-	-	779,981	-	-	779,981
Sales-School Food Service Program	-	-	-	-	-	-	-	253,123	-	-	253,123
Other revenues	-	33,062	-	-	51,744	2,832	-	499,172	-	-	586,810
Total revenues	1,211,350	3,010,217	941,389	-	2,048,036	989,077	8,415,421	14,195,384	499,902	2	44,012,465
EXPENDITURES:											
Current:											
General government support	-	61,962	991,960	-	-	-	1,479,867	6,642,193	8,205	-	9,184,187
Public safety	-	1,707,298	-	-	-	-	-	-	542,783	-	2,250,081
Transportation	-	687,673	-	-	1,796,793	-	-	-	-	-	2,484,466
Economic opportunity and development	-	-	-	-	-	215,581	34,646	-	-	-	250,227
Home and community services	-	515,604	-	-	-	-	6,900,908	-	-	-	7,416,512
Culture and recreation	-	37,680	-	-	-	-	-	-	48,672	-	86,352
Principal debt payments	24,689,102	-	-	-	-	-	-	-	-	6,270,000	30,959,102
Interest on debt	5,959,536	-	-	-	-	-	-	-	-	5,435,144	11,394,680
Capital outlays	-	-	-	-	-	-	-	-	-	2,396,566	2,396,566
Cost of sales - Food Service Program	-	-	-	-	-	-	-	5,556,378	-	-	5,556,378
Total expenditures	30,648,638	3,010,217	991,960	-	1,796,793	215,581	8,415,421	12,198,571	599,660	-	71,978,551
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,437,288)	-	(50,571)	-	251,243	773,496	-	1,996,813	(99,758)	2	(1,400,023)
OTHER FINANCING SOURCES (USES):											
Premium on refunding bonds	2,865,587	-	-	-	-	-	-	-	-	-	2,865,587
Proceeds of refunding bonds	22,692,061	-	-	-	-	-	-	-	-	-	22,692,061
Payment to escrow agent	(25,557,648)	-	-	-	-	-	-	-	-	-	(25,557,648)
Operating transfers in	28,352,083	-	-	-	-	-	-	-	-	-	28,352,083
Operating transfers out	-	-	-	-	(188,659)	-	-	(1,483,793)	(193,447)	-	(1,865,899)
Total other financing sources (uses)	28,352,083	-	-	-	(188,659)	-	-	(1,483,793)	(193,447)	-	26,486,184
CHANGES IN FUND BALANCES	(1,085,205)	-	(50,571)	-	62,584	773,496	-	513,020	(293,205)	2	(1,479,902)
FUND BALANCES - beginning of year, as previously reported	6,978,323	-	490,375	-	(40,134)	101,806	-	7,847,545	1,386,260	26,970	5,733,230
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-	-	-	-	2,174,885
FUND BALANCES - beginning of year, as restated	6,978,323	-	490,375	-	(40,134)	101,806	-	7,847,545	1,386,260	26,970	7,908,115
NET CHANGE IN FUND BALANCES	(1,085,205)	-	(50,571)	-	62,584	773,496	-	513,020	(293,205)	2	(1,479,902)
FUND BALANCES - end of year	\$ 5,893,118	\$ -	\$ 439,804	\$ -	\$ 22,450	\$ 875,302	\$ -	\$ 8,360,565	\$ 1,093,055	\$ 26,972	\$ 6,508,092

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - DEBT SERVICE FUND
JUNE 30, 2015**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 3,242,432	\$ 3,242,432
Due from other funds	2,650,686	-	2,650,686
Accounts receivable	<u>-</u>	<u>5,007,670</u>	<u>5,007,670</u>
Total assets	<u>\$ 2,650,686</u>	<u>\$ 8,250,102</u>	<u>\$ 10,900,788</u>
DEFERRED INFLOW OF RESOURCES/ UNAVAILABLE REVENUE	\$ -	\$ 5,007,670	\$ 5,007,670
RESTRICTED FUND BALANCE	<u>2,650,686</u>	<u>3,242,432</u>	<u>5,893,118</u>
Total deferred inflow of resources and fund balance	<u>\$ 2,650,686</u>	<u>\$ 8,250,102</u>	<u>\$ 10,900,788</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, 2015**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Other local taxes	\$ -	\$ 904,284	\$ 904,284
Use of money and property	<u>210</u>	<u>306,856</u>	<u>307,066</u>
Total revenues	<u>210</u>	<u>1,211,140</u>	<u>1,211,350</u>
EXPENDITURES:			
Principal debt payments	7,362,605	17,326,497	24,689,102
Interest on debt	<u>2,181,455</u>	<u>3,778,081</u>	<u>5,959,536</u>
Total expenditures	<u>9,544,060</u>	<u>21,104,578</u>	<u>30,648,638</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,543,850)	(19,893,438)	(29,437,288)
OTHER FINANCING SOURCES:			
Operating transfers in	9,582,849	18,769,234	28,352,083
Proceeds of refunding bonds	7,330,000	15,362,061	22,692,061
Premium on refunding bonds	825,804	2,039,783	2,865,587
Payment to escrow agent	<u>(8,155,804)</u>	<u>(17,401,844)</u>	<u>(25,557,648)</u>
Total other financing sources	<u>9,582,849</u>	<u>18,769,234</u>	<u>28,352,083</u>
CHANGES IN FUND BALANCE	38,999	(1,124,204)	(1,085,205)
FUND BALANCES - beginning of year	<u>2,611,687</u>	<u>4,366,636</u>	<u>6,978,323</u>
FUND BALANCES - end of year	<u>\$ 2,650,686</u>	<u>\$ 3,242,432</u>	<u>\$ 5,893,118</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - MISCELLANEOUS TRUST FUNDS
JUNE 30, 2015**

