

BASIC FINANCIAL STATEMENTS

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK

JUNE 30, 2014

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
(A COMPONENT UNIT OF THE CITY OF SYRACUSE, NEW YORK)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
City School District of Syracuse, New York
Syracuse, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information (nonmajor governmental funds and the fiduciary funds) of the City School District of Syracuse, New York (the "District"), a component unit of the City of Syracuse, New York, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District'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 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.

(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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information (nonmajor governmental funds and the fiduciary funds) of the City School District of Syracuse, New York, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As described in Note 2 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of July 1, 2013. Adoption of this guidance resulted in a deferred outflow of resources in the Statement of Net Position and the Balance Sheet at June 30, 2014. Our opinions are not modified with respect to this matter.

As described in Note 14 to the financial statements, a change in the substance of transactions within the School Food Service Fund has resulted in the reclassification of the School Food Service Fund from an enterprise fund to a non-major governmental fund as of July 1, 2013. Our opinions on the financial statements are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures and Encumbrances - Budget and Actual and the Schedule of Funding Progress for Other Postemployment Benefits on pages 5-18 and 53-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City School District of Syracuse, New York's basic financial statements. The Supplementary Information on pages 56-59 as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 25, 2014 on our consideration of the City School District of Syracuse, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City School District of Syracuse, New York's internal control over financial reporting and compliance.

November 25, 2014
Syracuse, New York

(Concluded)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

The purpose of the discussion and analysis of the Syracuse City School District's (the "District") financial performance is to provide the reader with an overall review of the District's financial activities including its blended component unit, Joint Schools Construction Board ("JSCB") for the year ended June 30, 2014. To enhance their understanding of the District's financial performance, readers should refer to the basic financial statements and the notes to the basic financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

Government-wide Statement Overview

- During the year the District provided program services at a net expense of \$379.0 million of which it received \$297.2 million from state and federal sources. The balance was funded by taxes and other miscellaneous revenue sources.
- The District's combined net position for all activities decreased by \$22.8 million as a result of this year's operations.
- At June 30, 2014, combined net position for all activities was a deficiency of \$333.9 million mainly as a result of including other postemployment benefits expenditures of \$388.9 million.
- At June 30, 2014, combined capital assets, net of depreciation were \$245.1 million.
- The combined depreciation expense for all activities was \$6.1 million.
- The total long-term general obligation bonds payable, as of June 30, 2014, were \$170.5 million, a decrease of \$14.8 million from the prior year.

Fund Financial Statement Overview

- The total revenue for all governmental funds was \$455.6 million which was an increase of \$27.9 million or 6.5% over the 2012-2013 year.
- The final General Fund budget of \$365.4 million was an increase of \$6.0 million or 1.7% over the 2012-2013 year.
- General Fund revenues (including operating transfers in) of \$358.2 million were an increase of \$1.1 million or 0.3% over the 2012-2013 year.
- General Fund expenditures (including operating transfers out) of \$342.5 million were an increase of \$2.0 million or 0.6% over the 2012-2013 year.
- The General Fund's fund balance increased by \$15.7 million from \$35.4 million to \$51.1 million due to an excess of revenues over expenditures.

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

USING THIS ANNUAL REPORT

This annual report consists of three components: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- Government-wide financial statements that include the Statement of Net Position and the Statement of Activities and Changes in Net Position. These statements provide both short-term and long-term information about the activities of the District as a whole as well as the District's blended component unit, JSCB.
- Fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide financial statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. JSCB, a blended component unit of the District, is presented as a major component unit in the governmental fund financial statements.
- The governmental fund financial statements show how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of those outside the District.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements including a comparison of the District's General Fund budget to actual for the year.

Table 1 below summarizes the major features of the District's financial statements, including the portion of the District's activities covered and the types of information contained. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

USING THIS ANNUAL REPORT (CONT'D)

Table 1 Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities and Changes in Net Position 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid (Trust Fund only)

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

USING THIS ANNUAL REPORT (CONT'D)

Government-wide Financial Statements

One of the most fundamental and key questions relative to any School District is *How did we do financially during the course of this past year?* To help answer this question, the Statement of Net Position and the Statement of Activities and Changes in Net Position provide information on the School District as a whole using accounting methods similar to those used by private-sector companies. These statements present a summary of assets, deferred outflows of resources, liabilities and deferred inflows of resources as well as revenues and expenses using the accrual basis of accounting similar to those methods used by private-sector companies. All of the current year's revenues and expenses are accounted for in the Statement of Activities and Changes in Net Position regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net Position – the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial situation is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the Government-wide Statement of Net Position and the Statement of Activities and Changes in Net Position, the District's activities are shown as Governmental Activities. The majority of the District's basic programs and services are reported here, including regular and special education, pupil transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The Fund Financial Statements provide more detailed information about the District's funds, focusing on the most significant or "major" funds, rather than the District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

USING THIS ANNUAL REPORT (CONT'D)

Fund Financial Statements - (Cont'd)

The District has three types of activities:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These funds are not reflected in the government-wide financial statements because these assets are not available to finance the District's operations.
- **Blended Component Unit:** The District includes one separate legal entity in this report - the Joint Schools Construction Board (JSCB). 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. JSCB has a fiscal year which ends June 30.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the net position (Table 2) and the changes in net position (Table 3) of the District's governmental activities.

Prior to the fiscal year ending June 30, 2014, the School Food Service Fund was accounted for and reported as an enterprise fund. It was the District's intention to fund the total fund's expenditures through fees charged to external users for goods and/or services. Over the previous several years, operating revenue has been mostly comprised of federal sources rather than fees charged to third parties. As a result, the School Food Service Fund is no longer able to be self-sufficient. For the year ending June 30, 2014, the School Food Service Fund has been reclassified as a non-major special revenue fund and fund balance and net position have been restated. The activity of the School Food Service Fund is now included in the governmental activities in the government-wide financial statements.

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

In Table 2, total governmental assets increased by approximately 6.1%. State and Federal aid receivables, within the Current and Other Assets category, increased by approximately \$13 million mainly due to an increase in the Chapter 1 Accrual amount. The District advanced \$28.7 million of State Aid from fiscal year 2014-2015 into fiscal year 2013-2014 to fund District operations, an increase of \$11.3 million from the prior year's advance of \$17.4 million. Capital Assets increased by \$6.9 million due to the addition of construction in progress for the JSCB renovation projects.

Total liabilities increased by approximately 6.9% with Other Liabilities increasing \$60.8 million. The increase in the Other Liabilities category is mainly attributable to the growing liability for other postemployment benefits (OPEB) that rose by \$55.2 million this year.

The District's combined governmental net deficit increased approximately \$22.8 million or 7.3%. At June 30, 2014, the total liabilities exceeded the total assets by \$333.9 million (net deficit).

