

CITY OF SYRACUSE, NEW YORK

**Financial Statements as of
June 30, 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

CITY OF SYRACUSE, NEW YORK

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INDEPENDENT AUDITOR'S REPORT

March 20, 2019

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information (nonmajor funds and fiduciary funds) of the City of Syracuse, New York (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Syracuse Industrial Development Agency, Syracuse Economic Development Corporation and Syracuse Regional Airport Authority, which represent 96% of the assets, 95% of the net position and 95% 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 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, 2018, 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.

Change in Accounting Principle

As discussed in Note 13 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions-an Amendment of GASB Statement No. 45*. As a result, a net adjustment was made to decrease net position at July 1, 2017 \$496,878,988 in the governmental activities and \$44,809,429 in the business-type activities. Our opinions are not modified with respect to this matter.

Report on Required Supplementary Information

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

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Concluded)

Report on Other Supplementary Information

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

City of Syracuse, New York

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED JUNE 30, 2018

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, 2018.

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

FINANCIAL HIGHLIGHTS

The City's total net position decreased by approximately \$32.4 as a result of this year's operations. Net position of our governmental activities decreased by \$29.2, while business-type activities decreased by approximately \$3.2. This net decrease will be discussed in a subsequent section of this document.

During the year, the City had revenues that were \$32.4 less than the \$829.1 in total program expenses. Last year expenses exceeded revenues by \$70.6.

In the City's business-type activities, revenues increased to \$47.6, a 9.0% increase from last year's revenues of \$43.6. Expenses for this year (before transfers) decreased to \$48.0, a 3.0% decrease from last year's \$49.9.

In the City's governmental activities, revenues before transfers increased to \$749.1 versus last year's revenues of \$727.9, a 3.0% increase. Expenses decreased this year to \$781.1 versus last year at \$792.2, a 1.0% decrease.

Of the City's total net position reported at June 30, 2018, \$463.6 was net investment in capital assets versus \$460.8 the previous year. Unrestricted net position this year was a deficit balance of \$1,524.9 versus last year's deficit of \$1,409.6.

The City's General Fund reported a surplus for this year of \$0.8, including other financing sources and uses. The resources available for appropriation (revenues and bond proceeds) were approximately \$6.1 more than the revised budget. Expenditures, including transfers out, were approximately \$11.2 less than the revised budget. The revised budget had assumed an overall deficit of \$16.5. At the end of the current fiscal year, unassigned fund balance of the City's General Fund was \$42.1 and 17.5% of total General Fund actual expenditures (including transfers out).

USING THIS ANNUAL REPORT

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

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

Reporting the City as a Whole

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

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

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

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

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 19 and provide detailed information about the most significant funds – not the City as a whole.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

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

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

The City as Trustee

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

THE CITY AS A WHOLE

The City's combined net position decreased from (\$886.1) at June 30, 2017 to (\$918.4) at June 30, 2018. 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	
		As restated		As restated		As restated
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 438.9	\$ 278.9	\$ 19.4	\$ 21.8	\$ 458.3	\$ 300.7
Capital assets	527.4	513.4	249.9	252.8	777.3	766.2
Total assets	<u>966.3</u>	<u>792.3</u>	<u>269.3</u>	<u>274.6</u>	<u>1,235.6</u>	<u>1,066.9</u>
Deferred outflows of resources	<u>186.3</u>	<u>174.2</u>	<u>5.7</u>	<u>4.0</u>	<u>192.0</u>	<u>178.2</u>
General obligation & School Facility bonds	356.6	246.6	100.9	107.0	457.5	353.6
Other long-term liabilities	1,526.9	1,540.5	90.7	90.2	1,617.6	1,630.7
Other liabilities	150.2	117.2	3.3	2.9	153.5	120.1
Total liabilities	<u>2,033.7</u>	<u>1,904.3</u>	<u>194.9</u>	<u>200.1</u>	<u>2,228.6</u>	<u>2,104.4</u>
Deferred inflows of resources	<u>111.7</u>	<u>25.9</u>	<u>5.7</u>	<u>0.9</u>	<u>117.4</u>	<u>26.8</u>
Net Position:						
Net invested in capital assets	314.6	313.8	149.0	147.0	463.6	460.8
Restricted	142.4	61.4	0.5	1.3	142.9	62.7
Unrestricted (deficit)	<u>(1,449.8)</u>	<u>(1,338.9)</u>	<u>(75.1)</u>	<u>(70.7)</u>	<u>(1,524.9)</u>	<u>(1,409.6)</u>
Total net position	<u>\$ (992.8)</u>	<u>\$ (963.7)</u>	<u>\$ 74.4</u>	<u>\$ 77.6</u>	<u>\$ (918.4)</u>	<u>\$ (886.1)</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, 2018, this balance was \$463.6 versus \$460.8 at June 30, 2017. 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, \$142.9 at June 30, 2018, represents resources that are subject to external restrictions on how they may be used and are reported as *restricted* net position. The remaining category of total net position, *unrestricted* net position may be used to meet the government's ongoing obligations and services to creditors and citizens, especially in the future. In the City's case, the amount of unrestricted net position as of June 30, 2018 was a *deficit* of \$1,524.9, versus a *deficit* at June 30, 2017 of \$1,409.6. The net position at June 30, 2017 was restated due to the implementation of GASB Statement No. 75. See footnote 13 for further information.

Governmental Activities

Total net position of the City's governmental activities decreased from a *deficit* balance of \$963.7 at June 30, 2017 to a *deficit* balance of \$992.8 as of June 30, 2018, a decrease of \$29.1. The primary causes of this decrease were the cumulative effect of pension liability and asset reporting changes pursuant to GASB Statement No. 68 and an increase to the liability for post-employment benefits pursuant to GASB Statement No. 75.

The *deficit* in *unrestricted* net position also increased, increasing to a *deficit* of \$1,449.8 at June 30, 2018 compared to the previous year *deficit* of \$1,338.9. This was a negative change of \$110.9 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 in other areas of the statement.

Business-Type Activities

The total net position of the City's business-type activities decreased for the fiscal year ended June 30, 2018 (\$74.4 compared to a previous fiscal year balance – restated due to GASB 75 - of \$77.6). Deficits were reported in the Aviation Fund (\$2.4) and Sewer Fund (\$1.2) with a Water Fund surplus in the amount of \$0.4.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

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

Table 2
Changes in Net Position
(In Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 23.4	\$ 22.3	\$ 37.1	\$ 35.8	\$ 60.5	\$ 58.1
Grants and contributions	112.5	110.9	6.9	2.2	119.4	113.1
General revenues:						
Property taxes and tax items	96.9	94.7	-	-	96.9	94.7
Other taxes	3.1	3.1	-	-	3.1	3.1
Sales and use taxes	87.8	82.0	-	-	87.8	82.0
Unallocated State Aid	414.2	405.0	-	-	414.2	405.0
Unallocated Federal Aid	3.0	2.3	-	-	3.0	2.3
Investment earnings	1.7	0.7	-	-	1.7	0.7
Other general revenues	6.5	6.9	3.6	5.6	10.1	12.5
Total revenues	<u>749.1</u>	<u>727.9</u>	<u>47.6</u>	<u>43.6</u>	<u>796.7</u>	<u>771.5</u>
Program expenses						
Total governmental	781.1	792.2	-	-	781.1	792.2
Aviation	-	-	22.1	23.8	22.1	23.8
Water	-	-	19.8	20.5	19.8	20.5
Sewer	-	-	6.1	5.6	6.1	5.6
Total expenses	<u>781.1</u>	<u>792.2</u>	<u>48.0</u>	<u>49.9</u>	<u>829.1</u>	<u>842.1</u>
Excess (deficiency) before transfers	(32.0)	(64.3)	(0.4)	(6.3)	(32.4)	(70.6)
Transfers	2.8	2.8	(2.8)	(2.8)	-	-
Increase (decrease) in net position	<u>\$ (29.2)</u>	<u>\$ (61.5)</u>	<u>\$ (3.2)</u>	<u>\$ (9.1)</u>	<u>\$ (32.4)</u>	<u>\$ (70.6)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City's total revenues for the fiscal year ended June 30, 2018 increased by 3.0% (\$796.7 compared to the previous year of \$771.5), a \$25.2 increase. Most notably, unallocated state aid to the City governmental funds increased by \$9.2, grants and contributions increased by \$6.3 and sales tax increased by \$5.8. Minor increases and decreases in other areas comprised the balance of the change.

The total cost of all programs and services decreased by approximately 1.5% (\$829.1 compared to \$842.1 in the prior year). This decrease (\$13.0) is primarily due to a \$9.2 decrease in the amount spent for public safety, Decreases in economic development costs (\$2.3), and general government (\$2.3) comprise the bulk of the remainder of the decrease. Spending for education increased \$9.6.

Total revenues were not sufficient to cover this year's total costs. This deficit decreased the net position of the City by \$32.4 for fiscal year ended June 30, 2018 versus a decrease of \$70.6 for fiscal year ended June 30, 2017. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

As mentioned previously in the FINANCIAL HIGHLIGHTS section at the beginning of this document, revenues for the City's governmental activities increased from \$727.9 during the fiscal year ended June 30, 2017 to \$749.1 for the year ended June 30, 2018, an increase of \$21.2. In summary, the City realized an increase of \$9.2 in unallocated state aid.

Program expenses decreased for the year ended June 30, 2018, decreasing from \$792.2 in the fiscal year ended June 30, 2017 to \$781.1 for the year ended June 30, 2018, a 1.0% or \$11.1 increase. Decreases in home and community services costs (\$2.4), decreased public safety costs (\$9.2); decreases in economic opportunity and development (\$2.3), and decreases in general government (\$2.2) were offset by increases in education costs in the amount of \$9.6 to produce the decrease in overall costs.

The increase in program revenues and general revenues coupled with an increase in program expenditures produced a decrease in governmental net position for the year ended June 30, 2018 of \$29.2 after transfers, versus a decrease in net position for the year ended June 30, 2017 of \$61.5.

Business-Type Activities

Total revenues in the City's business-type activities (See Table 2) increased by \$4.0 or 9% for the year ended June 30, 2018 (\$47.6 in the current year as compared to \$43.6 in the prior year). This reflects a \$4.4 increase in the Aviation fund, a \$1.8 increase in the Water Fund and small decreases in other funds and categories.

Expenses of the City's business-type activities before transfers decreased by 4.0%, or \$1.9 (\$48.0 versus \$49.9 last year). This resulted from an increase of \$0.5 in the Water fund and decreases in both the Aviation (\$1.6) and Sewer (\$0.8) funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$269.1, which is a 83.9% increase from last year's total of \$146.3. This increase (\$122.8) is primarily due to an operating surplus in the JSCB Fund of \$109.6.

Approximately \$42.2 of fund balance is available for spending at the government's discretion (*unassigned fund balance*). \$142.4 of fund balance is subject to external, legally enforceable restrictions on its use (*restricted*). An additional \$82.6 has been set aside by ordinance or through intent to be used for specific purposes (*committed and assigned*). The remainder (\$1.9) 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 \$42.2, while total fund balance was \$53.6. 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, 2018, unassigned fund balance represents 17.5% of total fund expenditures (including transfers out) totaling \$240.0, while total fund balance represents 22.3% of that same amount. The fund balance of the City's General Fund increased by \$0.8 during the current fiscal year. The adopted budget for the year ended June 30, 2018, included the use of fund balance (\$16.5) 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 \$32.0. The entire balance of the fund is required to be used in the completion of City and School District capital projects.
- **Joint School Construction Board Fund** --- The Joint School Construction Board Fund is a School District Fund that accounts for activities relating to the refurbishment of educational facilities in the City of Syracuse. The Joint School Construction Board was formed through an agreement between the City of Syracuse and the Syracuse City School District to administer the activities of this project. The entire balance is reserved for the purposes of this project and is not available for appropriation for any other purpose. The revenue for this fund is provided by bond proceeds and interest paid on the unspent proceeds. A decline in fund balance simply reflects the spending of bond proceeds to repair schools and conversely, an increase indicates that bond proceeds exceeded amounts spent.

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 \$59.1, last year it was \$44.2. The increase of \$14.9. reflects that revenues recorded exceeded the expenditures of the current fiscal year. Revenues in the School District's General Fund for the year (including transfers in) were \$485.5 and expenditures (including transfers out) were \$470.6.
- *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 \$5.8 in both revenues and expenditures. For the prior fiscal year, the fund recorded revenues and expenditures of \$7.6. At June 30, 2018, total assets of the fund were \$16.2 and total liabilities were \$16.2. At the end of the previous fiscal year, total assets and total liabilities were \$15.5.

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 Aviation, Water and Sewer Funds. The net position of the proprietary funds at the end of the current fiscal year totaled \$74.3. The decrease of \$3.2 in total net position of the proprietary funds resulted from deficits in the Aviation fund \$2.4, and Sewer Fund \$1.2 with a surplus in the amount of 0.4 in the Water Fund. The total net position of the City's business-type activities also decreased for the fiscal year ended June 30, 2018 due to the adoption of GASB 75 – a restatement to June 30, 2017 balance in the amount of \$44.8.

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, 2018, which is prepared on an operating basis, included estimated revenues and annual appropriations of \$248.0.

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 \$251.4, utilizing \$16.5 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 surplus for the current year of \$0.8, as compared to a final adopted budget with a projected *deficit* of \$16.5. This positive variance from the projected deficit was primarily the result of positive fluctuations in the expenditure projections and favorable sales tax and state aid collections.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

On the revenue side, positive variances in sales tax (\$3.7) and state aid (\$3.0) were offset by a net decrease in property tax and tax items (\$2.7) and small amounts in other categories to produce a total net positive revenue variance of \$6.1.

Expenditures varied positively from budgeted amounts in every departmental category except transportation. Transportation had a \$0.1 negative variance. Unspent funds were reported in general government support (\$2.3), public safety (\$9.1) and culture and recreation \$(0.9). These variances combined to produce a \$11.3 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, 2018, amounted to \$777.3 (net of accumulated depreciation). The previous year's amount was \$766.2. 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 \$527.3 (net of accumulated depreciation) this year as compared to a \$513.4 balance last year. For the City's business-type activities, the balance at the end of this year was \$250.0 (net of accumulated depreciation) as compared to a balance of \$252.8 last year.

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

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

- School District Building and Improvements -- \$53.3
- School District Machinery and Equipment -- \$1.0
- DPW Equipment -- \$1.1
- City Infrastructure (Bridge Repairs, Traffic Signals, Sidewalks and Road Resurfacing) -- \$3.8
- Citywide Improvements -- \$0.5
- Parks Improvements -- \$0.5
- Fire Department Equipment -- \$3.4
- Garage Improvements -- \$1.4

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

Depreciation expense for the current fiscal year was \$25.8 for governmental activities and \$13.8 for business-type activities.