	<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	\$ 265,654	\$ 96,347	\$ 136,718	\$ 77,955	\$ 408	\$ 151,064	\$ 366,745	\$ 1,094,891
Total assets	<u>\$ 265,654</u>	<u>\$ 96,347</u>	<u>\$ 136,718</u>	<u>\$ 77,955</u>	<u>\$ 408</u>	<u>\$ 151,064</u>	<u>\$ 366,745</u>	<u>\$ 1,094,891</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable and accrued expenses	\$ 662	\$ 934	\$ -	\$ 240	\$ -	\$ -	\$ -	\$ 1,836
Total Liabilities	<u>662</u>	<u>934</u>	<u>-</u>	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,836</u>
FUND BALANCES/RESTRICTED	<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>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 265,654</u>	<u>\$ 96,347</u>	<u>\$ 136,718</u>	<u>\$ 77,955</u>	<u>\$ 408</u>	<u>\$ 151,064</u>	<u>\$ 366,745</u>	<u>\$ 1,094,891</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, 2015**

	<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	\$ 32	\$ 696	\$ 730
Other revenues	<u>129,552</u>	<u>69,581</u>	<u>136,718</u>	<u>1,000</u>	<u>-</u>	<u>3,716</u>	<u>158,605</u>	<u>499,172</u>
Total revenues	<u>129,552</u>	<u>69,581</u>	<u>136,718</u>	<u>1,000</u>	<u>2</u>	<u>3,748</u>	<u>159,301</u>	<u>499,902</u>
EXPENDITURES:								
Current:								
General government support	-	-	-	8,205	-	-	-	8,205
Public safety	<u>74,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,122</u>	<u>450,785</u>	<u>542,783</u>
Culture and recreation	<u>-</u>	<u>48,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,672</u>
Total expenditures	<u>74,876</u>	<u>48,672</u>	<u>-</u>	<u>8,205</u>	<u>-</u>	<u>17,122</u>	<u>450,785</u>	<u>599,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	54,676	20,909	136,718	(7,205)	2	(13,374)	(291,484)	(99,758)
OTHER FINANCING USES/OPERATING TRANSFERS OUT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(193,447)</u>	<u>(193,447)</u>
CHANGES IN FUND BALANCE	54,676	20,909	136,718	(7,205)	2	(13,374)	(484,931)	(293,205)
FUND BALANCES - beginning of year	<u>210,316</u>	<u>74,504</u>	<u>-</u>	<u>84,920</u>	<u>406</u>	<u>164,438</u>	<u>851,676</u>	<u>1,386,260</u>
FUND BALANCES - end 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>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - PERMANENT FUNDS
JUNE 30, 2015**

	<u>City School District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	<u>16,972</u>	<u>-</u>	<u>16,972</u>
Total assets	<u>\$ 16,972</u>	<u>\$ 10,000</u>	<u>\$ 26,972</u>
FUND BALANCES:			
Nonspendable	<u>\$ 16,972</u>	<u>\$ 10,000</u>	<u>\$ 26,972</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES/Use of money and property	\$ 2	\$ -	\$ 2
EXPENDITURES/General government support	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	2	-	2
FUND BALANCES - beginning of year	<u>16,970</u>	<u>10,000</u>	<u>26,970</u>
FUND BALANCES - end of year	<u>\$ 16,972</u>	<u>\$ 10,000</u>	<u>\$ 26,972</u>