**Table 2 - Condensed Statement of Net Position
(In Thousands of Dollars)**

	Governmental Activities		Percentage
	2013	2014	Change
Current and Other Assets	\$ 116,915	\$ 131,581	12.5%
Capital Assets	238,138	245,053	2.9%
Total Assets	<u>355,053</u>	<u>376,634</u>	6.1%
Deferred Outflows of Resources	<u>0</u>	<u>1,593</u>	100.0%
Bonds Payable - Due in One Year	13,986	13,633	-2.5%
Bonds Payable - Due in More Than One Year	171,314	156,857	-8.4%
Other Liabilities	480,808	541,590	12.6%
Total Liabilities	<u>666,108</u>	<u>712,080</u>	6.9%
Net Position			
Net investments in capital assets	69,886	77,663	11.1%
Restricted	21,731	13,549	-37.7%
Unrestricted (deficit)	<u>(402,672)</u>	<u>(425,065)</u>	-5.6%
Total Net Position	<u>\$ (311,055)</u>	<u>\$ (333,853)</u>	-7.3%
	(as restated)		

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT'D)

As shown below in Table 3, the District's total revenues from governmental activities increased by 2.9% or \$12.5 million. The cost of all governmental programs and services remained stable with a 0.5% or \$2.2 million increase. Increases in instruction spending was offset by transportation route consolidation savings and lower than budgeted transportation cost increases that are linked to the Consumer Price Index (CPI) which rose less than anticipated.

**Table 3 – Changes in Net Position from Operating Results
(In Thousands of Dollars)**

	Governmental Activities		Percentage
	2013	2014	Change
Revenues			
Program Revenues:			
Charges for Services	525	464	-11.6%
Operating Grants and Contributions	73,821	87,804	18.9%
General Revenues:			
Property Taxes and Other Taxes	58,567	58,087	-0.8%
State and Local Sources	293,553	293,410	0.0%
Federal Sources	4,698	3,751	-20.2%
Use of Money and Property	417	235	-43.6%
Miscellaneous	379	750	97.9%
Total Revenues	<u>431,960</u>	<u>444,501</u>	2.9%
Expenses			
General Support	56,033	55,512	-0.9%
Instruction	360,209	368,411	2.3%
Pupil Transportation	24,550	20,641	-15.9%
Community Service	3,130	2,062	-34.1%
School Food Service Program	11,740	12,055	2.7%
Interest	9,267	8,618	-7.0%
Total Expenses	<u>464,929</u>	<u>467,299</u>	0.5%
Increase (Decrease) in Net Position	<u>\$ (32,969)</u>	<u>\$ (22,798)</u>	-30.9%
	(as restated)		

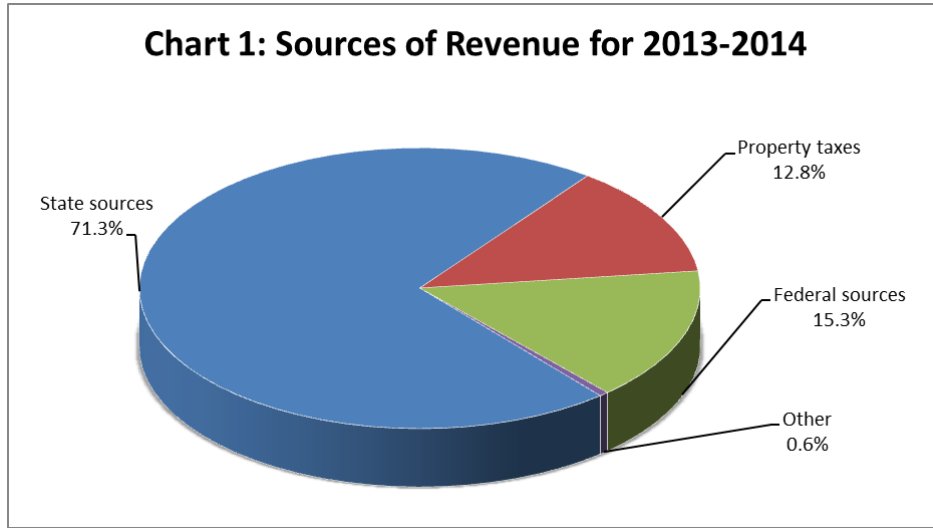
The increase in revenue is mainly due to the receipt of Federal school improvement grant funding of approximately \$9.2 million during the 2013-2014 fiscal year to implement the new Innovation Zone model at Bellevue Elementary School, Porter Elementary School, Van Duyn Elementary School, Danforth Middle School, Frazer K-8 School, Seymour Dual Language Academy and Westside Academy at Blodgett with the goal to significantly improve student education and outcomes over the course of the grant period which runs through August 31, 2016.

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
 MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
 FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONT’D)

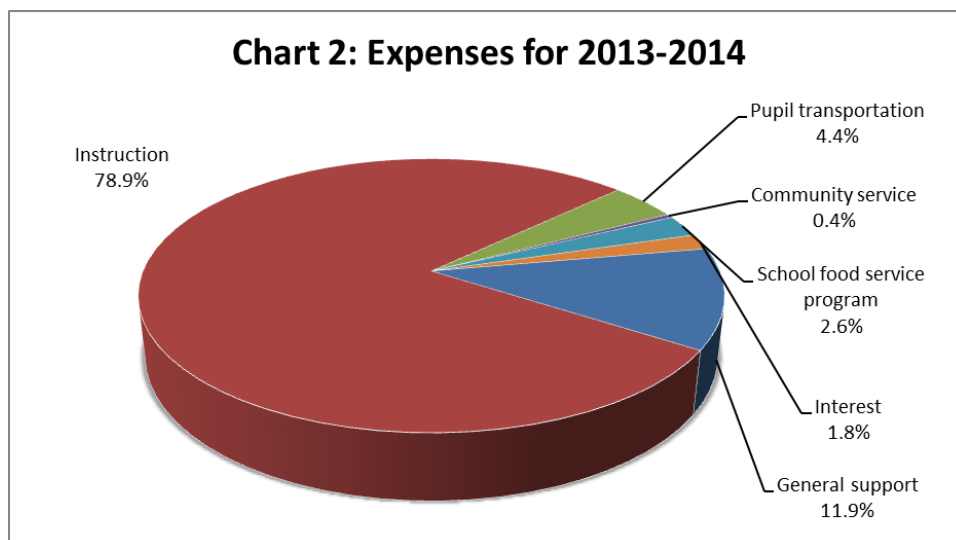
The District is dependent on New York State and Federal sources for financing day to day operations with these two funding sources comprising 86.6% of total Governmental Activities revenue as shown in Chart 1 below. This dependency results in sensitivity to changes in the State’s fiscal condition as well as changes in the State and Federal governments’ funding priorities.



The District spent 78.9% of total expenditures on Instruction including salaries and benefits for Teachers and Teaching Assistants and instructional supplies and 2.6% providing meals to students through the School Food Service Program as shown in Chart 2 below.

Pupil Transportation services to transport all students who are residents of the District to sites both within and outside of the District utilized 4.4% of total expenditures.

General Support services such as custodial, maintenance, accounting and administrative services made up approximately 11.9% of total expenditures.



(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2014, the District's governmental funds reported a combined fund balance of \$70.7 million, which is an increase of \$8.1 million from the prior year combined fund balance of \$62.6 million (as restated). The fund balance represents the accumulated results of the current and all previous years' operations.