Long-Term Debt

At year-end, the City had \$472.5 outstanding in bonds and notes versus \$383.4 last year, an increase of 23%. See Table 3 below for a breakdown of bonds and notes by governmental activities and business-type activities.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds and school facility revenue bonds	\$ 356.6	\$ 246.6	\$ 72.2	\$ 76.9	\$ 428.8	\$ 323.5
Construction bonds payable	-	-	28.7	30.1	28.7	30.1
Bond anticipation notes	<u>15.0</u>	<u>29.8</u>	<u>-</u>	<u>-</u>	<u>15.0</u>	<u>29.8</u>
Total	<u>\$ 371.6</u>	<u>\$ 276.4</u>	<u>\$ 100.9</u>	<u>\$ 107.0</u>	<u>\$ 472.5</u>	<u>\$ 383.4</u>

With respect to general obligation bonds and facility revenue bonds, total new debt issued during the year was \$143.9, which includes refunding bonds of \$21.6. Proceeds were used to finance capital expenditures and satisfy legal judgments and to fund Water and Sewer fund projects. Major projects and satisfactions funded with these proceeds are as follows:

- Road Reconstruction -- \$3.1
- Sidewalk Improvements -- \$0.5
- Garage Renovations -- \$1.4
- Parks Equipment and Improvements -- \$0.6
- DPW Equipment -- \$1.1
- Fire Department Vehicles and Apparatus -- \$4.2
- Unimproved Street Slurry -- \$0.8
- Legal Claims -- \$4.2
- Water Projects - \$.6
- JSCB Projects -\$105.8

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

(Continued)

The City issued \$15.0 of bond anticipation notes for the Joint Schools Construction Board, which were outstanding at June 30, 2018.

The City issued \$95.7 in revenue anticipation notes (RANs) during the fiscal year; \$51.8 on behalf of the School District and \$43.9 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. The City RAN was outstanding at June 30, 2018.

The City had a rating of A1 from Moody's Investors Service and an A rating from Standard & Poor's at June 30, 2018.

The New York State Constitution imposes a debt limit of 9 percent of the most recent five-year average of full valuation of taxable real estate in the City. Certain specified types of obligations are excluded. The limit as of fiscal year end was \$419.0, which is above the City's outstanding general obligation debt after exclusions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

In setting the June 30, 2019 fiscal year budget, the City portion of the property tax levy increased by \$0.2, rising from \$34.5 in the 17/18 fiscal year to \$34.7 in the 18/19 fiscal year. The School District portion of the levy increased by \$0.4, rising from \$65.3 in the 17/18 fiscal year to \$65.7 in the 18/19 fiscal year. The actual combined property tax levy of the City and School District for fiscal year 18/19 is \$100.4 (\$34.7 for the City and \$65.7 for the School District), compared with the previous year of \$99.8 (\$34.5 for the City and \$65.3 for the School District). The City and School District combined property tax rate for 18/19 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, 2019 budget includes a provision for use of fund balance for the City General Fund in the amount of \$11.0. Revenues for the 18/19 fiscal year are predicted to be approximately \$3.2 less than the previous year's budget and expenditures are projected to be \$3.0 less than the previous year. The School District budget includes a provision to use \$14.0 of fund balance.

The Airport Fund will remain self-sufficient and will not affect the City's General Fund operations for the June 30, 2019 fiscal year.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

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

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

CITY OF SYRACUSE, NEW YORK

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Pooled cash and cash equivalents	\$ 97,592,398	\$ 15,872,612	\$ 113,465,010	\$ -
Cash and cash equivalents	1,811,983	-	1,811,983	21,292,815
Receivables:				
Accounts	6,117,066	2,960,407	9,077,473	25,680,306
Taxes (net of allowance of \$28,237,761)	8,484,325	-	8,484,325	-
Other	4,529,416	-	4,529,416	-
Notes and loans receivable - due within one year	13,240,280	-	13,240,280	317,491
Due from primary government	-	-	-	-
Due from other governments	118,876,300	1,978	118,878,278	-
Due from component units (net of allowance of \$5,502,128)	411,269	770,879	1,182,148	4,790,184
Internal balances	726,515	(726,515)	-	-
Inventories	1,712,152	-	1,712,152	805,007
Prepaid expenses and other assets	204,153	-	204,153	1,558,416
Restricted assets:				
Pooled cash and cash equivalents	46,448,489	474,292	46,922,781	-
Cash and cash equivalents	130,209,313	-	130,209,313	38,137,914
Net pension asset	8,507,814	-	8,507,814	-
Notes and loans receivable - due in more than one year	-	-	-	8,030,112
Capital assets:				
Nondepreciable	102,050,653	12,286,438	114,337,091	33,253,975
Depreciable, net	<u>425,345,780</u>	<u>237,673,167</u>	<u>663,018,947</u>	<u>7,420,627</u>
Total assets	<u>966,267,906</u>	<u>269,313,258</u>	<u>1,235,581,164</u>	<u>141,286,847</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - debt refunding	1,398,166	359,823	1,757,989	-
Deferred outflows - OPEB	1,872,057	623,363	2,495,420	16,864
Deferred outflows - pensions	<u>183,027,714</u>	<u>4,752,129</u>	<u>187,779,843</u>	<u>422,268</u>
Total deferred outflows of resources	<u>186,297,937</u>	<u>5,735,315</u>	<u>192,033,252</u>	<u>439,132</u>
LIABILITIES				
Accounts payable and accrued expenses	46,721,443	2,776,199	49,497,642	21,115,110
Due to other governments	1,059,114	-	1,059,114	-
Due to retirement systems	26,784,934	465,858	27,250,792	-
Unearned revenue	2,515,814	-	2,515,814	450,992
Loans payable	13,381,549	-	13,381,549	-
Other current liabilities	588,847	-	588,847	735,368
Due to fiduciary funds-net	219,411	-	219,411	-
Bond anticipation notes payable	15,000,000	-	15,000,000	-
Revenue anticipation note payable	43,900,000	-	43,900,000	-
Due to component units	-	-	-	4,790,185
Long-term liabilities - due within one year	48,703,736	7,254,920	55,958,656	11,904,000
Due to primary government - due within one year	-	-	-	800,471
Long-term liabilities - due in more than one year	1,834,825,683	184,423,038	2,019,248,721	2,471,165
Due to primary government - due in more than one year	-	-	-	5,850,176
Total liabilities	<u>2,033,700,531</u>	<u>194,920,015</u>	<u>2,228,620,546</u>	<u>48,117,467</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	4,552,019	-	4,552,019	-
Deferred inflows - OPEB	12,435,329	803,154	13,238,483	1,422
Deferred inflows - pensions	<u>94,750,835</u>	<u>4,939,525</u>	<u>99,690,360</u>	<u>397,107</u>
Total deferred inflows of resources	<u>111,738,183</u>	<u>5,742,679</u>	<u>117,480,862</u>	<u>398,529</u>
NET POSITION				
Net investment in capital assets	314,555,695	149,023,253	463,578,948	40,674,602
Restricted	142,432,343	474,292	142,906,635	38,022,813
Unrestricted (deficit)	<u>(1,449,860,909)</u>	<u>(75,111,666)</u>	<u>(1,524,972,575)</u>	<u>14,512,568</u>
Total net position	<u>\$ (992,872,871)</u>	<u>\$ 74,385,879</u>	<u>\$ (918,486,992)</u>	<u>\$ 93,209,983</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, 2018**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT:								
Governmental Activities:								
General government support	\$ 94,870,073	\$ 1,342,115	\$ 2,287,262	\$ 810,662	\$ (90,430,034)	\$ -	\$ (90,430,034)	\$ -
Police department	103,806,336	5,562,346	2,438,169	-	(95,805,821)	-	(95,805,821)	-
Fire department	68,087,868	196,475	1,375,764	-	(66,515,629)	-	(66,515,629)	-
Other public safety	5,763,898	2,898,297	-	-	(2,865,601)	-	(2,865,601)	-
Transportation	36,890,328	9,853,179	341,089	9,137,183	(17,558,877)	-	(17,558,877)	-
Economic opportunity and development	459,749	6,586	201,341	-	(251,822)	-	(251,822)	-
Home and community services	20,768,126	2,449,556	6,011,019	-	(12,307,551)	-	(12,307,551)	-
Culture and recreation	14,211,231	625,257	340,271	-	(13,245,703)	-	(13,245,703)	-
Food service	15,697,864	265,610	16,063,166	-	630,912	-	630,912	-
Education	385,806,020	200,973	73,090,208	-	(312,514,839)	-	(312,514,839)	-
Pupil transportation	24,799,370	-	384,307	-	(24,415,063)	-	(24,415,063)	-
Interest on long-term debt	10,032,407	-	-	-	(10,032,407)	-	(10,032,407)	-
Total governmental activities	781,193,270	23,400,394	102,532,596	9,947,845	(645,312,435)	-	(645,312,435)	-
Business-Type Activities:								
Aviation	22,158,909	9,832,577	-	6,437,408	-	(5,888,924)	(5,888,924)	-
Water	19,772,682	21,865,284	-	509,580	-	2,602,182	2,602,182	-
Sewer	6,121,016	5,418,091	-	-	-	(702,925)	(702,925)	-
Total business-type activities	48,052,607	37,115,952	-	6,946,988	-	(3,989,667)	(3,989,667)	-
TOTAL PRIMARY GOVERNMENT	\$ 829,245,877	\$ 60,516,346	\$ 102,532,596	\$ 16,894,833	(645,312,435)	(3,989,667)	(649,302,102)	-
COMPONENT UNITS:								
Syracuse Industrial Development Agency	\$ 4,698,907	\$ 6,311,937	\$ 20,426	\$ -	-	-	-	1,633,456
Syracuse Economic Development Corporation	471,706	159,956	10,225	-	-	-	-	(301,525)
Greater Syracuse Property Development Corporation	3,919,549	1,459,293	2,093,611	-	-	-	-	(366,645)
Syracuse Regional Airport Authority	35,989,301	35,384,230	-	30,710,589	-	-	-	30,105,518
TOTAL COMPONENT UNITS	\$ 45,079,463	\$ 43,315,416	\$ 2,124,262	\$ 30,710,589	-	-	-	31,070,804
General revenues:								
Property taxes and tax items					96,948,453	-	96,948,453	-
Sales and use taxes					87,747,971	-	87,747,971	-
Other taxes					3,159,797	-	3,159,797	-
Unallocated state aid					414,288,148	-	414,288,148	-
Unallocated federal aid					3,009,074	-	3,009,074	-
Investment earnings					1,678,280	129,866	1,808,146	285,584
Contributions					-	-	-	168,560
Miscellaneous					6,453,919	3,464,050	9,917,969	-
Transfers					2,825,000	(2,825,000)	-	-
Total general revenues and transfers					616,110,642	768,916	616,879,558	454,144
Changes in net position					(29,201,793)	(3,220,751)	(32,422,544)	31,524,948
NET POSITION - beginning of year, as previously reported					(466,792,090)	122,416,059	(344,376,031)	61,685,035
PRIOR PERIOD ADJUSTMENT (NOTE 13)					(496,878,988)	(44,809,429)	(541,688,417)	-
NET POSITION - beginning of year, as restated					(963,671,078)	77,606,630	(886,064,448)	61,685,035
NET POSITION - end of year					\$ (992,872,871)	\$ 74,385,879	\$ (918,486,992)	\$ 93,209,983

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Capital Projects Fund	Joint Schools Construction Board	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
				City School District	Neighborhood & Business Development		
ASSETS							
Pooled cash and cash equivalents	\$ 40,823,513	\$ 10,877,279	\$ -	\$ 45,426,000	\$ -	\$ 465,606	\$ 97,592,398
Pooled restricted cash and cash equivalents	19,712,402	15,279,572	-	2,298,098	-	9,158,417	46,448,489
Cash and cash equivalents	-	-	-	-	-	1,811,983	1,811,983
Restricted cash and cash equivalents	-	-	128,098,752	-	2,074,448	36,113	130,209,313
Loans receivable	-	-	-	-	13,090,280	150,000	13,240,280
Accounts receivable	1,560,062	-	-	-	1,281	4,582,007	6,143,350
Other receivable	-	-	-	4,503,132	-	-	4,503,132
Taxes receivable (net of allowance of \$28,237,761)	5,204,007	-	-	3,443,232	-	17,647	8,664,886
Due from other funds	5,004,177	4,190,044	-	8,760,970	-	6,770,854	24,726,045
Due from other governments	48,385,104	4,807,685	-	59,244,047	731,220	5,708,244	118,876,300
Due from component units (net of allowance of \$5,502,128)	-	-	-	-	347,882	63,387	411,269
Inventory	-	-	-	1,086,364	-	625,788	1,712,152
Prepaid expenditures and other assets	-	-	-	189,356	-	14,797	204,153
Total assets	\$ 120,689,265	\$ 35,154,580	\$ 128,098,752	\$ 124,951,199	\$ 16,245,111	\$ 29,404,843	\$ 454,543,750
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 9,278,178	\$ 3,135,271	\$ 4,598,215	\$ 24,736,322	\$ 1,004,070	\$ 1,166,440	\$ 43,918,496
Due to other funds	-	-	2,048,616	17,647,757	316,707	4,205,861	24,218,941
Due to component units	-	-	-	-	-	-	-
Due to other governments	23,298	-	-	980,990	54,074	752	1,059,114
Amounts due to retirement systems	5,208,467	-	-	21,576,467	-	-	26,784,934
Revenue anticipation notes	43,900,000	-	-	-	-	-	43,900,000
Self-insurance claims	4,354,622	-	-	885,546	-	-	5,240,168
Bond anticipation note	-	-	15,000,000	-	-	-	15,000,000
Unearned revenue	-	-	-	-	1,070,789	1,595,025	2,665,814
Loans payable	-	-	-	-	13,381,549	-	13,381,549
Other liabilities	146,680	24,245	-	-	417,922	-	588,847
Total liabilities	62,911,245	3,159,516	21,646,831	65,827,082	16,245,111	6,968,078	176,757,863
DEFERRED INFLOW OF RESOURCES / UNAVAILABLE REVENUE	4,130,185	-	-	-	-	4,553,477	8,683,662
Fund Balances:							
Nonspendable	-	-	-	1,275,720	-	652,797	1,928,517
Restricted	361,550	19,274,230	106,451,921	154,328	-	16,163,305	142,405,334
Committed	-	12,720,834	-	3,200,000	-	452,463	16,373,297
Assigned	11,105,171	-	-	54,494,069	-	614,723	66,213,963
Unassigned	42,181,114	-	-	-	-	-	42,181,114
Total fund balances	53,647,835	31,995,064	106,451,921	59,124,117	-	17,883,288	269,102,225
Total liabilities, deferred inflow of resources and fund balances	\$ 120,689,265	\$ 35,154,580	\$ 128,098,752	\$ 124,951,199	\$ 16,245,111	\$ 29,404,843	\$ 454,543,750

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, 2018

Total fund balances for governmental funds	\$ 269,102,225
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	527,396,433
Pension obligation activity:	
Net pension asset	8,507,814
Deferred outflows of resources	183,027,714
Net pension liability	(28,877,791)
Deferred inflows of resources	(94,750,835)
Other postemployment benefit activity:	
Other postemployment benefit liability	(1,407,006,514)
Deferred outflows of resources	1,872,057
Deferred inflows of resources	(12,435,329)
Revenue collected after year end and not available to pay for current year expenditures and deferred in funds	4,101,078
Long-term liabilities, including bonds payable, compensated absences, judgments and claims, self- insurance claims, and other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(442,404,946)
Deferred charges relating to debt refunding not reported in the funds	1,398,166
Accrued interest not reported in the funds	<u>(2,802,943)</u>
Total net position of governmental activities	<u>\$ (992,872,871)</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, 2018