The total fund balance is segregated into non-spendable, restricted, committed, assigned and unassigned amounts based on nature of the restriction imposed on the District's ability to use those net assets for day-to-day operations. More detailed information on the nature of each category of fund balance is presented in Note 1 to the financial statements. As a measure of each fund's liquidity, it may be useful to compare both its unassigned fund balance and total fund balance to total fund expenditures.

General Fund

The General Fund's fund balance at June 30, 2014, is \$51.1 million, which is an increase of \$15.7 million from the prior year fund balance of \$35.4 million. Of the balance at June 30, 2014, \$27.3 million was unassigned. The unassigned fund balance represents 8.0% of the total current year General Fund expenditures, while total fund balance represents 15.0% of that same amount.

JSCB

At June 30, 2014, the Joint Schools Construction Board (JSCB) blended component unit reported a fund balance of \$5.7 million, which is a decrease of \$10.7 million from the prior year fund balance of \$16.4 million. The entire amount of the fund balance is reserved for use in the related JSCB construction and renovation projects to be completed throughout the District.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's original General Fund budget of \$365.4 million was the same as the final approved budget.

The actual charges to appropriations (expenditures) were \$22.9 million or 6.3% less than the final budget amount of \$365.4 million mainly due to lower than budgeted expenditures for salaries and related benefits due to vacancies, health and prescription costs due to lower claim volume and severity, transportation costs due to route consolidation and unemployment due to the improving economy.

Resources available for appropriation (revenues) excluding the use of fund balance were \$0.8 million or 0.2% more than the final budgeted amount of \$357.4 million. Primarily this was from higher than anticipated operating transfers in of indirect cost allocations from grants as the District received more grants with an indirect cost allocation than anticipated. This allocation is designed to help support the administrative costs associated with operating grant funded programs. An indirect cost allocation was also received from the School Food Service program now that the program is a governmental fund.

For a more detailed comparison of budget to actual operating results by category, refer to the Required Supplementary Information Schedule of Revenues, Expenditures and Encumbrances – Budget and Actual for the Year Ended June 30, 2014.

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

CAPITAL ASSETS

At June 30, 2014, the District had \$245.1 million, net of depreciation and amortization, invested in a broad range of capital assets, including land, buildings, athletic facilities, vehicles, software and other equipment for governmental activities. This amount represents a net increase of \$6.9 million or 2.9% from last year. The increase is primarily due to the addition of construction in progress for major renovations at four schools implemented under Phase 1 of the Joint Schools Construction Board school reconstruction program.

**Table 4 - Capital Assets at Year End
(Net of Depreciation/Amortization, in Thousands of Dollars)**

	Governmental Activities		Percentage Change
	2013	2014	
Land	\$ 1,480	\$ 1,480	0.0%
Land Improvements	35	85	142.9%
Buildings and Improvements	120,805	124,175	2.8%
Furniture and Equipment	2,237	2,230	-0.3%
Vehicles	590	531	-10.0%
Software	3,842	3,521	-8.4%
Construction in Progress	109,149	113,031	3.6%
Total	<u>\$ 238,138</u>	<u>\$ 245,053</u>	2.9%

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

DEBT ADMINISTRATION

At June 30, 2014, the District had \$170.5 million of bonds payable outstanding compared to \$185.3 million last year, a decrease of \$14.8 million or 8%. The District issued refunding bonds in the current year to refinance existing debt for a lower interest rate. As the District continues to renovate aging facilities, it is anticipated debt will increase in future years.

More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.

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**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

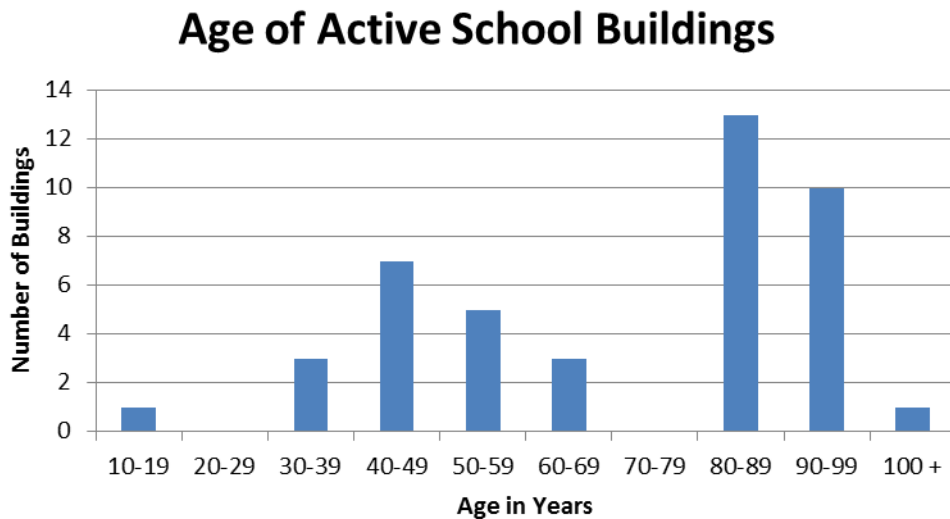
CHALLENGES FACING THE DISTRICT

As a dependent school district without the authority to raise taxes or issue debt, the District is directly affected by local and State economic conditions. Like many urban based districts, the Syracuse City School District operates in an environment of fluctuating enrollment, increasing costs of operations (primarily salary, wages and employee benefits), an aging infrastructure and decreasing property tax valuations.

Maintaining and operating District facilities presents a significant challenge, one which is made more difficult given the age of the school buildings. Nearly 60% of the District’s facilities are 70 years or older (see Table 5). In response to the need to allocate funds to meet the increasing costs of instructional activities, funding routine maintenance has been curtailed. Consequently, the amount of deferred maintenance continues to increase.

All these challenges impact the District’s ability to both attract and retain a high quality instructional and administrative workforce.

**Table 5
Age of Active Buildings**



As we look forward there are, however, some notable initiatives that will have a positive impact on the District’s ability to achieve its mission.

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

CHALLENGES FACING THE DISTRICT - (CONT'D)

In January 2006, the New York State Legislature authorized the Syracuse Cooperative School Reconstruction Act and the Joint City Schools Construction Board to act as an agent of the City and the Board of Education to implement various school reconstruction projects

The State has authorized the total cost of this initial group of projects not to exceed \$225,000,000. However, JSCB has elected to limit the cost impact of these projects by reducing the size of the initial phase to \$150,000,000. During the 2009-2010 fiscal year, the first phase of roof replacement projects at Clary and Bellevue Academy at Shea were completed. During 2010-2011, the second phase of the roof replacement projects for Clary and Bellevue Academy at Shea were completed. In 2011-2012, construction began on major renovation projects at Central Tech, Dr. Weeks, H.W. Smith, and Fowler. During 2012-13, the Fowler, Dr. Weeks, and Central Tech project reached the substantial completion stage of construction. The H.W. Smith project was substantially complete in December 2013.

In May 2013, the Legislature approved an amended version of the Syracuse Cooperative School Reconstruction Act ("JSCB Phase II") that authorizes a second phase of up to twenty school reconstruction projects for an amount not to exceed \$300,000,000. Specific schools to be renovated are named in the legislation. Projects at these schools are to be recommended as part of a comprehensive planning process to be undertaken by the District. The JSCB Phase II bill was signed into law by the Governor in October 2013.