	General Fund	Capital Projects Fund	Joint School Construction Board	Special Revenue		Nonmajor Governmental Funds	Total Governmental Funds
				City School District	Neighborhood & Business Development		
REVENUES:							
General property taxes and tax items	\$ 38,799,174	\$ -	\$ -	\$ 59,413,001	\$ -	\$ 3,756,200	\$ 101,968,375
Sales and use taxes	87,057,793	-	-	690,178	-	-	87,747,971
Other local taxes	3,159,797	-	-	-	-	810,662	3,970,459
Departmental revenues	11,626,872	-	-	-	-	-	11,626,872
Intergovernmental charges	253,259	-	-	-	-	-	253,259
Licenses and permits	2,535,632	-	-	-	-	-	2,535,632
Fines and forfeitures	4,315,791	-	-	-	-	-	4,315,791
Sale of property and compensation for loss	474,498	-	-	106,726	-	-	581,224
Use of money and property	395,972	38,911	306,353	629,130	-	369,192	1,739,558
Federal and state aid and other grants	79,069,607	6,164,770	714,761	415,344,781	5,837,008	19,175,789	526,306,716
Pass-through New York State funding from District	-	-	8,984,981	-	-	-	8,984,981
Surplus food	-	-	-	-	-	816,789	816,789
Sales-School Food Service program	-	-	-	-	-	265,610	265,610
Other revenues	5,905,558	207,119	-	1,117,063	2,259	429,025	7,661,024
Total revenues	<u>233,593,953</u>	<u>6,410,800</u>	<u>10,006,095</u>	<u>477,300,879</u>	<u>5,839,267</u>	<u>25,623,267</u>	<u>758,774,261</u>
CURRENT EXPENDITURES:							
General government support	25,467,121	-	-	57,384,382	1,086,643	8,694,381	92,632,527
Public safety	146,603,943	-	-	-	-	4,056,859	150,660,802
Transportation	22,736,144	-	-	-	-	2,167,340	24,903,484
Economic opportunity and development	-	-	-	-	-	459,749	459,749
Home and community services	13,520,557	-	-	1,164,069	4,752,624	93,579	19,530,829
Culture and recreation	10,811,507	-	-	-	-	188,750	11,000,257
Education	-	-	-	385,246,313	-	-	385,246,313
Principal debt payments	-	-	4,655,000	520,000	-	21,431,515	26,606,515
Interest on debt	727,095	-	4,329,981	1,427,071	-	5,193,051	11,677,198
Capital outlays	-	26,577,072	12,920,438	-	-	-	39,497,510
Cost of sales - Food Service program	-	-	-	-	-	7,207,870	7,207,870
Pass-through New York State funding to JSCB	-	-	-	8,984,981	-	-	8,984,981
Total expenditures	<u>219,866,367</u>	<u>26,577,072</u>	<u>21,905,419</u>	<u>454,726,816</u>	<u>5,839,267</u>	<u>49,493,094</u>	<u>778,408,035</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>13,727,586</u>	<u>(20,166,272)</u>	<u>(11,899,324)</u>	<u>22,574,063</u>	<u>-</u>	<u>(23,869,827)</u>	<u>(19,633,774)</u>
OTHER FINANCING SOURCES (USES):							
Bond proceeds	4,250,000	11,676,000	105,765,000	-	-	-	121,691,000
Bond proceeds from refunding bonds	-	-	-	-	-	21,602,399	21,602,399
BANs redeemed from appropriations	-	-	520,000	-	-	-	520,000
Premium on issuance of BANs and RANs	382,372	-	223,513	440,864	-	-	1,046,749
Premium on bonds	-	-	15,433,486	-	-	3,284,710	18,718,196
Payments to escrow agent	-	-	-	-	-	(23,984,274)	(23,984,274)
Operating transfers in	2,825,000	6,279,988	500,000	7,786,460	-	25,783,119	43,174,567
Operating transfers out	(20,352,731)	(978,742)	(936,306)	(15,944,475)	-	(2,137,313)	(40,349,567)
Total other financing sources (uses)	<u>(12,895,359)</u>	<u>16,977,246</u>	<u>121,505,693</u>	<u>(7,717,151)</u>	<u>-</u>	<u>24,548,641</u>	<u>142,419,070</u>
CHANGES IN FUND BALANCES	832,227	(3,189,026)	109,606,369	14,856,912	-	678,814	122,785,296
FUND BALANCES- beginning of year	<u>52,815,608</u>	<u>35,184,090</u>	<u>(3,154,448)</u>	<u>44,267,205</u>	<u>-</u>	<u>17,204,474</u>	<u>146,316,929</u>
FUND BALANCES - end of year	<u>\$ 53,647,835</u>	<u>\$ 31,995,064</u>	<u>\$ 106,451,921</u>	<u>\$ 59,124,117</u>	<u>\$ -</u>	<u>\$ 17,883,288</u>	<u>\$ 269,102,225</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances - total governmental funds	\$ 122,785,296
The change in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report all capital outlays as expenditures. However, in the Statement of Activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	13,925,367
Bond proceeds and premiums are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	(112,102,194)
Revenues previously recorded in the statement of activities that did not provide current current financial resources and were not recorded in the governmental funds.	(1,005,175)
Pension income(expense) resulting from pension obligation is not recorded in the governmental funds but is recorded in the statement of activities.	(4,982,281)
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.	(48,406,337)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	<u>583,531</u>
Net change in net position of governmental activities	<u>\$ (29,201,793)</u>

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2018**

	<u>Business-type Activities</u>			<u>Total</u>
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>Sewer</u>	
ASSETS				
CURRENT ASSETS:				
Pooled cash and cash equivalents	\$ -	\$ 9,619,699	\$ 6,252,913	\$ 15,872,612
Accounts receivable	-	2,319,516	640,891	2,960,407
Due from other governments	-	-	1,978	1,978
Due from component unit	<u>770,879</u>	<u>-</u>	<u>-</u>	<u>770,879</u>
Total current assets	<u>770,879</u>	<u>11,939,215</u>	<u>6,895,782</u>	<u>19,605,876</u>
NONCURRENT ASSETS:				
Pooled restricted cash and cash equivalents	-	474,292	-	474,292
Capital assets (net)	<u>136,897,061</u>	<u>97,168,195</u>	<u>15,894,349</u>	<u>249,959,605</u>
Total noncurrent assets	<u>136,897,061</u>	<u>97,642,487</u>	<u>15,894,349</u>	<u>250,433,897</u>
Total Assets	<u>137,667,940</u>	<u>109,581,702</u>	<u>22,790,131</u>	<u>270,039,773</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - debt refunding	-	249,973	109,850	359,823
Deferred outflows - OPEB	343,974	45,562	233,827	623,363
Deferred outflows - pensions	<u>2,613,222</u>	<u>1,581,512</u>	<u>557,395</u>	<u>4,752,129</u>
Total Deferred Outflows of Resources	<u>2,957,196</u>	<u>1,877,047</u>	<u>901,072</u>	<u>5,735,315</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable and accrued expenses	75,379	1,550,768	414,833	2,040,980
Accrued interest	289,137	397,837	48,245	735,219
Due to other funds	697,311	25,150	4,054	726,515
Current portion of bonds payable	1,562,742	3,750,866	507,361	5,820,969
Amounts due to retirement systems	257,838	168,027	63,567	489,432
Accrued compensated absences	235,977	24,834	16,011	276,822
Self-insurance claims	<u>309,092</u>	<u>520,681</u>	<u>303,782</u>	<u>1,133,555</u>
Total current liabilities	<u>3,427,476</u>	<u>6,438,163</u>	<u>1,357,853</u>	<u>11,223,492</u>
NONCURRENT LIABILITIES:				
Bonds payable - net of current portion	37,511,763	53,992,552	3,611,068	95,115,383
Amounts due to retirement systems	37,784	14,483	5,475	57,742
Accrued compensated absences	-	291,075	104,687	395,762
Self-insurance claims	497,001	938,490	566,404	2,001,895
Net pension liability	1,185,555	610,300	177,639	1,973,494
Other postemployment benefits	<u>23,295,364</u>	<u>38,528,703</u>	<u>23,054,695</u>	<u>84,878,762</u>
Total noncurrent liabilities	<u>62,527,467</u>	<u>94,375,603</u>	<u>27,519,968</u>	<u>184,423,038</u>
Total Liabilities	<u>65,954,943</u>	<u>100,813,766</u>	<u>28,877,821</u>	<u>195,646,530</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	228,615	356,213	218,326	803,154
Deferred inflows - pensions	<u>2,517,545</u>	<u>1,764,238</u>	<u>657,742</u>	<u>4,939,525</u>
Total Deferred Inflows of Resources	<u>2,746,160</u>	<u>2,120,451</u>	<u>876,068</u>	<u>5,742,679</u>
NET POSITION:				
Net investment in capital assets	97,822,556	39,424,777	11,775,920	149,023,253
Restricted	-	474,292	-	474,292
Unrestricted (deficit)	<u>(25,898,523)</u>	<u>(31,374,537)</u>	<u>(17,838,606)</u>	<u>(75,111,666)</u>
Total net position	<u>\$ 71,924,033</u>	<u>\$ 8,524,532</u>	<u>\$ (6,062,686)</u>	<u>\$ 74,385,879</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, 2018**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for services	\$ -	\$ 21,225,035	\$ 5,410,744	\$ 26,635,779
Expense reimbursement income	9,832,577	-	-	9,832,577
Miscellaneous	<u>-</u>	<u>640,249</u>	<u>7,347</u>	<u>647,596</u>
Total operating revenues	<u>9,832,577</u>	<u>21,865,284</u>	<u>5,418,091</u>	<u>37,115,952</u>
OPERATING EXPENSES:				
Cost of sales and services	-	14,061,411	5,131,815	19,193,226
Administration	10,845,610	420,803	-	11,266,413
Depreciation	<u>9,493,379</u>	<u>3,438,533</u>	<u>846,480</u>	<u>13,778,392</u>
Total operating expenses	<u>20,338,989</u>	<u>17,920,747</u>	<u>5,978,295</u>	<u>44,238,031</u>
OPERATING INCOME (LOSS)	<u>(10,506,412)</u>	<u>3,944,537</u>	<u>(560,204)</u>	<u>(7,122,079)</u>
NONOPERATING REVENUES (EXPENSES):				
Capital grants	-	509,580	-	509,580
Capital contributions	6,437,408	-	-	6,437,408
Lease income	3,464,050	-	-	3,464,050
Investment income	51	81,170	48,645	129,866
Interest expense	<u>(1,819,920)</u>	<u>(1,851,935)</u>	<u>(142,721)</u>	<u>(3,814,576)</u>
Total nonoperating revenues (expenses)	<u>8,081,589</u>	<u>(1,261,185)</u>	<u>(94,076)</u>	<u>6,726,328</u>
INCOME BEFORE OPERATING TRANSFERS	<u>(2,424,823)</u>	<u>2,683,352</u>	<u>(654,280)</u>	<u>(395,751)</u>
OPERATING TRANSFERS OUT	<u>-</u>	<u>(2,300,000)</u>	<u>(525,000)</u>	<u>(2,825,000)</u>
CHANGES IN NET POSITION	<u>(2,424,823)</u>	<u>383,352</u>	<u>(1,179,280)</u>	<u>(3,220,751)</u>
NET POSITION - beginning of year	<u>85,471,090</u>	<u>27,548,673</u>	<u>9,396,296</u>	<u>122,416,059</u>
PRIOR PERIOD ADJUSTMENT (See Note 13)	<u>(11,122,234)</u>	<u>(19,407,493)</u>	<u>(14,279,702)</u>	<u>(44,809,429)</u>
NET POSITION - beginning of year, as restated	<u>74,348,856</u>	<u>8,141,180</u>	<u>(4,883,406)</u>	<u>77,606,630</u>
NET POSITION - end of year	<u>\$ 71,924,033</u>	<u>\$ 8,524,532</u>	<u>\$ (6,062,686)</u>	<u>\$ 74,385,879</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, 2018**

	<u>Business-type Activities</u>			
	<u>Enterprise Funds</u>			
	<u>Aviation</u>	<u>Water</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ -	\$ 21,807,847	\$ 5,397,568	\$ 27,205,415
Receipts from expense reimbursements	9,664,453	-	-	9,664,453
Payments to vendors	(1,025,427)	(4,459,620)	(471,140)	(5,956,187)
Payments to employees	(6,781,618)	(5,727,770)	(2,276,738)	(14,786,126)
Internal activity with other funds - net	94,556	10,254	(3,059)	101,751
Claims paid	(2,048,448)	(2,532,911)	(1,096,380)	(5,677,739)
Net cash flow from operating activities	<u>(96,484)</u>	<u>9,097,800</u>	<u>1,550,251</u>	<u>10,551,567</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	-	-	12,393	12,393
Net cash flow from noncapital financing activities	<u>-</u>	<u>(2,300,000)</u>	<u>(512,607)</u>	<u>(2,812,607)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of capital assets	(139,888)	(3,317,270)	(1,031,615)	(4,488,773)
Proceeds from sale of capital assets	-	22,170	-	22,170
Proceeds from capital grants	-	509,580	-	509,580
Proceeds from capital debt	-	567,601	-	567,601
Principal paid on capital debt	(1,635,000)	(4,387,279)	(523,755)	(6,546,034)
Interest paid on capital debt	(1,829,050)	(1,901,700)	(197,963)	(3,928,713)
Other receipts	3,464,050	-	-	3,464,050
Net cash flow from capital and related financing activities	<u>(139,888)</u>	<u>(8,506,898)</u>	<u>(1,753,333)</u>	<u>(10,400,119)</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and dividends received	<u>51</u>	<u>81,170</u>	<u>48,645</u>	<u>129,866</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS - beginning of year	<u>236,321</u>	<u>11,721,919</u>	<u>6,919,957</u>	<u>18,878,197</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ -</u>	<u>\$ 10,093,991</u>	<u>\$ 6,252,913</u>	<u>\$ 16,346,904</u>
Reconciliation of operating income (loss) to net cash flow from operating activities:				
Operating income (loss)	\$ (10,506,412)	\$ 3,944,537	\$ (560,204)	\$ (7,122,079)
Adjustments to reconcile operating income (loss) to net cash flow from operating activities:				
Depreciation expense	9,493,379	3,438,533	846,480	13,778,392
Amortization expense	7,258	45,562	-	52,820
(Gain) loss on disposal of capital assets	-	(22,170)	-	(22,170)
Change in assets and liabilities:				
Accounts receivable	-	(35,267)	(20,523)	(55,790)
Due to other funds	94,556	10,254	(3,059)	101,751
Due to component units	(168,124)	-	-	(168,124)
Accounts payable and accrued expenses	266	356,341	67,949	424,556
Amounts due to retirement systems	(27,656)	(10,376)	821	(37,211)
Net pension liability	(1,431,038)	(1,039,538)	(392,940)	(2,863,516)
Other Postemployment Benefits	1,303,130	1,230,210	804,693	3,338,033
Self-insurance claims	(220,836)	(132,252)	425,114	72,026
Accrued compensated absences	(8,092)	-	-	(8,092)
Deferred outflows	(917,093)	(513,982)	(391,958)	(1,823,033)
Deferred inflows	2,284,178	1,825,948	773,878	4,884,004
Net cash flow from operating activities	<u>\$ (96,484)</u>	<u>\$ 9,097,800</u>	<u>\$ 1,550,251</u>	<u>\$ 10,551,567</u>

(Continued)

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

(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 \$6,437,408.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Beginning of Year:			
Aviation Fund	\$ -	\$ 236,321	\$ 236,321
Water Fund	10,579,562	1,142,357	11,721,919
Sewer Fund	<u>6,919,957</u>	<u>-</u>	<u>6,919,957</u>
Total - Cash and cash equivalents - beginning of year	<u>17,499,519</u>	<u>1,378,678</u>	<u>18,878,197</u>
End of Year:			
Aviation Fund	-	-	-
Water Fund	9,619,699	474,292	10,093,991
Sewer Fund	<u>6,252,913</u>	<u>-</u>	<u>6,252,913</u>
Total - Cash and cash equivalents - end of year	<u>\$ 15,872,612</u>	<u>\$ 474,292</u>	<u>\$ 16,346,904</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018**

	City Agency Funds	City School District Agency Funds	Total Agency Funds	City School District Private Purpose Trusts	Total Fiduciary Funds
ASSETS:					
Pooled restricted cash and cash equivalents	\$ 1,401,245	\$ -	\$ 1,401,245	\$ -	\$ 1,401,245
Restricted cash	1,933,022	168,595	2,101,617	163,713	2,265,330
Taxes receivable	49,538,218	-	49,538,218	-	49,538,218
Due from other funds	<u>-</u>	<u>232,559</u>	<u>232,559</u>	<u>-</u>	<u>232,559</u>
Total assets	<u>52,872,485</u>	<u>401,154</u>	<u>53,273,639</u>	<u>163,713</u>	<u>53,437,352</u>
LIABILITIES:					
Due to other governments	1,746,890	-	1,746,890	-	1,746,890
Deferred property tax revenue	49,538,218	-	49,538,218	-	49,538,218
Other liabilities	1,587,377	401,154	1,988,531	10,000	1,998,531
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,148</u>	<u>13,148</u>
Total liabilities	<u>52,872,485</u>	<u>401,154</u>	<u>53,273,639</u>	<u>23,148</u>	<u>53,296,787</u>
NET POSITION:					
Held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,565</u>	<u>\$ 140,565</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	City School District Private <u>Purpose Trusts</u>
ADDITIONS:	
Contributions / Total additions	\$ <u>15,177</u>
DEDUCTIONS:	
Scholarships and awards	23,648
Loss on investment	<u>7,664</u>
Total deductions	<u>31,312</u>
CHANGE IN NET POSITION	(16,135)
NET POSITION - beginning of year	<u>156,700</u>
NET POSITION - end of year	<u><u>\$ 140,565</u></u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS
JUNE 30, 2018**

	Syracuse Industrial Development Agency	Syracuse Economic Development Corporation	Syracuse Regional Airport Authority	Greater Syracuse Property Development Corporation	Total
ASSETS:					
Cash and cash equivalents	\$ 5,707,888	\$ 2,141,322	\$ 8,744,063	\$ 4,699,542	\$ 21,292,815
Restricted cash	-	7,753	37,679,169	450,992	38,137,914
Accounts receivable	-	-	25,678,601	1,705	25,680,306
Loans receivable - current portion	-	180,046	-	-	180,046
Notes receivable - current portion	-	137,445	-	-	137,445
Due from primary government	-	-	-	-	-
Due from other component units - current portion	171,167	-	-	-	171,167
Inventory	-	-	-	805,007	805,007
Other assets	1,227,458	-	255,024	75,934	1,558,416
Loans receivable - long-term portion	-	3,377,372	-	-	3,377,372
Notes receivable - long-term portion	-	4,652,740	-	-	4,652,740
Due from other component units - long-term	4,619,017	-	-	-	4,619,017
Destiny USA fees receivable	3,800,000	-	-	-	3,800,000
Destiny USA fees payable to the City and County	(3,800,000)	-	-	-	(3,800,000)
Capital assets:					
Nondepreciable	50,000	-	33,203,975	-	33,253,975
Depreciable, net	<u>112,614</u>	<u>-</u>	<u>7,298,499</u>	<u>9,514</u>	<u>7,420,627</u>
Total assets	<u>11,888,144</u>	<u>10,496,678</u>	<u>112,859,331</u>	<u>6,042,694</u>	<u>141,286,847</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - relating to pensions	-	-	422,268	-	422,268
Deferred outflows - relating to OPEB	-	-	16,864	-	16,864
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>439,132</u>	<u>-</u>	<u>439,132</u>
LIABILITIES:					
Accounts payable and accrued expenses	92,060	5,464	20,174,497	839,376	21,111,397
Accrued interest expense	3,713	-	-	-	3,713
Unearned revenue	-	-	-	450,992	450,992
Due to primary government	-	29,593	770,878	-	800,471
Due to other component units	-	137,445	-	-	137,445
Grant payable	735,368	-	-	-	735,368
Non-current liabilities:					
Due within one year	154,000	-	11,750,000	-	11,904,000
Due within more than one year	197,000	-	2,274,165	-	2,471,165
Due to primary government - long-term portion	2,020,406	3,829,770	-	-	5,850,176
Due to other component units - long-term portion	-	4,652,740	-	-	4,652,740
Total liabilities	<u>3,202,547</u>	<u>8,655,012</u>	<u>34,969,540</u>	<u>1,290,368</u>	<u>48,117,467</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - relating to pensions	-	-	397,107	-	397,107
Deferred inflows - relating to OPEB	-	-	1,422	-	1,422
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>398,529</u>	<u>-</u>	<u>398,529</u>
NET POSITION:					
Net investment in capital assets	162,614	-	40,502,474	9,514	40,674,602
Restricted for Grow America	-	250,000	-	-	250,000
Restricted for Airport Authority Projects	-	-	37,679,169	-	37,679,169
Restricted for Parking Mitigation	93,644	-	-	-	93,644
Unrestricted	<u>8,429,339</u>	<u>1,591,666</u>	<u>(251,249)</u>	<u>4,742,812</u>	<u>14,512,568</u>
Total net position	<u>\$ 8,685,597</u>	<u>\$ 1,841,666</u>	<u>\$ 77,930,394</u>	<u>\$ 4,752,326</u>	<u>\$ 93,209,983</u>

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2018**

	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	-	-	35,269,967	-	35,269,967
Greater Syracuse Property Development Corporation expenses	-	-	-	3,916,109	3,916,109
Public improvements	26,623	-	-	-	26,623
Development projects	30,618	308,879	-	-	339,497
Other costs	699,554	17,871	-	-	717,425
Interest	29,499	144,956	6,563	-	181,018
Depreciation	112,613	-	712,771	3,440	828,824
Total expenses	4,698,907	471,706	35,989,301	3,919,549	45,079,463
PROGRAM REVENUE:					
Financing fees	5,889,613	-	-	-	5,889,613
Grant, contributions and government subsidy revenue	20,426	10,225	30,710,589	2,093,611	32,834,851
Passenger facility charges	-	-	4,518,308	-	4,518,308
Landing fees	-	-	8,126,349	-	8,126,349
Parking rents	-	-	8,997,117	-	8,997,117
Concession and other	-	-	7,023,282	-	7,023,282
Terminal rents	-	-	6,666,181	-	6,666,181
Rent revenue	415,530	-	-	53,413	468,943
Sale of property	-	-	-	1,385,524	1,385,524
Mortgage interest income	-	144,956	-	-	144,956
Miscellaneous income	6,794	15,000	52,993	20,356	95,143
Total program revenue	6,332,363	170,181	66,094,819	3,552,904	76,150,267
NET PROGRAM REVENUE (EXPENSE)	1,633,456	(301,525)	30,105,518	(366,645)	31,070,804
GENERAL REVENUE:					
Investment earnings	151,718	82,835	51,031	-	285,584
Total general revenue	151,718	82,835	51,031	-	285,584
CONTRIBUTIONS	-	-	-	168,560	168,560
CHANGES IN NET POSITION	1,785,174	(218,690)	30,156,549	(198,085)	31,524,948
NET POSITION - beginning of year	6,900,423	2,060,356	47,773,845	4,950,411	61,685,035
NET POSITION - end of year	\$ 8,685,597	\$ 1,841,666	\$ 77,930,394	\$ 4,752,326	\$ 93,209,983

The accompanying notes are an integral part of these statements.

CITY OF SYRACUSE, NEW YORK

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2018

1. NATURE OF OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The City's financial reporting entity comprises the following:

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

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

Blended Component Units

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Discretely Presented Component Units

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

Governmental Fund Types

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

Proprietary Fund Types

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

- 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.
- 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.

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

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

Major and Nonmajor Funds

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

Measurement Focus and Basis of Accounting

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

Measurement Focus

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

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

- By April 10th, the Mayor submits to the Common Council operating budgets for the City and City School District, including the means of financing them, for the fiscal year commencing the following July 1st.
- Following a public hearing on the proposed budget, the Common Council must adopt the proposed or amended budget no later than May 9th.
- Any amendments approved by the Common Council are presented to the Mayor for consideration. Should the Mayor object to any amendment, the Common Council has an opportunity to override the Mayor's objection until June 1st.
- The Mayor has the authority to transfer budgeted amounts between accounts within a department, but increases to department totals must be approved by the Common Council.
- Budget amendments occurring subsequent to the adoption of the budget are drafted and reviewed by the Budget Director and submitted to the Common Council for approval. If amendments are passed by the Common Council, they are submitted to the Mayor for final approval.

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

Receivables

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables (Continued)

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

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

Inventories

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

Prepaid Items

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

Capital Assets (Fixed Assets)

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

Government-wide Financial Statements

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets of business-type activities, if any, are included as part of the capitalized value of the assets constructed.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Fixed Assets) (Continued)

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

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

Government-Wide Financial Statements:

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources for the early retirement of debt. A deferred outflow on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, the City has deferred outflows of resources, which are comprised of New York State Retirement Systems pension amounts as described in Note 8 and other postemployment benefits as described in Note 10.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources resulting from New York State Retirement Systems pension amounts as described in Note 8 and other postemployment benefits as described in Note 10. The City also has deferred inflows for unavailable revenue from sidewalk and sewer assessments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources (Continued)

Fund Financial Statements:

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

Compensated Absences

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

Long-Term Obligations

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

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

Equity Classifications

Government-wide Financial Statements

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Restricted net position in the governmental activities includes the following:

Nonspendable permanent funds	\$ <u>27,009</u>
Restricted:	
Capital projects	19,274,230
Debt service	6,573,108
Oil & Flushing	523,003
Joint Schools Construction Board	106,451,921
Miscellaneous trusts	1,140,141
EMS training	244,434
Clinton Square maintenance	117,116
School District Special Revenue Fund	154,328
School District Food Service Fund	<u>7,927,053</u>
Total restricted net position - governmental funds	<u>142,405,334</u>
Total restricted net position	<u>\$ 142,432,343</u>

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

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

Fund Financial Statements

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the City's and School Districts highest level of decision-making authority, i.e. the Common Council and Board of Education. The Common Council and Board of Education can adopt an ordinance to commit fund balance. The District has committed fund balance of \$3,200,000 to fund the estimated November 2019 JSCB debt service payment for Phase II Projects as of June 30, 2018. Committed Capital Projects Fund balance of \$12,720,834 represents the City's commitment to fund certain capital projects. Nonmajor Funds have commitments of \$448,642 for Special Assessment Districts and \$3,821 for urban renewal projects related to SURA.
- d. Assigned - Includes all amounts in the City School District Special Revenue Fund. Included in the District's assigned fund balance are encumbrances of \$3,812,829 and \$14,000,000 of appropriations to fund fiscal year 2018-2019 operating expenditures. The District also assigned \$4,000,000 to fund additional supports in various schools, \$2,700,000 for capital projects and \$3,000,000 for the estimated JSCB local share for Phase II Tranche Projects. Assigned fund balance in the City's General Fund consists of encumbrances of \$105,171 and \$11,000,000 of appropriations to fund fiscal year 2018-2019 operating expenditures. Assigned fund balance in the nonmajor governmental funds consists of Syracuse Urban Renewal Agency fund balance. Under the City's adopted policy, the Board of Education and the Common Council may assign amounts for specific purposes.
- e. Unassigned - Includes all other General Fund balance that does not meet the definition of the above four classifications and is deemed to be available for general use by the City. In addition, unassigned fund balance includes any remaining negative fund balance for funds other than the General Fund.

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

Order of Use of Fund Balance

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

Retirement and Other Postemployment Benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement and Other Postemployment Benefits (Continued)

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

Revenue, Expenditures and Expenses

Property Taxes and Property Tax Abatement Programs

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

The City is subject to tax abatements granted by two industrial development agencies, the Syracuse Industrial Development Agency (a discretely presented component unit of the City of Syracuse, New York) and the Onondaga County Industrial Development Agency. The abatements are for the acquisition, construction and renovation of various properties in the City of Syracuse, New York. Both agencies were created in accordance with the New York State Industrial Development Agency Act of 1969 to promote, develop, encourage and assist industrial, manufacturing, warehousing, commercial, research and recreational facilities to advance job opportunities, health, and economic welfare of the people of the State of New York. The Agencies carry out their mandate by offering financial incentives to attract, retain and expand business within the City and County. The financial assistance is in the form of payment in lieu of tax agreements (PILOTs). Property taxes abated by agreements with the Onondaga County Industrial Development Agency amounted to \$611,701. Property taxes abated by agreements with the Syracuse Industrial Development Agency amounted to \$17,141,028.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue, Expenditures and Expenses (Continued)

Assessment Tax Revenue

In the fund financial statements, sidewalk and sewer assessments of \$4,552,019 are not considered currently collectible due to the City's policy of granting deferments for a period of up to ten years with 7% interest. Assessments are recorded as revenue in the funds when they are collected within 60 days of year-end. The amounts due but not collected within 60 days are recorded as a deferred inflow of resources. In the government-wide financial statements, assessment revenue is recorded when it is added to the property tax levy annually. Only the portion of the assessments due in the current period is accrued as revenue, less an allowance for uncollectible amounts.

Intergovernmental Revenues - Grants

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

Other Revenues

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Expenditures/Expenses (Continued)

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

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

Proprietary Funds - By operating and nonoperating

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

Interfund Transfers

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

Payments Between the City and Component Units

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

Restricted and Unrestricted Resources

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

Delinquent Property Taxes

Delinquent taxes receivable from the prior year are converted to tax sale certificates annually in April and October for the County and the City, respectively. At June 30, 2018, 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, 2018 were \$28,237,761 and \$4,131,643, respectively.

Current Vulnerability Due to Certain Concentrations

Most of the City's employees are covered by collective bargaining agreements. Approximately 14% have expired. The remaining 86% of these agreements extend beyond one year.