The District has created the Syracuse City School District Education Foundation. The Foundation was established to help respond to the rapidly expanding cost of technology, unfunded government mandates and revenue sources which have not kept pace with the ever increasing cost of operations.

The City of Syracuse and County of Onondaga entered into an inter-municipal agreement on March 27, 2012 for the purpose of creating the Greater Syracuse Property Development Corporation, a not-for-profit corporation, operating as the Greater Syracuse Land Bank (Land Bank) under the New York Land Bank Act of 2011. The purpose of the Land Bank is to address problems regarding vacant and abandoned property in a coordinated manner and to further foster the development of such property and promote economic growth through the return of vacant, abandoned, and tax-delinquent properties to productive use. In the long term, the improvement of these properties has the potential to increase property tax assessment values and increase the related property tax levy revenue for the District. In the short term, when a property is purchased and ownership transferred to the Land Bank, the property becomes tax exempt and the value of the property is removed from the tax levy reducing the District's property tax revenue. The District's property tax revenue was reduced by approximately \$500 thousand in the current fiscal year for these transfers.

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

CHALLENGES FACING THE DISTRICT - (CONT'D)

In New York, adequate and equitable funding has been challenged, resulting in a school based funding lawsuit specifically addressing the adequacy of funding for New York City based schools. Several courts, including the New York State Court of Appeals, have determined that the current funding formula in New York State does not provide adequate funding for New York City and therefore students are unable to receive a sound basic education. On November 20, 2006 the New York State Court of Appeals issued a decision indicating a lack of adequate funding for New York City Schools. While at this time the District is unable to predict the ultimate outcome of this case, we do believe that some form of the final New York City based solution will also be applied to other districts in the State.

In April 2007, the New York State Legislature enacted the State Education Budget and Reform Act of 2007 ("Education Act") to offer resources and aid to the highest-need students in the lowest-performing schools. The Legislature passed a budget for the 2008-09 school year that fully funded the aid increases contained in the Education Act. However, school aid was frozen in the 2009-10 budget due to the state's fiscal challenges, and remained frozen in the 2010-11 and 2011-12 school years. Modest increases in school aid were provided in the 2012-13, 2013-14 and 2014-15 budgets.

NEXT YEAR'S BUDGET

In preparing the 2014-15 operating budget, the District faced several challenges including implementation of the State mandated Common Core standards, Annual Professional Performance Review ("APPR") requirements, an increase in educational accountability and an overall increase in the District's operating costs.

The District's portion of the Property Tax Levy remained flat. Sales tax revenues increased by 25% based on actual receipts and state aid increased slightly. The budget includes \$14.427 million in appropriated fund balance.

In order to balance the budget, the District will apply for a special apportionment provided pursuant to Chapter 57 of the Laws of 2014 which allows school districts to accrue a portion of their subsequent year's state aid into the current fiscal year.

The District, in conjunction with the City of Syracuse, continues to aggressively manage its spending and evaluate opportunities for increased efficiency, consolidation and cost reduction.

(Continued)

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2014**

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact:

The Office of the Chief Financial Officer
Syracuse City School District
1025 Erie Blvd. West
Syracuse, New York 13204-2749
Fax (315) 435-6321
Telephone (315) 435-4826

Although the Joint Schools Construction Board (JSCB) is a blended component unit of the District, JSCB issues a separate financial statement. To obtain this report, please contact:

The Commissioner of Finance
Joint Schools Construction Board
City Hall
Syracuse, New York 13202

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Pooled cash and cash equivalents	\$ 50,335,777
Receivables:	
State and Federal aid	54,659,129
Due from other governments	4,109,481
Due from the City	2,011,340
Other	2,872,463
Inventories	1,310,953
Prepaid expenses	246,459
Pooled restricted cash and cash equivalents	16,034,917
Capital assets, net of accumulated depreciation/ amortization	245,053,225
Total Assets	376,633,744
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges	1,593,487
Total Deferred Outflows of Resources	1,593,487
LIABILITIES	
Payables:	
Accounts payable	12,967,228
Accrued expenses	7,503,972
Accrued payroll	5,933,693
Due to other governments	828,493
Accrued interest	1,272,422
Due to Fiduciary Funds	140,705
Bond anticipation notes	2,000,000
Long-term liabilities:	
Due and payable within one year:	
Bonds payable	13,632,605
Premium on bonds payable	415,881
Due to retirement systems	28,482,402
Self-insured employee health plan claims	587,465
Self-insured workers' compensation claims	4,899,502
Compensated absences payable	7,038,442
Lottery aid payable	1,016,667
Due and payable in more than one year:	
Bonds payable	156,856,657
Premium on bonds payable	5,184,791
Self-insured workers' compensation claims	32,101,129
Compensated absences payable	6,168,045
Environmental remediation	14,524,547
Other postemployment benefits	388,941,936
Judgments and claims payable	500,000
Lottery aid payable	21,083,333
Total Liabilities	712,079,915
NET POSITION	
Net investment in capital assets	77,663,025
Restricted	13,549,173
Unrestricted (deficit)	(425,064,882)
Total Net Position	\$ (333,852,684)

See Notes to Financial Statements

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants & Contributions	Revenue and Change in Net Position
General support	\$ 55,512,003	\$ -	\$ -	\$ (55,512,003)
Instruction	368,411,041	200,719	72,141,585	(296,068,737)
Pupil transportation	20,640,677	-	346,476	(20,294,201)
Community service	2,061,657	-	1,801,607	(260,050)
School food service program	12,054,500	262,950	13,514,719	1,723,169
Interest	8,618,047	-	-	(8,618,047)
Total	\$ 467,297,925	\$ 463,669	\$ 87,804,387	(379,029,869)
GENERAL REVENUES				
General property taxes				56,860,124
Nonproperty taxes				1,226,514
Use of money and property				235,236
Sale of property and compensation for loss				61,123
Miscellaneous				688,538
State and local sources				293,409,645
Federal sources				3,751,131
Total General Revenues				356,232,311
Change in Net Position				(22,797,558)
Total Net Position - Beginning of year (as restated - Note 14)				(311,055,126)
Total Net Position - End of year				\$ (333,852,684)

See Notes to Financial Statements

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General	Special Aid	Joint Schools Construction Board	Nonmajor Governmental	Total Governmental Funds
ASSETS					
Cash:					
Pooled cash and cash equivalents	\$ 45,430,120	\$ -	\$ -	\$ 5,046,362	\$ 50,476,482
Pooled restricted cash and cash equivalents	1,293,067	-	9,507,694	5,093,451	15,894,212
Receivables:					
Due from other funds	9,359,614	-	-	2,596,810	11,956,424
State and Federal aid	37,186,557	16,268,008	-	1,204,564	54,659,129
Due from other governments	3,923,224	-	-	-	3,923,224
Due from JSCB	1,116,147	-	-	-	1,116,147
Due from the City	-	-	2,011,340	-	2,011,340
Other	470,577	2,342,520	24,903	34,463	2,872,463
Inventory	1,070,434	-	-	240,519	1,310,953
Prepaid expenses	152,171	94,288	-	-	246,459
	<u>\$ 100,001,911</u>	<u>\$ 18,704,816</u>	<u>\$ 11,543,937</u>	<u>\$ 14,216,169</u>	<u>\$ 144,466,833</u>
LIABILITIES					
Payables:					
Accounts payable	\$ 10,245,818	\$ 2,254,121	\$ -	\$ 467,289	\$ 12,967,228
Accrued expenses	4,804,345	-	2,694,560	5,067	7,503,972
Accrued payroll	2,577,442	3,253,764	-	102,487	5,933,693
Due to other governments	-	825,459	-	3,034	828,493
Due to other funds	-	12,097,129	-	-	12,097,129
Due to the District	-	-	1,116,147	-	1,116,147
Notes Payable:					
Bond Anticipation Note	-	-	2,000,000	-	2,000,000
Long-term liabilities:					
Compensated absences payable	1,444,276	-	-	-	1,444,276
Due to retirement systems	28,482,402	-	-	-	28,482,402
Self-insured workers' compensation claims	1,346,244	-	-	-	1,346,244
	<u>48,900,527</u>	<u>18,430,473</u>	<u>5,810,707</u>	<u>577,877</u>	<u>73,719,584</u>
FUND BALANCES					
Non-spendable	1,222,605	94,288	-	240,519	1,557,412
Restricted	-	180,055	5,733,230	7,635,888	13,549,173
Committed	-	-	-	-	-
Assigned	22,572,843	-	-	5,761,885	28,334,728
Unassigned	27,305,936	-	-	-	27,305,936
	<u>51,101,384</u>	<u>274,343</u>	<u>5,733,230</u>	<u>13,638,292</u>	<u>70,747,249</u>
	<u>\$ 100,001,911</u>	<u>\$ 18,704,816</u>	<u>\$ 11,543,937</u>	<u>\$ 14,216,169</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	245,053,225
Deferred charges recorded as incurred in the funds	1,593,487
Receivables not received within 90 days and therefore not reported in the funds	186,257
Accrued interest not paid within 90 days and therefore not reported in the funds	(1,272,422)
Long-term liabilities, including bonds payable, compensated absences and other employee benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(650,160,480)</u>
Net position of governmental activities	<u>\$ (333,852,684)</u>

See Notes to Financial Statements

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General	Special Aid	Joint Schools Construction Board	Nonmajor Governmental	Total Governmental Funds
REVENUES					
General property taxes	\$ 56,860,124	\$ -	\$ -	\$ -	\$ 56,860,124
Nonproperty taxes	1,226,514	-	-	-	1,226,514
Charges for services	200,719	-	-	-	200,719
Use of money and property	234,291	-	-	945	235,236
Sale of property and compensation for loss	61,123	-	-	-	61,123
Miscellaneous	688,538	-	-	-	688,538
State and local sources	293,343,670	22,545,999	65,975	364,189	316,319,833
Federal sources	2,671,217	51,743,669	711,312	12,732,259	67,858,457
Surplus food	-	-	-	786,873	786,873
Sales - School Food Service Program	-	-	-	262,950	262,950
Pass-through New York State funding from the District	-	-	11,119,581	-	11,119,581
Total revenues	355,286,196	74,289,668	11,896,868	14,147,216	455,619,948
EXPENDITURES					
General support	48,027,874	-	-	5,676,118	53,703,992
Instruction	250,120,633	73,228,795	-	-	323,349,428
Pupil transportation	17,764,347	351,698	-	-	18,116,045
Community service	-	1,828,758	-	-	1,828,758
Pass-through New York State funding to JSCB	11,119,581	-	-	-	11,119,581
Debt service:					
Principal	-	-	6,020,000	7,965,551	13,985,551
Interest	309,395	-	5,684,881	2,876,466	8,870,742
Cost of sales	-	-	-	5,206,587	5,206,587
Capital outlay	-	-	10,861,083	583,943	11,445,026
Total expenditures	327,341,830	75,409,251	22,565,964	22,308,665	447,625,710
Excess (deficiency) of revenues over expenditures	27,944,366	(1,119,583)	(10,669,096)	(8,161,449)	7,994,238
OTHER FINANCING SOURCES AND USES					
Proceeds of refunding bonds	-	-	-	10,265,000	10,265,000
Premium on issuance of bond anticipation note	-	-	11,340	-	11,340
Premium on refunding bonds	-	-	-	1,109,239	1,109,239
Payment to escrow agent	-	-	-	(11,192,006)	(11,192,006)
Operating transfers in	2,942,674	3,770,490	-	11,930,391	18,643,555
Operating transfers out	(15,180,274)	(2,461,581)	-	(1,001,700)	(18,643,555)
Total other sources (uses)	(12,237,600)	1,308,909	11,340	11,110,924	193,573
Net change in fund balances	15,706,766	189,326	(10,657,756)	2,949,475	8,187,811
Fund balances - beginning of year (as restated - Note 14)	35,394,618	85,017	16,390,986	10,688,817	62,559,438
Fund balances - end of year	<u>\$ 51,101,384</u>	<u>\$ 274,343</u>	<u>\$ 5,733,230</u>	<u>\$ 13,638,292</u>	<u>\$ 70,747,249</u>

See Notes to Financial Statements

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Net Change in Fund Balances - Total Governmental Funds	\$ 8,187,811
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Amounts reported for governmental activities in the Statement of Activities and Change in Net Position ("Statement of Activities") are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization in the current period.	6,915,115
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Payment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	13,985,551
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	241,354
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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 reported as expenditures in governmental funds.	(51,945,156)
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Payments of debt to an escrow agent are an other financing use in the governmental funds but a debt payment decreases long-term liabilities in the statement of net assets.	11,192,006
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Proceeds from debt are an other financing source in the governmental funds but a debt issuance increases long-term liabilities in the statement of net position.	<u>(11,374,239)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (22,797,558)</u></u>
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See Notes to Financial Statements

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2014

	Private Purpose Trusts	Agency
ASSETS		
Restricted cash	\$ 191,928	\$ 279,453
Due from other funds	-	154,805
Total assets	191,928	434,258
LIABILITIES		
Due to other funds	14,100	-
Other liabilities	1,000	434,258
Total liabilities	15,100	\$ 434,258
NET POSITION		
Held in trust for scholarships	\$ 176,828	

See Notes to Financial Statements

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Private Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 8,688
Investment income	21,161
Total additions	<u>29,849</u>
DEDUCTIONS	
Scholarships and awards	<u>17,100</u>
Total deductions	<u>17,100</u>
Change in net position	12,749
Net position - beginning of year	<u>164,079</u>
Net position - end of year	<u><u>\$ 176,828</u></u>

See Notes to Financial Statements

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City School District of Syracuse, New York (the “District”) 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 principles and policies used by the District are described below.

A. Financial Reporting Entity

The City School District of Syracuse, New York is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying basic financial statements are those transactions which comprise school district operations, and are governed by, or significantly influenced by, the Board of Education. Essentially, the primary function of the District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function. The financial reporting entity includes all funds, functions and organizations over which the School District Officials exercise oversight responsibility and the activities of the blended component unit, the Joint Schools Construction Board.

The reporting entity of the District 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*. Under GASB Statement 61, the District is a component unit of the City of Syracuse, New York (the “City”).