Economic Dependency

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City / County Abstract

The City has several shared service agreements with the County of Onondaga, New York, pursuant to which the County provides services to City residents. The majority of these agreements are reflected in the City Abstract, the document by which the City collects County real property taxes imposed on City residents. As reflected in the 2018 City Abstract, the total cost of these services for 2018 is \$24,359,760 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 2017-2018 budget year, the City is using approximately \$99,000,000 or 80% of their tax limit to balance the budget. If the City Abstract charges were included in the City's budget, the City would exhaust approximately \$124,000,000 or 97% of the City's tax limit.

Use of Estimates

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

3. CASH AND CASH EQUIVALENTS

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

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

3. CASH AND CASH EQUIVALENTS (Continued)

Deposits

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

At year-end, the carrying amount of the City's deposits, including certificate of deposits, was \$296,075,662 and the bank balance was \$303,141,825. As of June 30, 2018, all deposits were insured or collateralized.

4. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2018:

<u>Governmental activities</u>	Balance at July 1, 2017	Additions	Disposals/ Transfers	Balance at June 30, 2018
Not being depreciated:				
Land	\$ 16,269,801	\$ -	\$ -	\$ 16,269,801
Construction in progress	<u>120,340,773</u>	<u>30,225,012</u>	<u>64,784,933</u>	<u>85,780,852</u>
Subtotal	<u>136,610,574</u>	<u>30,225,012</u>	<u>64,784,933</u>	<u>102,050,653</u>
Other capital assets:				
Buildings	510,024,442	54,775,124	-	564,799,566
Machinery and equipment	84,479,071	9,044,404	2,137,861	91,385,614
Improvements/infrastructure	<u>413,740,464</u>	<u>10,487,833</u>	<u>911,608</u>	<u>423,316,689</u>
Subtotal	<u>1,008,243,977</u>	<u>74,307,361</u>	<u>3,049,469</u>	<u>1,079,501,869</u>
Total capital assets	<u>1,144,854,551</u>	<u>104,532,373</u>	<u>67,834,402</u>	<u>1,181,552,522</u>
Accumulated depreciation:				
Buildings	289,973,362	7,810,076	-	297,783,438
Machinery and equipment	62,293,972	7,204,074	3,049,468	66,448,578
Improvements/infrastructure	<u>279,116,151</u>	<u>10,807,922</u>	<u>-</u>	<u>289,924,073</u>
Total	<u>631,383,485</u>	<u>25,822,072</u>	<u>3,049,468</u>	<u>654,156,089</u>
Net capital assets – governmental activities	<u>\$ 513,471,066</u>	<u>\$ 78,710,301</u>	<u>\$ 64,784,934</u>	<u>\$ 527,396,433</u>

Depreciation was charged to governmental activities as follows:

General government support	\$ 2,698,794
Police department	1,337,220
Fire department	1,857,574
Other public safety	1,421
Transportation	9,913,309
Culture and recreation	1,309,509
Home and community services	680,821
Education	7,971,904
School food service	<u>51,520</u>
	<u>\$ 25,822,072</u>

4. CAPITAL ASSETS AND DEPRECIATION (Continued)

Business-type activities

	Balance at July 1, 2017	Additions	Disposals/ Transfers	Balance at June 30, 2018
Not being depreciated:				
Land	\$ 6,983,304	\$ -	\$ -	\$ 6,983,304
Construction in progress	<u>2,612,081</u>	<u>4,497,211</u>	<u>1,806,158</u>	<u>5,303,134</u>
Subtotal	<u>9,595,385</u>	<u>4,497,211</u>	<u>1,806,158</u>	<u>12,286,438</u>
Other capital assets:				
Buildings	191,830,348	6,601,511	-	198,431,859
Machinery and equipment	9,665,234	801,538	-	10,466,772
Improvements/infrastructure	<u>308,688,282</u>	<u>832,079</u>	-	<u>309,520,361</u>
Subtotal	<u>510,183,864</u>	<u>8,235,128</u>	-	<u>518,418,992</u>
Total capital assets	<u>519,779,249</u>	<u>12,732,339</u>	<u>1,806,158</u>	<u>530,705,430</u>
Accumulated depreciation:				
Buildings	109,691,150	3,672,919	-	113,364,069
Machinery and equipment	7,461,092	898,987	-	8,360,079
Improvements/infrastructure	<u>149,815,191</u>	<u>9,206,486</u>	-	<u>159,021,677</u>
Total	<u>266,967,433</u>	<u>13,778,392</u>	-	<u>280,745,825</u>
Net capital assets – business-type activities	<u>\$ 252,811,816</u>	<u>\$ (1,046,053)</u>	<u>\$ 1,806,158</u>	<u>\$ 249,959,605</u>

Depreciation was charged to business-type activities as follows:

Aviation	\$ 9,493,379
Water	3,438,533
Sewer	<u>846,480</u>
	<u>\$ 13,778,392</u>

5. CAPITAL INDEBTEDNESS

General Obligations Bonds Payable

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 1.00% to 5.00% with maturity dates through June 30, 2040.

During the year ended June 30, 2018, the City issued general obligation bonds of \$143,860,999. Of this amount, \$11,676,000 was used for capital projects, \$4,250,000 was used for general fund expenditures, \$105,765,000 was used for JSCB projects and \$567,600 was used for water fund projects. In addition, the City issued \$21,602,399 in public improvement bonds with an average coupon rate of 3-5% to advance refund \$24,145,000 of outstanding Series 2005C, 2007A and B and 2008A and B bonds with interest rates of 2.625-5%. The net proceeds of \$24,603,217 (including a premium of \$2,433,217 and \$153,599 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the City's financial statements. This refunding decreases total debt service payments over the next 13 years by \$1,875,860 resulting in an economic gain (difference between the present values of the debt service payment on the old and new debt) of approximately \$1,645,000.

5. CAPITAL INDEBTEDNESS (Continued)

General Obligations Bonds Payable (Continued)

Changes in Long-term Liabilities

Long-term liability activity for governmental activities for the year ended June 30, 2018:

<u>Governmental activities</u>	Balance at July 1, 2017 (as restated)	Additions	Reductions	Balance at June 30, 2018	Amount due within one year
Bonds payable:					
General obligation and school facility revenue bonds payable	\$ 234,392,788	\$ 143,293,399	\$ 49,626,808	\$ 328,059,379	\$ 28,029,994
Premium on bonds payable	<u>12,239,669</u>	<u>18,718,196</u>	<u>2,369,274</u>	<u>28,588,591</u>	<u>2,369,275</u>
Total bonds payable	<u>246,632,457</u>	<u>162,011,595</u>	<u>51,996,082</u>	<u>356,647,970</u>	<u>30,399,269</u>
Other liabilities:					
Due to NYSERS - Chapter 57 & 260	1,779,445	-	355,664	1,423,781	369,594
Net pension liability	78,553,371	-	49,675,580	28,877,791	-
Accrued compensated absences	15,322,846	10,825,916	11,616,314	14,532,448	5,975,622
Self-insurance claims	49,213,116	104,622,111	106,395,645	47,439,582	10,942,584
Other postemployment benefits	1,366,968,954	81,082,775	41,045,215	1,407,006,514	-
Judgments and claims	9,568,000	4,442,352	4,442,352	9,568,000	-
Lottery aid payable	<u>19,050,000</u>	<u>-</u>	<u>1,016,667</u>	<u>18,033,333</u>	<u>1,016,667</u>
Total other liabilities	<u>1,540,455,732</u>	<u>200,973,154</u>	<u>214,547,437</u>	<u>1,526,881,449</u>	<u>18,304,467</u>
Governmental activities long- term liabilities	<u>\$1,787,088,189</u>	<u>\$ 362,984,749</u>	<u>\$ 266,543,519</u>	<u>\$1,883,529,419</u>	<u>\$ 48,703,736</u>

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

5. CAPITAL INDEBTEDNESS (Continued)

Changes in Long-term Liabilities (Continued)

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

Long-term liability activity for business-type activities for the year ended June 30, 2018:

<u>Business-type activities</u>	Balance at July 1, 2017 <u>(as restated)</u>	<u>Additions</u>	<u>Reductions</u>	Balance at June 30, 2018	Amount due within one year
Bonds payable:					
General obligation bonds payable	\$ 75,530,060	\$ 567,600	\$ 5,176,031	\$ 70,921,629	\$ 4,260,976
Construction bonds payable	30,110,000	-	1,370,000	28,740,000	1,400,000
Premium on bonds payable	1,750,045	99,919	193,806	1,656,158	188,420
Discount on bonds payable	<u>(411,207)</u>	<u>-</u>	<u>(29,772)</u>	<u>(381,435)</u>	<u>(28,427)</u>
Total bonds payable	<u>106,978,898</u>	<u>667,519</u>	<u>6,710,065</u>	<u>100,936,352</u>	<u>5,820,969</u>
Other liabilities:					
Due to NYSERS - Chapters 57 & 260	102,926	-	21,610	81,316	23,574
Net pension liability	4,837,008	-	2,863,514	1,973,494	-
Accrued compensated absences	680,676	-	8,092	672,584	276,822
Self-insurance claims	3,063,424	5,454,615	5,382,589	3,135,450	1,133,555
Other postemployment benefits	<u>81,540,729</u>	<u>5,800,880</u>	<u>2,462,847</u>	<u>84,878,762</u>	<u>-</u>
Total other liabilities	<u>90,224,763</u>	<u>11,255,495</u>	<u>10,738,652</u>	<u>90,741,606</u>	<u>1,433,951</u>
Business-type activities long-term liabilities	<u>\$ 197,203,661</u>	<u>\$ 11,923,014</u>	<u>\$ 17,448,717</u>	<u>\$ 191,677,958</u>	<u>\$ 7,254,920</u>

Construction Bonds Payable

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

5. CAPITAL INDEBTEDNESS (Continued)

Summary of Debt Service on Bonds to Maturity

As of June 30, 2018, 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>	
2019	\$ 28,029,994	\$ 14,264,250	\$ 5,660,976	\$ 3,828,461	\$ 51,783,681
2020	30,733,386	13,009,770	5,727,616	3,628,108	53,098,880
2021	32,304,277	11,743,388	5,590,721	3,419,487	53,057,873
2022	31,356,495	10,429,805	5,758,505	3,213,753	50,758,558
2023	29,005,937	9,099,944	5,764,063	3,022,445	46,892,389
2024-2028	109,687,998	29,824,979	25,736,001	12,313,801	177,562,779
2029-2033	56,165,292	9,434,069	24,419,747	7,610,314	97,629,422
2034-2038	10,776,000	455,498	18,114,000	2,613,020	31,958,518
2039-2040	-	-	2,890,000	133,545	3,023,545
	<u>\$ 328,059,379</u>	<u>\$ 98,261,703</u>	<u>\$ 99,661,629</u>	<u>\$ 39,782,934</u>	<u>\$ 565,765,645</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, 2018:

	<u>Balance at July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2018</u>
Governmental activities:				
Revenue anticipation notes	\$ -	\$ 95,705,000	\$ 51,805,000	\$ 43,900,000
Bond anticipation notes	<u>29,800,000</u>	<u>21,862,570</u>	<u>36,662,570</u>	<u>15,000,000</u>
Total	<u>\$ 29,800,000</u>	<u>\$ 117,567,570</u>	<u>\$ 88,467,570</u>	<u>\$ 58,900,000</u>

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The City School District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2018 were approximately \$920,000. The minimum future non-cancelable operating lease payments as of June 30, 2018 were as follows:

2019	\$	826,846
2020		519,410
2021		484,271
2022		274,273
Thereafter		<u>92,212</u>
	\$	<u>2,197,012</u>

The City leased a parking garage from SIDA, a component unit through December 2017. Total rental expenditures on this lease for the fiscal year ended June 30, 2018 were approximately \$242,000. The new lease is at no cost to the City for one year with two one-year renewal options. The City is responsible for maintenance and parking management.

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, 2018 under non-cancelable operating leases were as follows:

2019	\$	1,007,500
2020		1,016,500
2021		952,600
2022		934,200
2023		934,200
Thereafter		<u>4,025,340</u>
	\$	<u>8,870,340</u>

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

The lease agreement gives the Authority the exclusive right to operate, maintain and improve the Airport subject to certain restrictions and conditions. The renewals of the lease term are automatic for additional ten-year terms. The City retains physical ownership of the current and future land, buildings and improvements of the Airport made by or on behalf of the Authority. The City recorded approximately \$6.4 million in nonoperating revenue from capital contributions during the year ended June 30, 2018. Upon termination or expiration of the lease agreement, the City is required to take all necessary actions to secure an Airport Operating Certificate from the Federal Aviation Administration in a timely fashion to ensure there is no interruption in Airport operations.

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS (Continued)

The land, buildings and improvements cost approximately \$375,600,000 with accumulated depreciation of approximately \$238,700,000 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 \$3,464,050 during the year ended June 30, 2018. Future minimum lease payments due to the City as of June 30, 2018 under this operating lease are as follows:

2019	\$	3,336,250
2020		3,327,850
2021		3,320,650
2022		3,314,919
2023		3,303,388
2024-2028		15,234,146
2029-2033		15,242,839
2034-2037		<u>12,195,125</u>
	\$	<u>59,275,167</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and Payables

To improve cash management, most disbursements are made from a pooled account in the General Fund. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. These receivables and payables are short-term in nature and are typically repaid in less than one year. The following schedule summarizes interfund receivables and payables at June 30, 2018:

	<u>Amount</u> <u>Receivable</u>	<u>Amount</u> <u>Payable</u>
General Fund	\$ 5,004,177	\$ -
Special Revenue City School District	8,760,970	17,647,757
Capital Projects Fund	4,190,044	-
Neighborhood and Business Development	-	316,707
Joint Schools Construction Board	-	2,048,616
Proprietary Funds:		
Aviation	-	697,311
Water	-	25,150
Sewer	-	4,054
Nonmajor Governmental Funds:		
Debt Service	546,246	-
Special Grants	-	2,900,344
SURA	244,906	1,305,517
School Food Service	5,979,702	-
Fiduciary	<u>232,559</u>	<u>13,148</u>
	<u>\$ 24,958,604</u>	<u>\$ 24,958,604</u>

7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Receivables and Payables (Continued)

The following schedule summarizes receivables and payables between the primary government and the component units at June 30, 2018:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
General Fund	\$ 3,829,770	\$ -
Capital Projects Fund	-	-
Neighborhood and Business Development	347,882	-
Nonmajor Governmental Funds:		
Local Development	1,672,358	-
SURA	63,387	-
Aviation Fund	770,879	-
Component Units:		
SIDA	4,790,184	2,076,384
SEDCO	-	8,627,198
Authority	-	770,878
	<u>\$ 11,474,460</u>	<u>\$ 11,474,460</u>

The amounts receivable and payable above are as of June 30, 2018. The amounts due to and due from the primary government in the basic financial statement for SIDA and SEDCO are as of December 31, 2017. The interfund receivables and payables differences relating to the component units result from loans and other transactions in the normal course of business.

Transfers

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 2,825,000	\$ 20,352,731
Capital Projects Fund	6,279,988	978,742
Special Revenue Funds:		
City School District	7,786,460	15,944,475
Oil and Flushing	-	405,285
School Food Service Fund	-	1,732,028
Debt Service Fund	25,783,119	-
Proprietary Funds:		
Water	-	2,300,000
Sewer	-	525,000
Joint School Construction Board	500,000	936,306
	<u>\$ 43,174,567</u>	<u>\$ 43,174,567</u>

8. RETIREMENT PLANS

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

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

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

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The City, SURA and the District also participate in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php 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, 2018	\$ 5,904,529	\$ 18,376,866
June 30, 2017	\$ 6,156,458	\$ 18,918,275
June 30, 2016	\$ 6,599,874	\$ 17,767,259

8. RETIREMENT PLANS (Continued)

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

At June 30, 2018, 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, 2018, and the total pension liability used to calculate the net pension liabilities were determined by the actuarial valuation as of April 1, 2017. 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, 2018, the City reported the following:

	<u>NYSERS</u>	<u>NYSPFRS</u>
Net Pension Liability	\$ 4,835,243	\$ 20,972,513
City's Proportion Percent	0.1498164%	2.0749315%
Pension Expense	\$ 5,723,420	\$ 20,336,323

At June 30, 2018, the City reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	
	<u>NYSERS</u>	<u>NYSPFRS</u>
Differences between expected and actual experience	\$ 1,724,645	\$ 8,632,077
Net difference between projected and actual earnings on pension plan investments	7,022,806	16,974,790
Changes in proportion and differences between the City's contributions and proportionate share of contributions	8,387	990,579
Changes of assumptions	3,206,165	15,890,476
Contributions subsequent to the measurement date	<u>1,476,334</u>	<u>4,253,672</u>
Total	<u>\$ 13,438,337</u>	<u>\$ 46,741,594</u>

	<u>Deferred Inflows of Resources</u>	
	<u>NYSERS</u>	<u>NYSPFRS</u>
Differences between expected and actual experience	\$ 1,425,123	\$ 5,572,877
Net difference between projected and actual earnings on pension plan investments	13,862,315	34,186,306
Changes in proportion and differences between the City's contributions and proportionate share of contributions	286,879	411,689
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 15,574,317</u>	<u>\$ 40,170,872</u>

The City recognized deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018, which will result in a reduction of the net pension liabilities in the year ended June 30, 2019.

8. RETIREMENT PLANS (Continued)

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

Plan's Year Ended March 31:	NYSERS	NYSPFRS
2019	\$ 912,939	\$ 4,596,527
2020	679,763	4,117,147
2021	(3,577,625)	(4,208,386)
2022	(1,627,391)	(3,002,456)
2023	-	814,218
Thereafter	-	-
	<u>\$ (3,612,314)</u>	<u>\$ 2,317,050</u>

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

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

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Proportionate Share of Net Pension Liabilities (Assets) - NYSERS	\$ 36,584,745	\$ 4,835,243	\$ (22,023,568)
Proportionate Share of Net Pension Liabilities (Assets) - NYSPFRS	\$102,729,045	\$ 20,972,513	\$ (47,602,038)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liabilities of the employers as of March 31, 2018 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	\$ 183,400,590,000	\$ 274,764,163	0.1498164%
Net position	(180,173,145,000)	(269,928,920)	0.1498164%
Net pension liability (asset)	<u>\$ 3,227,445,000</u>	<u>\$ 4,835,243</u>	0.1498164%
Fiduciary net position as a percentage of total pension liability	98.2%	98.2%	
	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	\$ 32,914,423,000	\$ 682,951,731	2.0749315%
Net position	(31,903,666,000)	(661,979,218)	2.0749315%
Net pension liability (asset)	<u>\$ 1,010,757,000</u>	<u>\$ 20,972,513</u>	2.0749315%
Fiduciary net position as a percentage of total pension liability	96.9%	96.9%	

8. RETIREMENT PLANS (Continued)

SURA: Contributions

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

	<u>NYSERS</u>	
June 30, 2018	\$	483,966
June 30, 2017	\$	453,170
June 30, 2016	\$	426,952

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

At June 30, 2018, SURA reported a net pension liability of \$437,817 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2017. 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, 2018 and 2017, SURA's proportion was 0.0135654% and 0.0131048%, respectively.

For the year ended June 30, 2018, SURA recognized pension expense of \$411,034. At June 30, 2018, SURA reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 156,155	\$ 129,041
Net difference between projected and actual earnings on pension plan investments	635,895	1,255,193
Changes in proportion and differences between SURA's contributions and proportionate share of contributions	28,563	221,929
Changes of assumptions	290,309	-
Contributions subsequent to the measurement date	-	-
Total	<u>\$ 1,110,922</u>	<u>\$ 1,606,163</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:

2019	\$	(24,542)
2020		15,809
2021		(333,889)
2022		(152,619)
2023		-
Thereafter		-
		<u>\$ (495,241)</u>

8. RETIREMENT PLANS (Continued)

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

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

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 3,312,644	\$ 437,817	\$ (1,994,171)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 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	\$ 183,400,590,000	\$ 24,879,023	0.0135654%
Net position	(180,173,145,000)	(24,441,206)	0.0135654%
Net pension liability (asset)	<u>\$ 3,227,445,000</u>	<u>\$ 437,817</u>	0.0135654%
Fiduciary net position as a percentage of total pension liability	98.2%	98.2%	

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, 2018	\$ 5,649,960
June 30, 2017	\$ 5,408,869
June 30, 2016	\$ 5,655,864

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

At June 30, 2018, the District reported a net pension liability of \$4,605,712 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2018, 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, 2018, the District's proportion was 0.1427046 percent.

8. RETIREMENT PLANS (Continued)

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

For the year ended June 30, 2018, the District recognized pension expense of \$5,554,717. At June 30, 2018, 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	\$ 1,642,708	\$ 1,357,472
Changes in assumptions	3,053,968	-
Net difference between projected and actual earnings on pension plan investments	6,689,433	13,204,269
Changes in proportion and differences between the District's contributions and proportionate share of contributions	392,384	160,481
Changes of assumptions		
Contributions subsequent to the measurement date	<u>1,496,070</u>	<u>-</u>
Total	<u>\$ 13,274,563</u>	<u>\$ 14,722,222</u>

The District recognized \$1,496,070 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2018, which will be a reduction of the net pension liability in the year ended June 30, 2019.

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:

2019	\$ 972,590
2020	829,408
2021	(3,254,180)
2022	(1,491,547)
2023	-
Thereafter	-
	<u>\$ (2,943,729)</u>

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

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

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	\$ 34,848,062	\$ 4,605,712	\$ (20,978,107)

8. RETIREMENT PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 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	\$ 183,400,590,000	\$ 261,721,078	0.1427046%
Net position	(180,173,145,000)	(257,115,366)	0.1427046%
Net pension liability (asset)	<u>\$ 3,227,445,000</u>	<u>\$ 4,605,712</u>	0.1427046%
Fiduciary net position as a percentage of total pension liability	98.2%	98.2%	

Actuarial Assumptions

The total pension liability at March 31, 2018 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018.

The actuarial valuation used the following actuarial assumptions:

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

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

8. RETIREMENT PLANS (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2018 are summarized below:

ERS

Long-Term Expected Rate of Return

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.50
Real Estate	10.0	5.55
Absolute Return	2.0	3.75
Opportunistic Portfolio	3.0	5.68
Real Assets	3.0	5.29
Bonds & Mortgages	17.0	1.31
Cash	1.0	-0.25
Inflation-Indexed Bonds	<u>4.0</u>	1.25
	<u>100%</u>	

Discount Rate

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

New York State Teacher Retirement System (NYSTRS)

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

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

8. RETIREMENT PLANS (Continued)

Contributions

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

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

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

	<u>NYSTRS</u>	
June 30, 2018	\$	22,634,278
June 30, 2017	\$	25,004,761
June 30, 2016	\$	29,174,990

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

At June 30, 2018, the District reported a net pension asset of \$8,507,817 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2017, and the total pension asset 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, 2018, the District's proportionate share was 1.119303%, which was a decrease from the 1.137868% proportionate share measured at June 30, 2017.

8. RETIREMENT PLANS (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$20,876,430. At June 30, 2018, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>Resources</u>	<u>Resources</u>
Differences between expected and actual experience	\$ 6,999,840	\$ 3,317,098
Changes in assumptions	86,568,664	-
Net difference between projected and actual earnings on pension plan investments	-	20,038,363
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,617,917	4,261,325
Contributions subsequent to the measurement date	<u>18,028,006</u>	<u>-</u>
Total	<u>\$ 113,214,427</u>	<u>\$ 27,616,786</u>

The District recognized \$18,028,006 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2017 that are recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows/ (inflows) of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2018	\$ 1,455,580
2019	22,390,189
2020	15,876,823
2021	3,555,596
2122	15,829,137
Thereafter	<u>8,462,310</u>
	<u>\$ 67,569,635</u>

Discount Rate

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

8. RETIREMENT PLANS (Continued)

Actuarial Assumptions

The total pension asset at the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, with update procedures used to roll forward the total pension asset to June 30, 2017. These actuarial valuations used the following actuarial assumptions:

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

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

Projected COLAs	1.5% compounded annually
Investment Rate of Return	7.25% compounded annually, net of pension plan investment expense, including inflation.

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

8. RETIREMENT PLANS (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the valuation date of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-term expected expected real rate of return in %</u>
Domestic Equity	35.0	5.9
International Equity	18.0	7.4
Real Estate	11.0	4.3
Alternative Investments	8.0	9.0
Domestic Fixed Income Securities	16.0	1.6
High-Yield Fixed Income Securities	1.0	3.9
Global Fixed Income Securities	2.0	1.3
Short - Term Fixed Income	1.0	0.6
Mortgages	<u>8.0</u>	2.8

100%

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

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

	1% Decrease <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate Share of Net Pension liability (asset)	\$146,564,437	\$ (8,507,817)	\$(138,373,127)

Pension Plan Fiduciary Net Position

The components of the collective net pension liability (asset) of the participating school districts as of June 30, 2017, were as follows:

	Pension Plan's Fiduciary Net Position	District's proportionate share of Plan's Fiduciary Net Position	District's allocation percentage as determined by the Plan
Total pension liability	\$ 114,708,261,032	\$ 1,283,933,007	1.1193030%
Net position	(115,468,360,316)	(1,292,440,824)	1.1193030%
Net pension liability (asset)	<u>\$ (760,099,284)</u>	<u>\$ (8,507,817)</u>	1.1193030%
Fiduciary net position as a percentage of total pension liability	100.66%	100.66%	

8. RETIREMENT PLANS (Continued)

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

The components of the net pension asset, net pension liabilities, and deferred outflows of resources and deferred inflows of resources are as follows as of June 30, 2018:

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
City NYSERS	\$ -	\$ 4,835,243	\$ 13,438,337	\$ 15,574,317
City NYSPFRS	-	20,972,513	46,741,594	40,170,872
SURA NYSERS	-	437,817	1,110,922	1,606,163
District NYSERS	-	4,605,712	13,274,563	14,722,222
District NYSTRS	8,507,814	-	113,214,427	27,616,786
	<u>8,507,814</u>	<u>-</u>	<u>113,214,427</u>	<u>27,616,786</u>
Total	<u>\$ 8,507,814</u>	<u>\$ 30,851,285</u>	<u>\$ 187,779,843</u>	<u>\$ 99,690,360</u>
Business-type	\$ -	\$ 1,973,494	\$ 4,752,129	\$ 4,939,525
Governmental	8,507,814	28,877,791	183,027,714	94,750,835
	<u>8,507,814</u>	<u>28,877,791</u>	<u>183,027,714</u>	<u>94,750,835</u>
Total	<u>\$ 8,507,814</u>	<u>\$ 30,851,285</u>	<u>\$ 187,779,843</u>	<u>\$ 99,690,360</u>

8. RETIREMENT PLANS (Continued)

Other Amounts Due to NYSERS for Chapter 57 Costs

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, 2018 was \$1,505,097 of which \$81,316 is reported in the proprietary funds/business-type activities and \$1,423,781 in the governmental activities.

9. SELF INSURANCE

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

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

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

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

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City's defined benefit OPEB plan, provides OPEB for all employees with 10 years of service for members in the NYSERS and 20 years of service for members in the PFERS. Retirees and spouses who are Medicare eligible are not required to contribute to retiree group health care benefits. If not Medicare-eligible, contributions vary by bargaining unit.

The District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the School District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the School District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plans are a single-employer defined benefit OPEB plans administered by the City and District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the City and District's governing bodies. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The City and the District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the City and District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	<u>City</u>	<u>District</u>
Inactive employees or beneficiaries currently receiving benefits	1,807	2,514
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>1,645</u>	<u>3,392</u>
Total participants	<u>3,452</u>	<u>5,906</u>

Total OPEB Liability

The City and the District's total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	<u>City</u>	<u>District</u>
Reporting Date	6/30/2018	6/30/2018
Measurement Date	6/30/2018	6/30/2018
Actuarial Valuation Date	7/1/2017	7/1/2017
Discount Rate	3.62%	3.62%
Rate of compensation increase	4.50%	3.00%
Inflation rate	2.25%	2.25%
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay	Level Percentage
Amortization Period	Varies by Fund	8.452 years

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The discount rate above was based on an analysis of returns on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of June 30, 2017 and June 30, 2018, which yielded discount rates of 3.56% and 3.62% respectively.

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then adjusted for mortality improvements with scale MP-2017 mortality improvement scale on a fully generational basis. This assumption was based on a review of published mortality tables and the demographics of the Plan.

The actuarial assumptions used in the July 1, 2017 valuation were based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the employer and plan members.

Changes in the Total OPEB Liability

	<u>City</u>	<u>District</u>
Balance at June 30, 2017, as restated	\$ 823,816,517	\$ 624,693,166
Changes for the Year-		
Service cost	26,872,640	19,103,347
Interest	29,839,653	22,589,595
Changes of benefit terms	(72,246)	-
Changes in assumptions or other inputs	(7,975,348)	(5,655,185)
Differences between expected and actual experience	2,495,420	(314,221)
Benefit payments	<u>(24,993,401)</u>	<u>(18,514,661)</u>
Net changes	<u>26,166,718</u>	<u>17,208,875</u>
Balance at June 30, 2018	<u>\$ 849,983,235</u>	<u>\$ 641,902,041</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% as of July 1, 2017, to 3.62% as of June 30, 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and District, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62%) or 1 percentage point higher (4.62%) than the current discount rate:

	1% Decrease <u>(2.62%)</u>	Current Discount <u>(3.62%)</u>	1% Increase <u>(4.62%)</u>
City OPEB Liability	\$ 998,833,589	\$ 849,983,235	\$ 731,905,741
District OPEB Liability	\$ 745,933,863	\$ 641,902,041	\$ 557,593,940

10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.25-5.25%) or 1 percentage point higher (8.25-7.25%) than the current healthcare cost trend rate:

	Healthcare Cost Trend Rate		
	1% Decrease (6.25-5.25%)	Current Discount 7.25-6.25%	1% Increase (8.25-7.25%)
Total OPEB Liability	\$ 542,105,278	\$ 641,902,041	\$ 769,786,787

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trends that are 1 percentage point lower (6.00-9.25) or 1 percentage point higher (8.00-11.25) than the current healthcare cost trend rate.