The accompanying financials statements present the activities of the District including the Extraclassroom Activity Funds (the “ECA Funds”).

The ECA Funds are independent of the District with respect to financial transactions and the designation of student management, however, the Board of Education exercises general oversight of these funds. The District accounts for the ECA Funds in the Agency Fund. Separate audited financial statements (cash basis) of the ECA Funds can be found at the District’s business office.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

A. Financial Reporting Entity (Cont'd)

Joint Schools Construction Board Blended Component Unit (JSCB)

Under GASB Statement 61, the JSCB is a blended component unit of the District based on the criteria that the JSCB provides services almost exclusively to the District. Separate audited financial statements are prepared for JSCB and reports may be obtained by writing to Joint Schools Construction Board, City Hall, Syracuse, New York 13202. JSCB has a fiscal year which ends June 30.

B. Basis of Presentation

Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities and Changes in Net Position present financial information about the reporting government as a whole. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities and Changes in Net Position presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

B. Basis of Presentation (Cont'd)

Fund Financial Statements:

The fund financial statements provide information about the District's funds and blended component unit, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds and blended component unit:

General Fund

This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund

This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

Joint Schools Construction Board ("JSCB") Blended Component Unit

The JSCB is a joint venture between the District and the City. This blended component unit 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.

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

B. Basis of Presentation (Cont'd)

The District reports the following governmental funds as nonmajor governmental funds:

School Food Service Fund

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

Capital Projects Fund

This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. The principal sources of financing are from the sale of bonds or issuance of bond anticipation notes.

Debt Service Fund

This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. Financing is provided by transfers from the General Fund and the Capital Projects Fund.

Permanent Fund

This fund is used to account for trust arrangements in which the District is the beneficiary of the earnings on the principal.

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

B. Basis of Presentation (Cont'd)

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the District, and are not available to be used. The District reports the following fiduciary funds:

Private Purpose Trusts Fund

This fund is used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs.

Agency Fund

This fund is strictly custodial in nature and does not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or ECA Funds and for payroll or employee withholding.

C. Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

(Continued)

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

D. Revenue, Expenditures and Expenses

Property Taxes

Real property taxes are levied annually by the Council. Uncollected real property taxes are subsequently enforced by the City. An amount representing uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the City.

Intergovernmental Revenues - Grants

Revenues and expenditures from federal and state grants are typically recorded in the general and special revenue funds. The District 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.

Program Revenues

Program revenues include charges for services, and operating/capital grants and contributions that directly relate to a function such as general support, instruction, etc.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for governmental activities.

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

Governmental Funds - By Character:	Current (further classified by function)
	Debt Service
	Cost of Sales
	Capital Outlay

Indirect Expenses

Indirect expenses are allocated based upon a percentage of governmental fund expenditures by function.

(Continued)

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

D. Revenue, Expenditures and Expenses (Cont'd)

Interfund Transfers and Interfund Receivables and Payables

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

In the government-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 3 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

Restricted and Unrestricted Resources

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

E. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, cash held by the City, cash held by fiscal agents, and short-term investments with original maturities of three months or less from date of acquisition.

New York State (the "State") law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

E. Cash and Cash Equivalents (Cont'd)

Collateral is required for demand and time deposits and certificates of deposit at commercial banks not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Balances in excess of FDIC insurance were collateralized and totaled \$16,785,842 at June 30, 2014.

F. Restricted Assets

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds from bond sales can only be used for the stated purpose of the borrowing. Donations to be used toward scholarships in the Private Purpose Trusts Fund and funds supporting ECA Funds in the Agency Fund are restricted specifically for those purposes. Net Position restricted for other purposes consist of funds for JSCB construction and renovation projects.

G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end but not yet received. Major receivable balances for the governmental activities include grants.

In the fund financial statements, receivables in governmental funds include revenue accruals such as grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within ninety days since they would be considered both measurable and available.

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

H. Inventory and Prepaid Items

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 that approximates market. Purchases of inventoriable items in other funds are recorded at cost on an average cost basis.

Prepaid items represent payments made by the District 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.

I. Capital Assets (Fixed Assets)

Capital assets, which include land and land improvements, buildings and improvements, furniture and equipment and vehicles as well as intangibles such as software, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years.

Capital assets are reported at actual cost or estimated historical costs if purchased or constructed. Donated assets are reported at estimated fair market value at the time received.

The District depreciates/amortizes capital assets using the straight-line method over the estimated useful life of the asset beginning in the first month after completion or acquisition of the asset. The range of estimated useful lives by type of asset is as follows:

<u>Type of Asset</u>	<u>Estimated Useful Lives</u>
Land improvements	20 years
Buildings and improvements	39 years
Furniture and equipment	6-10 years
Vehicles	3-9 years
Computer software	5-10 years

(Continued)

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

J. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This 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 District has \$1,593,487 in deferred outflows of resources which is comprised of deferred losses on the early retirement of debt at June 30, 2014 as described in Note 5.

K. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, employees may contractually receive a payment based on unused accumulated sick leave. District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with governmental accounting standards, an accrual for accumulated sick leave and vacation time is included in the compensated absences liability at year-end. The compensated absences liability is calculated based on contractual provisions.

The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, the General Fund reports only the compensated absence liability payable from expendable available financial resources. These amounts are expensed on a pay-as-you-go basis.

L. Other Benefits

District employees participate in the New York State Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS").

In addition to providing pension benefits, the District 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 of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. 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 District and the retired employee. See Note 8 for further information.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums, if any, are deposited in the Debt Service Fund or JSCB blended component unit and used to retire debt in the respective fund or unit. 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. The face amount of debt issued is reported as other financing sources.

N. Equity Classifications

Government-wide 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 outflows 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.

Restricted net position includes the following:

Special Aid Fund	\$ 180,055
Joint Schools Construction Board (JSCB)	5,733,230
School Food Service Fund	1,845,141
Permanent Fund	16,970
Capital Projects	3,162,090
Debt Service	<u>2,611,687</u>
Total restricted net position	<u>\$ 13,549,173</u>

- 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 District.

(Continued)

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

N. Equity Classifications (Cont'd)

Fund 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: non-spendable, 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 basis statements, there are five classifications of fund balance:

- a. Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory and prepaid expenses recorded in the General Fund of \$1,222,605 and \$94,288 in the Special Aid Fund and the inventory in the School Food Service Fund of \$240,519.
- 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. The definition of restricted fund balance is the same as restricted net position.
- c. Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2014.
- d. Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Chief Financial Officer has been authorized by the Board of Education to assign fund balance. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$5,260,593. Appropriated fund balance designated during the budgetary process for use to fund operating expenditures in the next fiscal year is also included in Assigned Fund Balance. The District appropriated \$14,427,000 of fund balance to be used to fund fiscal year 2014-2015 operating expenditures. The District also assigned fund balance of \$2,885,250 for the estimated expenditures necessary to implement the improvements mandated in the NYS Attorney General's Assurance of Discontinuance requirement.

(Continued)

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

N. Equity Classifications (Cont'd)

- e. Unassigned - Includes all other General Fund fund balance that does not meet the definition of the above four classifications and are deemed to be available for general use by the District. In addition, unassigned fund balance includes any remaining negative fund balance for funds other than the General Fund.

Order of Use of Fund Balance

The District's policy is to apply expenditures against non-spendable 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, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. 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.

O. Economic Dependency

The District receives significant funding from the U.S. Department of Agriculture, the U.S. Department of Education and other Federal and State programs. Curtailment of such revenue would have a significant impact on the District's programs.

P. 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 revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Q. Subsequent Events

Subsequent events have been evaluated by management through November 25, 2014 which is the date the financial statements were available to be issued.

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

2. NEW AND UPCOMING ACCOUNTING PRONOUNCEMENTS

A. New Accounting Standards

The District has adopted all current Statements of the GASB that are applicable. As of July 1, 2013, the District implemented the following new standards issued by GASB:

GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*, effective for the year ending June 30, 2014. This statement amends certain items previously reported as assets and liabilities and recognizes them as deferred outflows of resources or deferred inflows of resources. The implementation of this guidance resulted in a deferred outflow of resources on the Statement of Net Position at June 30, 2014.

GASB Statement No. 66 – *GASB Technical Corrections – 2012 – an Amendment of Statements 10 and 62*, effective for the year ending June 30, 2014. This statement clarifies and improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statement No. 54 and GASB Statement No. 62. The implementation of this guidance did not have a significant impact on the District’s financial statements as of and for the year ended June 30, 2014.

B. Future Changes in Accounting Standards

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*, effective for the year ending June 30, 2015.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.

GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, effective for the year ending June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, effective for the year ending June 30, 2015.

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

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

3. INTERFUND TRANSACTIONS

To improve cash management, most disbursements are made from a pooled account in the General Fund. Interfund receivables and payables exist primarily due to this cash management practice, as well as normal delays in processing interfund transfers and reimbursement. Interfund balances and transfers are short term in nature and are typically repaid in less than one year. The following schedule summarizes interfund transactions during the year ended June 30, 2014 and balances at June 30, 2014:

Fund:	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General	\$ 9,359,614	\$ -	\$ 2,942,674	\$ 15,180,274
Special Aid	-	12,097,129	3,770,490	2,461,581
School Food Service	-	-	-	481,093
Capital Projects	2,596,810	-	750,000	520,607
Debt Service	-	-	11,180,391	-
Private Purpose Trust	-	14,100	-	-
Agency	154,805	-	-	-
Total	\$ 12,111,229	\$ 12,111,229	\$ 18,643,555	\$ 18,643,555

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014:

	Balance at July 1, 2013	Additions	Disposals/ Transfers	Balance at June 30, 2014
Land (not depreciable)	\$ 1,480,325	\$ -	\$ -	\$ 1,480,325
Land improvements	5,220,814	62,550	-	5,283,364
Buildings and improvements	307,993,701	7,701,245	-	315,694,946
Furniture and equipment	20,045,613	888,131	(229,966)	20,703,778
Vehicles	4,094,075	144,847	(166,975)	4,071,947
Software	6,375,336	304,038	(18,347)	6,661,027
Construction in progress (not depreciable)	<u>109,148,667</u>	<u>11,445,026</u>	<u>(7,562,470)</u>	<u>113,031,223</u>
Total capital assets	<u>454,358,531</u>	<u>20,545,837</u>	<u>(7,977,758)</u>	<u>466,926,610</u>
Less accumulated depreciation/amortization:				
Land improvements	(5,186,239)	(11,980)	-	(5,198,219)
Buildings and improvements	(187,188,943)	(4,331,337)	-	(191,520,280)
Furniture and equipment	(17,808,715)	(894,907)	229,965	(18,473,657)
Vehicles	(3,503,577)	(204,166)	166,975	(3,540,768)
Software	<u>(2,532,947)</u>	<u>(625,861)</u>	<u>18,347</u>	<u>(3,140,461)</u>
Total accumulated depreciation/ amortization	<u>(216,220,421)</u>	<u>(6,068,251)</u>	<u>415,287</u>	<u>(221,873,385)</u>
Capital assets, net	<u>\$ 238,138,110</u>	<u>\$ 14,477,586</u>	<u>\$ (7,562,471)</u>	<u>\$ 245,053,225</u>

All capital assets including intangibles, with the exception of land and construction in progress, are being depreciated/amortized over their estimated useful lives.

Depreciation/amortization expense was charged as follows:

Instruction	\$ 4,951,844
Support Service:	
General	822,435
Pupil Transportation	277,433
School Food Service	<u>16,539</u>
Total depreciation/amortization expense	<u>\$ 6,068,251</u>

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL INDEBTEDNESS

The District borrows money in order to meet current operating requirements and to acquire or construct buildings and improvements. For acquisition or construction of buildings and improvements this enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The provision to be made in future budgets for capital indebtedness represents the amount authorized to be collected in future years from taxpayers and others for liquidation of both current and long-term liabilities.

Long-term liability activity for the year ended June 30, 2014:

	Balance at July 1, 2013	Additions	Reductions	Balance at June 30, 2014	Amount due in one year
Bonds payable:					
Bonds payable	\$ 185,299,812	\$ 10,265,000	\$ 25,075,550	\$ 170,489,262	\$ 13,632,605
Premium on bonds payable	<u>4,907,314</u>	<u>1,109,239</u>	<u>415,881</u>	<u>5,600,672</u>	<u>415,881</u>
Net bonds payable	<u>190,207,126</u>	<u>11,374,239</u>	<u>25,491,431</u>	<u>176,089,934</u>	<u>14,048,486</u>
Other Liabilities:					
Compensated absences payable	13,082,610	8,910,999	8,787,122	13,206,487	7,038,442
Other postemployment benefits	333,768,332	77,585,062	22,411,458	388,941,936	-
Due to retirement systems	21,501,460	39,611,139	32,630,197	28,482,402	28,482,402
Self-insured health plan claims	538,758	56,659,991	56,611,284	587,465	587,465
Self-insured workers' comp claims	36,290,935	5,515,223	4,805,527	37,000,631	4,899,502
Judgments and claims payable	500,000	-	-	500,000	-
Environmental remediation	16,187,116	-	1,662,569	14,524,547	-
Lottery aid payable	<u>23,116,667</u>	<u>-</u>	<u>1,016,667</u>	<u>22,100,000</u>	<u>1,016,667</u>
Total other liabilities	<u>444,985,878</u>	<u>188,282,414</u>	<u>127,924,824</u>	<u>505,343,468</u>	<u>42,024,478</u>
Long-term liabilities	<u>\$ 635,193,004</u>	<u>\$ 199,656,653</u>	<u>\$ 153,416,255</u>	<u>\$ 681,433,402</u>	<u>\$ 56,072,964</u>

Payments on bonds payable, with the exception of the JSCB, that pertain to the District's governmental activities are made by the Debt Service Fund.

Liabilities for compensated absences, retirement, self-insurance claims, environmental remediation and judgments and claims will be liquidated by the General Fund.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL INDEBTEDNESS (CONT'D)

Revenue and Bond Anticipation Notes Payable

The District and the JSCB may issue revenue anticipation notes, bond anticipation notes and tax anticipation notes, in anticipation of the receipt of revenues. For governmental funds, these notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. Revenue anticipation and tax anticipation notes represent a liability that will be extinguished by the use of expendable, available resources of the fund. Bond anticipation notes represent a liability that will be extinguished by the use of bond proceeds when bonds are issued.