	Healthcare Cost Trend Rate		
	1% Decrease (6.00-9.25%)	Current Discount 7.00-10.25%	1% Increase (8.00-11.25%)
Total OPEB Liability	\$ 710,873,860	\$ 849,983,235	\$ 1,031,025,067

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City and the District recognized OPEB expense of \$55,724,614 and \$40,986,671, respectively. At June 30, 2018, the City and the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	District		City	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ -	\$ 4,986,091	\$ -	\$ 7,975,348
Difference between expected and Actual Experience	-	277,044	2,495,420	-
Total	\$ -	\$ 5,263,135	\$ 2,495,420	\$ 7,975,348

Deferred inflows will be recognized as follows:

Fiscal Year Ending June	City	District
	Amount	Amount
2019	\$ (1,791,087)	\$ (706,271)
2020	(875,654)	(706,271)
2021	(875,654)	(706,271)
2022	(875,654)	(706,271)
2023	(875,654)	(706,271)
Thereafter	(186,225)	(1,731,780)
	\$ (5,479,928)	\$ (5,263,135)

11. CONTINGENCIES AND COMMITMENTS

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

The City has a potential liability for employees who are not entered into the Retirement System due to the fact that they were never offered the right to join. Any potential liability relating to this contingency is not determinable at June 30, 2018.

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 position at December 31, 2017:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	154,000	8,911	162,911
2019	165,000	6,064	171,064
2020	16,000	1,932	17,932
2021	<u>16,000</u>	<u>972</u>	<u>16,972</u>
	<u>\$ 351,000</u>	<u>\$ 17,879</u>	<u>\$ 368,879</u>

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

12. ENVIRONMENTAL REMEDIATION

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

13. PRIOR PERIOD ADJUSTMENT

The City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain postemployment benefits. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Accordingly, beginning net position and other postemployment benefits on the statement of net position were adjusted as noted in the following table:

	<u>Governmental Activities</u>	
	Other Postemployment Benefits	Net Position
Balance at June 30, 2017, as previously reported	\$ 870,089,966	\$ (466,792,095)
Restatement of beginning balance – Adoption of GASB Statement No. 75 increase to liability	<u>496,878,988</u>	<u>(496,878,988)</u>
Balance at June 30, 2017, as restated	<u>\$ 1,366,968,954</u>	<u>\$ (963,671,083)</u>
	<u>Business Type Activities</u>	
	Other Postemployment Benefits	Net Position
Balance at June 30, 2017, as previously reported	\$ 36,731,300	\$ 122,416,059
Restatement of beginning balance – Adoption of GASB Statement No. 75 increase to liability	<u>44,809,429</u>	<u>(44,809,429)</u>
Balance at June 30, 2017, as restated	<u>\$ 81,540,729</u>	<u>\$ 77,606,630</u>

14. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year ended June 30, 2018:

On September 13, 2018, the City School District issued \$32,444,000 in Revenue Anticipation Notes at 3.5% maturing on March 29, 2019 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. The City of Syracuse, New York Common Council approved the request August 20, 2018.

On October 10, 2018, The Syracuse City School District's Board of Education approved a resolution to authorize a borrowing not to exceed \$80,000,000 for the JSCB Phase II projects at Corcoran High School and Nottingham High School.

On November 15, 2018, the City issued \$42,600,000 in Revenue Anticipation Notes at 3.00% maturing on July 10, 2019 to cover an expected shortfall due to timing of cash receipts from all sources related to the City. The City of Syracuse, New York Common Council approved the request October 22, 2018.

On August 20, 2018, The City's Common Council approved a resolution to authorize a borrowing not to exceed \$38,000,000 for the LED Street Lighting Project.

CITY OF SYRACUSE, NEW YORK

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 STATEMENT OF REVENUES, EXPENDITURES, AND ENCUMBRANCES - BUDGET AND ACTUAL
 (BUDGETARY BASIS) - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>			Variance
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Favorable (Unfavorable)
REVENUES:				
General property taxes and tax items	\$ 41,312,162	\$ 41,416,062	\$ 38,799,174	\$ (2,616,888)
Sales tax and use taxes	83,351,509	83,351,509	87,057,793	3,706,284
Other local taxes	3,062,000	3,062,000	3,159,797	97,797
Departmental revenues	11,468,137	11,778,137	11,626,872	(151,265)
Intergovernmental charges	251,437	251,437	253,259	1,822
Licenses and permits	2,998,925	2,998,925	2,535,632	(463,293)
Fines and forfeitures	3,127,820	3,427,820	4,315,791	887,971
Sale of property and compensation for loss	233,050	233,050	474,498	241,448
Use of money and property	153,000	153,000	395,972	242,972
Federal and state aid and other grants	76,117,724	76,117,724	79,069,607	2,951,883
Other revenues	<u>6,657,800</u>	<u>6,657,800</u>	<u>5,905,558</u>	<u>(752,242)</u>
Total revenues	<u>228,733,564</u>	<u>229,447,464</u>	<u>233,593,953</u>	<u>4,146,489</u>
EXPENDITURES:				
Current:				
General government support	27,751,432	27,828,932	25,468,492	2,360,440
Public safety	152,757,054	155,748,254	146,623,721	9,124,533
Transportation	22,599,873	22,599,873	22,770,137	(170,264)
Home and community services	12,524,352	12,524,352	13,520,557	(996,205)
Culture and recreation	11,758,536	11,758,536	10,819,181	939,355
Interest on debt	<u>450,000</u>	<u>727,500</u>	<u>727,095</u>	<u>405</u>
Total expenditures	<u>227,841,247</u>	<u>231,187,447</u>	<u>219,929,183</u>	<u>11,258,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>892,317</u>	<u>(1,739,983)</u>	<u>13,664,770</u>	<u>15,404,753</u>
OTHER FINANCING SOURCES (USES):				
Bond proceeds	-	2,250,000	4,250,000	2,000,000
Bond premiums	-	382,300	382,372	72
Operating transfers in	2,825,000	2,825,000	2,825,000	-
Operating transfers out	<u>(20,217,317)</u>	<u>(20,217,317)</u>	<u>(20,352,731)</u>	<u>(135,414)</u>
Total other financing uses - net	<u>(17,392,317)</u>	<u>(14,760,017)</u>	<u>(12,895,359)</u>	<u>1,864,658</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (16,500,000)</u>	<u>\$ (16,500,000)</u>	769,411	<u>\$ 17,269,411</u>
EFFECT OF ENCUMBRANCES			<u>62,816</u>	
CHANGE IN FUND BALANCE			<u>\$ 832,227</u>	

CITY OF SYRACUSE, NEW YORK

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
STATEMENT OF REVENUES, EXPENDITURES AND ENCUMBRANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUND - CITY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Fund - City School District		Actual	Less: Actual	Actual	Variance
	Original	Final	Total	CSD Special	CSD -	Favorable
	Budget	Budget	CSD	Aid Fund	General Fund	(Unfavorable)
REVENUES:						
General property taxes and tax items	\$ 58,806,989	\$ 58,806,989	\$ 59,413,001	\$ -	\$ 59,413,001	\$ 606,012
Sales tax and use taxes	637,989	637,989	690,178	-	690,178	52,189
Sale of property and compensation for loss	27,100	27,100	106,726	-	106,726	79,626
Use of money and property	261,000	261,000	629,130	-	629,130	368,130
Federal and state aid and other grants	342,840,775	342,840,775	415,344,781	74,628,794	340,715,987	(2,124,788)
Other revenues	<u>1,340,000</u>	<u>1,340,000</u>	<u>1,117,063</u>	<u>-</u>	<u>1,117,063</u>	<u>(222,937)</u>
Total revenues	<u>403,913,853</u>	<u>403,913,853</u>	<u>477,300,879</u>	<u>74,628,794</u>	<u>402,672,085</u>	<u>(1,241,768)</u>
EXPENDITURES:						
Current:						
General government support	63,774,308	63,774,308	58,490,958	-	58,490,958	5,283,350
Home and community services	-	-	1,164,069	1,164,069	-	-
Education	331,285,510	331,285,510	387,952,566	74,097,711	313,854,855	17,430,655
Pass-through New York State funding to JSCB	11,723,969	11,723,969	8,984,981	-	8,984,981	2,738,988
Principal on debt	-	-	520,000	-	520,000	(520,000)
Interest on debt	<u>1,191,500</u>	<u>1,191,500</u>	<u>1,427,071</u>	<u>-</u>	<u>1,427,071</u>	<u>(235,571)</u>
Total expenditures	<u>407,975,287</u>	<u>407,975,287</u>	<u>458,539,645</u>	<u>75,261,780</u>	<u>383,277,865</u>	<u>24,697,422</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,061,434)</u>	<u>(4,061,434)</u>	<u>18,761,234</u>	<u>(632,986)</u>	<u>19,394,220</u>	<u>23,455,654</u>
OTHER FINANCING SOURCES (USES):						
Premium on issuance of RANS	-	-	440,864	-	440,864	440,864
Operating transfers in	4,750,000	4,750,000	7,786,460	2,736,284	5,050,176	300,176
Operating transfers out	<u>(11,611,044)</u>	<u>(11,611,044)</u>	<u>(15,944,475)</u>	<u>(2,381,842)</u>	<u>(13,562,633)</u>	<u>(1,951,589)</u>
Total other financing uses - net	<u>(6,861,044)</u>	<u>(6,861,044)</u>	<u>(7,717,151)</u>	<u>354,442</u>	<u>(8,071,593)</u>	<u>(1,210,549)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES	<u>\$ (10,922,478)</u>	<u>\$ (10,922,478)</u>	<u>11,044,083</u>	<u>\$ (278,544)</u>	<u>\$ 11,322,627</u>	<u>\$ 22,245,105</u>
EFFECT OF ENCUMBRANCES			<u>3,812,829</u>			
CHANGE IN FUND BALANCE			<u>\$ 14,856,912</u>			

CITY OF SYRACUSE, NEW YORK

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City School District:										
Total OPEB Liability										
Service cost	\$ 19,103,347									
Interest	22,589,595									
Changes of benefit terms	-									
Differences between expected and actual experience	(314,221)									
Changes in assumptions	(5,655,185)									
Benefit payments	(18,514,661)									
Total change in total OPEB liability	17,208,875									
Total OPEB liability - beginning	624,693,166									
Total OPEB liability - ending	\$ 641,902,041									
Covered-employee payroll	\$ 239,120,856									
Total OPEB liability as a percentage of covered-employee payroll	268.4%									

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:
Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.62%	3.56%	unavailable
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused an increase in the total liability and decrease in service costs.

The healthcare trend cost rates have been reset to an initial rate of 6.25%-7.25% decreasing to an ultimate rate of 3.89% in 2078, which caused an increase in liabilities.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
 - Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
 - Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
 - Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
City (including SURA):										
Total OPEB Liability										
Service cost	\$ 26,872,640									
Interest	29,839,653									
Changes of benefit terms	(72,246)									
Differences between expected and actual experience	2,495,420									
Changes in assumptions	(7,975,348)									
Benefit payments	(24,993,401)									
Total change in total OPEB liability	26,166,718									
Total OPEB liability - beginning	823,816,517									
Total OPEB liability - ending	\$ 849,983,235									
Covered-employee payroll	\$ 119,321,070									
Total OPEB liability as a percentage of covered-employee payroll	712.4%									

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:
Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.62%	3.56%	unavailable
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused a decrease in the total liability and decrease in service costs.

The healthcare trend cost rates have been reset to an initial rate of 7.00%-10.25% decreasing to an ultimate rate of 3.89% in 2075, which caused a decrease in the liability.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:
 - Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
 - Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
 - Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

CITY OF SYRACUSE, NEW YORK

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

CITY SCHOOL DISTRICT:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.1427046%	0.1376588%	0.1323220%	0.1295850%						
Proportionate share of the net pension liability (asset)	\$ 4,606	\$ 12,935	\$ 21,238	\$ 4,378						
Covered-employee payroll	\$ 43,232	\$ 39,296	\$ 37,080	\$ 33,468						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.65%	32.92%	57.28%	13.08%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.68%	97.90%						

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

NEW YORK STATE TEACHER RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	1.119303%	1.137868%	1.051631%	1.072093%						
Proportionate share of the net pension liability (asset)	\$ (8,508)	\$ 12,187	\$ (109,231)	\$ (119,425)						
Covered-employee payroll	\$ 177,373	\$ 175,373	\$ 157,918	\$ 158,365						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-4.80%	6.95%	-69.17%	-75.41%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.66%	99.01%	110.46%	111.48%						

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

CITY:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.1498164%	0.1496258%	0.1546223%	0.1565137%						
Proportionate share of the net pension liability (asset)	\$ 4,835	\$ 14,059	\$ 24,817	\$ 5,287						
Covered-employee payroll	\$ 42,076	\$ 43,056	\$ 42,286	\$ 41,497						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.49%	32.65%	58.69%	12.74%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.68%	97.90%						

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

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	2.0749315%	2.073579%	2.134004%	2.004215%						
Proportionate share of the net pension liability (asset)	\$ 20,973	\$ 42,978	\$ 63,183	\$ 5,517						
Covered-employee payroll	\$ 71,067	\$ 72,008	\$ 73,152	\$ 68,523						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.51%	59.69%	86.37%	8.05%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	96.90%	93.50%	90.24%	99.00%						

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

SURA:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion of the net pension liability (asset)	0.0135654%	0.013105%	0.012765%	0.015249%						
Proportionate share of the net pension liability (asset)	\$ 438	\$ 1,231	\$ 2,049	\$ 515						
Covered-employee payroll	\$ 3,398	\$ 3,266	\$ 2,958	\$ 3,298						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.89%	37.69%	69.27%	15.62%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.68%	97.90%						

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

CITY OF SYRACUSE, NEW YORK

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

CITY SCHOOL DISTRICT:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 5,650	\$ 5,409	\$ 5,656	\$ 5,817						
Contributions in relation to the contractually required contribution	5,650	5,409	5,656	5,817						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 43,232	\$ 39,296	\$ 37,080	\$ 33,468						
Contributions as a percentage of covered-employee payroll	13.07%	13.76%	15.25%	17.38%						

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 22,634	\$ 25,005	\$ 29,175	\$ 25,734						
Contributions in relation to the contractually required contribution	22,634	25,005	29,175	25,734						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 177,373	\$ 175,373	\$ 157,918	\$ 158,365						
Contributions as a percentage of covered-employee payroll	12.76%	14.26%	18.47%	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)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 5,905	\$ 6,156	\$ 6,600	\$ 7,523						
Contributions in relation to the contractually required contribution	5,905	6,156	6,600	7,523						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 42,076	\$ 43,056	\$ 42,286	\$ 41,497						
Contributions as a percentage of covered-employee payroll	14.03%	14.30%	15.61%	18.13%						

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

NEW YORK STATE POLICE AND FIRE RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 18,377	\$ 18,918	\$ 17,767	\$ 17,777						
Contributions in relation to the contractually required contribution	18,377	18,918	17,767	17,777						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 71,067	\$ 72,008	\$ 73,152	\$ 68,523						
Contributions as a percentage of covered-employee payroll	25.86%	26.27%	24.29%	25.94%						

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

SURA:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 484	\$ 453	\$ 427	\$ 427						
Contributions in relation to the contractually required contribution	484	453	427	427						
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -						
Covered-employee payroll	\$ 3,398	\$ 3,266	\$ 2,958	\$ 3,298						
Contributions as a percentage of covered-employee payroll	14.24%	13.87%	14.44%	12.95%						

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

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - CAPITAL PROJECTS FUND
JUNE 30, 2018**

	City School District	City	Total
ASSETS:			
Pooled cash and cash equivalents	\$ -	\$ 10,877,279	\$ 10,877,279
Pooled restricted cash and cash equivalents	906,473	14,373,099	15,279,572
Due from other funds	4,190,044	-	4,190,044
Due from other governments	<u>12,474</u>	<u>4,795,211</u>	<u>4,807,685</u>
Total assets	<u>\$ 5,108,991</u>	<u>\$ 30,045,589</u>	<u>\$ 35,154,580</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 207,860	\$ 2,927,411	\$ 3,135,271
Other liabilities	<u>-</u>	<u>24,245</u>	<u>24,245</u>
Total liabilities	<u>207,860</u>	<u>2,951,656</u>	<u>3,159,516</u>
FUND BALANCES:			
Restricted	4,901,131	14,373,099	19,274,230
Committed	<u>-</u>	<u>12,720,834</u>	<u>12,720,834</u>
Total fund balance	<u>4,901,131</u>	<u>27,093,933</u>	<u>31,995,064</u>
Total liabilities and fund balance	<u>\$ 5,108,991</u>	<u>\$ 30,045,589</u>	<u>\$ 35,154,580</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, 2018**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Use of money and property	\$ -	\$ 38,911	\$ 38,911
Federal and state aid and other grants	22,859	6,141,911	6,164,770
Other revenues	<u>-</u>	<u>207,119</u>	<u>207,119</u>
Total revenues	<u>22,859</u>	<u>6,387,941</u>	<u>6,410,800</u>
EXPENDITURES:			
Capital outlays	<u>2,879,149</u>	<u>23,697,923</u>	<u>26,577,072</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,856,290)</u>	<u>(17,309,982)</u>	<u>(20,166,272)</u>
OTHER FINANCING SOURCES (USES):			
Bond proceeds	-	11,676,000	11,676,000
Operating transfers in	2,738,988	3,541,000	6,279,988
Operating transfers out	<u>(500,000)</u>	<u>(478,742)</u>	<u>(978,742)</u>
Total other financing sources - net	<u>2,238,988</u>	<u>14,738,258</u>	<u>16,977,246</u>
CHANGES IN FUND BALANCE	(617,302)	(2,571,724)	(3,189,026)
FUND BALANCES- beginning of year	<u>5,518,433</u>	<u>29,665,657</u>	<u>35,184,090</u>
FUND BALANCES - end of year	<u>\$ 4,901,131</u>	<u>\$ 27,093,933</u>	<u>\$ 31,995,064</u>

CITY OF SYRACUSE, NEW YORK

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Debt Service (Combined)	Special Revenue						Permanent Funds (Combined)	Total Nonmajor Governmental Funds
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	School Food Service		
ASSETS									
Pooled cash and cash equivalents	\$ -	\$ -	\$ 465,606	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 465,606
Pooled restricted cash and cash equivalents	6,026,862	1,425,921	-	-	543,912	-	1,151,722	10,000	9,158,417
Cash and cash equivalents	-	-	-	-	-	1,811,983	-	-	1,811,983
Restricted cash	-	-	-	-	-	19,104	-	17,009	36,113
Loans receivable	-	-	-	-	-	150,000	-	-	150,000
Accounts receivable	4,552,019	3,000	704	-	-	-	26,284	-	4,582,007
Taxes receivable (net allowance of \$225,727)	-	-	17,647	-	-	-	-	-	17,647
Due from other funds	546,246	-	-	-	-	244,906	5,979,702	-	6,770,854
Due from other governments	-	3,019,250	-	-	-	-	2,688,994	-	5,708,244
Due from component units (net of allowance of \$1,672,358)	-	-	-	-	-	63,387	-	-	63,387
Inventory	-	-	-	-	-	-	625,788	-	625,788
Prepays and other assets	-	-	-	-	-	14,797	-	-	14,797
Total assets	\$ 11,125,127	\$ 4,448,171	\$ 483,957	\$ -	\$ 543,912	\$ 2,304,177	\$ 9,320,768	\$ 1,151,722	\$ 29,404,843
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 121,906	\$ 33,857	\$ -	\$ 20,909	\$ 211,012	\$ 767,175	\$ 11,581	\$ 1,166,440
Due to other funds	-	2,900,344	-	-	-	1,305,517	-	-	4,205,861
Due to other governments	-	-	-	-	-	-	752	-	752
Unearned revenue	-	1,425,921	-	-	-	169,104	-	-	1,595,025
Total liabilities	-	4,448,171	33,857	-	20,909	1,685,633	767,927	11,581	6,968,078
Deferred inflow of resources/Unavailable revenue	4,552,019	-	1,458	-	-	-	-	-	4,553,477
Fund Balances:									
Nonspendable	-	-	-	-	-	-	625,788	-	27,009
Restricted	6,573,108	-	-	-	523,003	-	7,927,053	1,140,141	16,163,305
Committed	-	-	448,642	-	-	3,821	-	-	452,463
Assigned	-	-	-	-	-	614,723	-	-	614,723
Total fund balances	6,573,108	-	448,642	-	523,003	618,544	8,552,841	1,140,141	17,883,288
Total liabilities, deferred inflow of resources and fund balance	\$ 11,125,127	\$ 4,448,171	\$ 483,957	\$ -	\$ 543,912	\$ 2,304,177	\$ 9,320,768	\$ 1,151,722	\$ 29,404,843

CITY OF SYRACUSE, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Debt Service (Combined)	Special Revenue						Permanent Funds (Combined)	Total Nonmajor Governmental Funds	
		Special Grants	Special Assessment Districts	Local Development	Oil & Flushing	Syracuse Urban Renewal Agency	School Food Service			Miscellaneous Trusts
REVENUES:										
General property taxes and tax items	\$ -	\$ -	\$ 935,921	\$ -	\$ 2,820,279	\$ -	\$ -	\$ -	\$ -	\$ 3,756,200
Other local taxes	810,662	-	-	-	-	-	-	-	-	810,662
Use of money and property	368,835	2	-	-	-	-	36	305	14	369,192
Federal and state aid and other grants	-	3,929,412	-	-	-	-	15,246,377	-	-	19,175,789
Surplus food	-	-	-	-	-	-	816,789	-	-	816,789
Sales-School Food Service Program	-	-	-	-	-	-	265,610	-	-	265,610
Other revenues	-	-	-	-	-	207,927	-	221,098	-	429,025
Total revenues	1,179,497	3,929,414	935,921	-	2,820,279	207,927	16,328,812	221,403	14	25,623,267
EXPENDITURES:										
Current:										
General government support	-	-	933,357	-	-	-	7,752,925	8,099	-	8,694,381
Public safety	-	3,659,979	-	-	-	-	-	396,880	-	4,056,859
Transportation	-	-	-	-	2,167,340	-	-	-	-	2,167,340
Economic opportunity and development	-	-	-	-	-	459,749	-	-	-	459,749
Home and community services	-	93,579	-	-	-	-	-	-	-	93,579
Culture and recreation	-	175,856	-	-	-	-	-	12,894	-	188,750
Principal debt payments	21,431,515	-	-	-	-	-	-	-	-	21,431,515
Interest on debt	5,193,051	-	-	-	-	-	-	-	-	5,193,051
Cost of sales - Food Service Program	-	-	-	-	-	-	7,207,870	-	-	7,207,870
Total expenditures	26,624,566	3,929,414	933,357	-	2,167,340	459,749	14,960,795	417,873	-	49,493,094
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,445,069)	-	2,564	-	652,939	(251,822)	1,368,017	(196,470)	14	(23,869,827)
OTHER FINANCING SOURCES (USES):										
Proceeds from refunding bonds	21,602,399	-	-	-	-	-	-	-	-	21,602,399
Payments to escrow agent	(23,984,274)	-	-	-	-	-	-	-	-	(23,984,274)
Premium on refunding bonds	3,284,710	-	-	-	-	-	-	-	-	3,284,710
Operating transfers in	25,783,119	-	-	-	-	-	-	-	-	25,783,119
Operating transfers out	-	-	-	-	(405,285)	-	(1,732,028)	-	-	(2,137,313)
Total other financing sources (uses)	26,685,954	-	-	-	(405,285)	-	(1,732,028)	-	-	24,548,641
CHANGES IN FUND BALANCES	1,240,885	-	2,564	-	247,654	(251,822)	(364,011)	(196,470)	14	678,814
FUND BALANCES - beginning of year	5,332,223	-	446,078	-	275,349	870,366	8,916,852	1,336,611	26,995	17,204,474
FUND BALANCES - end of year	\$ 6,573,108	\$ -	\$ 448,642	\$ -	\$ 523,003	\$ 618,544	\$ 8,552,841	\$ 1,140,141	\$ 27,009	\$ 17,883,288

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - DEBT SERVICE FUND
JUNE 30, 2018**

	City School District	City	Total
ASSETS:			
Pooled restricted cash and cash equivalents	\$ -	\$ 6,026,862	\$ 6,026,862
Due from other funds	546,246	-	546,246
Accounts receivable	<u>-</u>	<u>4,552,019</u>	<u>4,552,019</u>
Total assets	<u>\$ 546,246</u>	<u>\$ 10,578,881</u>	<u>\$ 11,125,127</u>
DEFERRED INFLOW OF RESOURCES/ UNAVAILABLE REVENUE	\$ -	\$ 4,552,019	\$ 4,552,019
RESTRICTED FUND BALANCE	<u>546,246</u>	<u>6,026,862</u>	<u>6,573,108</u>
Total deferred inflow of resources and fund balance	<u>\$ 546,246</u>	<u>\$ 10,578,881</u>	<u>\$ 11,125,127</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, 2018**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES:			
Other local taxes	\$ -	\$ 810,662	\$ 810,662
Use of money and property	<u>9,895</u>	<u>358,940</u>	<u>368,835</u>
 Total revenues	 <u>9,895</u>	 <u>1,169,602</u>	 <u>1,179,497</u>
EXPENDITURES:			
Principal debt payments	6,535,185	14,896,330	21,431,515
Interest on debt	<u>1,552,176</u>	<u>3,640,875</u>	<u>5,193,051</u>
 Total expenditures	 <u>8,087,361</u>	 <u>18,537,205</u>	 <u>26,624,566</u>
 DEFICIENCY OF REVENUES OVER EXPENDITURES	 (8,077,466)	 (17,367,603)	 (25,445,069)
OTHER FINANCING SOURCES:			
Proceeds from refunding bonds	14,535,000	7,067,399	21,602,399
Premium on refunding bonds	1,742,593	1,542,117	3,284,710
Payment to escrow agent	(16,277,593)	(7,706,681)	(23,984,274)
Operating transfers in	<u>8,087,361</u>	<u>17,695,758</u>	<u>25,783,119</u>
 Total other financing sources	 <u>8,087,361</u>	 <u>18,598,593</u>	 <u>26,685,954</u>
 CHANGES IN FUND BALANCE	 9,895	 1,230,990	 1,240,885
 FUND BALANCES - beginning of year	 <u>536,351</u>	 <u>4,795,872</u>	 <u>5,332,223</u>
 FUND BALANCES - end of year	 <u>\$ 546,246</u>	 <u>\$ 6,026,862</u>	 <u>\$ 6,573,108</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - MISCELLANEOUS TRUST FUNDS
JUNE 30, 2018**

	<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	\$ 184,473	\$ 88,115	\$ 136,718	\$ 70,316	\$ 414	\$ 230,386	\$ 441,300	\$ 1,151,722
Accounts receivable	-	-	-	-	-	-	-	-
Total assets	<u>\$ 184,473</u>	<u>\$ 88,115</u>	<u>\$ 136,718</u>	<u>\$ 70,316</u>	<u>\$ 414</u>	<u>\$ 230,386</u>	<u>\$ 441,300</u>	<u>\$ 1,151,722</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES:								
Accounts payable and accrued expenses	\$ 8,680	\$ 832	\$ -	\$ -	\$ -	\$ -	\$ 2,069	\$ 11,581
Total Liabilities	<u>8,680</u>	<u>832</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069</u>	<u>11,581</u>
FUND BALANCES/RESTRICTED	<u>175,793</u>	<u>87,283</u>	<u>136,718</u>	<u>70,316</u>	<u>414</u>	<u>230,386</u>	<u>439,231</u>	<u>1,140,141</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 184,473</u>	<u>\$ 88,115</u>	<u>\$ 136,718</u>	<u>\$ 70,316</u>	<u>\$ 414</u>	<u>\$ 230,386</u>	<u>\$ 441,300</u>	<u>\$ 1,151,722</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, 2018**

	<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	\$ 38	\$ 265	\$ 305
Other revenues	<u>145,954</u>	<u>10,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,744</u>	<u>5,863</u>	<u>221,098</u>
Total revenues	<u>145,954</u>	<u>10,537</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>58,782</u>	<u>6,128</u>	<u>221,403</u>
EXPENDITURES:								
Current:								
General government support	-	-	-	8,099	-	-	-	8,099
Public safety	<u>263,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,340</u>	<u>117,252</u>	<u>396,880</u>
Culture and recreation	<u>-</u>	<u>12,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,894</u>
Total expenditures	<u>263,288</u>	<u>12,894</u>	<u>-</u>	<u>8,099</u>	<u>-</u>	<u>16,340</u>	<u>117,252</u>	<u>417,873</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(117,334)	(2,357)	-	(8,099)	2	42,442	(111,124)	(196,470)
FUND BALANCES - beginning of year	<u>293,127</u>	<u>89,640</u>	<u>136,718</u>	<u>78,415</u>	<u>412</u>	<u>187,944</u>	<u>550,355</u>	<u>1,336,611</u>
FUND BALANCES - end of year	<u>\$ 175,793</u>	<u>\$ 87,283</u>	<u>\$ 136,718</u>	<u>\$ 70,316</u>	<u>\$ 414</u>	<u>\$ 230,386</u>	<u>\$ 439,231</u>	<u>\$ 1,140,141</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING BALANCE SHEET - PERMANENT FUNDS
JUNE 30, 2018**

	<u>City School District</u>	<u>City</u>	<u>Total</u>
ASSETS:			
Pooled restricted cash	\$ -	\$ 10,000	\$ 10,000
Restricted cash	<u>17,009</u>	<u>-</u>	<u>17,009</u>
Total assets	<u>\$ 17,009</u>	<u>\$ 10,000</u>	<u>\$ 27,009</u>
FUND BALANCES:			
Nonspendable	<u>\$ 17,009</u>	<u>\$ 10,000</u>	<u>\$ 27,009</u>

CITY OF SYRACUSE, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	City School <u>District</u>	<u>City</u>	<u>Total</u>
REVENUES/Use of money and property	\$ 14	\$ -	\$ 14
EXPENDITURES/General government support	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN FUND BALANCE	14	-	14
FUND BALANCES - beginning of year	<u>16,995</u>	<u>10,000</u>	<u>26,995</u>
FUND BALANCES - end of year	<u>\$ 17,009</u>	<u>\$ 10,000</u>	<u>\$ 27,009</u>