The District's short-term debt activity for the year ended June 30, 2014:

	Balance at July 1, 2013	Issued	Redeemed	Balance at June 30, 2014
Revenue Anticipation Notes	<u>\$ -</u>	<u>\$ 53,800,000</u>	<u>\$ 53,800,000</u>	<u>\$ -</u>

The JSCB recognized \$11,340 in bond anticipation note premiums in other financing sources at June 30, 2014. The JSCB's short-term debt activity for the year ended June 30, 2014:

	Balance at July 1, 2013	Issued	Redeemed	Balance at June 30, 2014
Bond Anticipation Notes	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>	<u>\$ 2,000,000</u>

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL INDEBTEDNESS (CONT'D)

General Obligation Bonds Payable

General obligation bonds payable included in the accompanying Statement of Net Position represent obligations issued in the name of the City for District purposes and the City of Syracuse Industrial Development Agency for JSCB purposes. These long-term liabilities are full faith and credit debt of the District. Appropriations are provided for redemption of the obligations and interest thereon in the budget of the District. Bonds outstanding at June 30, 2014 consisted of the following:

<u>Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2014</u>
October 15, 2004	2015	4.000-4.750	164,532
July 28, 2005	2015	3.000-3.500	1,033,080
June 13, 2012	2017	2.000-3.000	560,000
May 15, 2014	2019	2.000-5.000	2,620,000
July 28, 2005	2019	2.625-5.000	288,665
September 30, 2010	2019	2.000-4.000	7,170,000
July 28, 2005	2021	3.000-5.000	5,730,000
June 3, 2009	2022	4.000-5.000	359,397
September 30, 2010	2022	2.000-4.000	7,100,000
June 13, 2012	2022	2.000-5.000	728,000
June 15, 2010	2023	2.500-5.000	395,588
June 15, 2008	2024	3.250-5.000	9,725,000
May 15, 2014	2025	2.000-5.000	7,645,000
June 15, 2005	2026	4.000-5.000	3,230,000
November 1, 2005	2027	4.000-5.000	5,225,000
December 23, 2010	2027	3.000-6.000	28,325,000
July 12, 2011	2027	5.428	15,000,000
July 12, 2011	2028	3.000-5.000	28,385,000
June 1, 2007	2030	4.000-5.000	7,525,000
March 12, 2008	2030	3.000-5.250	39,280,000
	Totals		<u>\$170,489,262</u>

On May 15, 2014, the District issued \$10,265,000 in general obligation bonds with an average interest rate of 1.69% to advance refund \$11,090,000 of outstanding 2003A and 2004E series bonds with an average coupon of 4.02%. The net proceeds of \$11,374,239 (including a premium of \$1,109,239 and \$102,007 in issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the District's financial statements. This refunding decreases total debt service payment of the next 11 years by \$965,488 resulting in an economic gain (difference between the present values of the debt service payment on the old and new debt) of approximately \$866,682.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

5. CAPITAL INDEBTEDNESS (CONT'D)

General Obligation Bonds Payable

General obligation bonds payable as of June 30, 2014 are as follows:

<u>Years Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 13,632,605	\$ 7,677,393	\$ 21,309,998
2016	12,695,251	7,254,841	19,950,092
2017	13,230,660	6,700,103	19,930,763
2018	13,610,185	6,100,580	19,710,765
2019	14,268,863	5,452,819	19,721,682
2020-2024	63,786,698	18,405,169	82,191,867
2025-2029	38,085,000	5,669,525	43,754,525
2030	<u>1,180,000</u>	<u>38,987</u>	<u>1,218,987</u>
Totals	<u>\$ 170,489,262</u>	<u>\$ 57,299,417</u>	<u>\$ 227,788,679</u>

6. OPERATING LEASE COMMITMENTS AND LEASED ASSETS

The District leases property and equipment under operating leases. Total rental expenditures on such leases for the fiscal year ended June 30, 2014 were approximately \$835,600. The minimum future non-cancelable operating lease payments as of June 30, 2014 are as follows:

<u>Years Ending June 30:</u>	<u>Amount</u>
2015	\$ 705,404
2016	488,416
2017	350,830
2018	202,342
2019	<u>144,826</u>
Total	<u>\$ 1,891,818</u>

7. RETIREMENT PLANS

Plan Description

The District participates in the New York State Employees' Retirement System ("NYSERS") and the New York State Teachers' Retirement System ("NYSTRS"). These are cost-sharing multiple employer public employee retirement systems. The Systems offer 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. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and distribute benefits to employees. NYSERS issues a publicly available financial report that contains financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

Funding Policy

The Systems are noncontributory for employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010, and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership and those in NYSTRS contribute 3.5% throughout their active membership. For employees who joined on or after April 1, 2012, employees contribute 3% to 6% of their salary depending on the amount of their salary throughout their active membership.

For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS. The NYSTRS contribution rates were 16.25%, 11.84% and 11.11% for the fiscal years ended June 30, 2014, 2013 and 2012, respectively.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

7. RETIREMENT PLANS (CONT'D)

Funding Policy (Cont'd)

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

<u>Years Ending June 30,</u>	<u>NYSERS</u>	<u>NYSTRS</u>
2014	\$ 5,816,753	\$ 27,028,214
2013	\$ 6,769,452	\$ 19,677,719
2012	\$ 6,989,809	\$ 21,252,794

8. OTHER POSTEMPLOYMENT BENEFITS

The District calculates and records a net other postemployment benefit obligation at year-end. The net other postemployment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contribution made. Prior to adoption, the District reported the cost of retiree benefits on a pay-as-you-go basis.

Plan Description

The District provides OPEB to its employees under a single-employer, self-insured, defined benefit healthcare plan administered by a third-party. The healthcare plan provides medical and prescription drug coverage to eligible retirees and their spouses.

Benefit provisions are established and amended through negotiations between the District and the respective unions.

Employees may become eligible for benefits based on the following criteria:

- Age 55 with 10 years of service if hired after January 1, 1980 or
- Age 55 with 5 years of service if hired before January 1, 1980.

Retiree benefits continue for the life of the retiree. The retiree's survivor(s) have the option to continue to receive health insurance coverage benefits by paying for the coverage at the District's full premium rate.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

8. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Funding Policy

The contribution requirements of plan members and the District are established on an annual premium equivalent rate calculated by an actuarial firm based on an actuarial valuation of projected financing requirements.

For the year ended June 30, 2014, District contributions for retiree healthcare plan costs, net of retiree contributions of \$1.6 million, amounted to approximately \$22.4 million.

Annual OPEB Cost

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and the amortized amount of any unfunded actuarial liabilities (UAAL) over a period of thirty years. The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amounts actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual Required Contribution	\$ 83,536,185
Interest on Net OPEB Obligations	13,350,733
Adjustment to Annual Required Contribution	<u>(19,301,856)</u>
Annual OPEB Cost	77,585,062
Contributions Made	<u>(22,411,458)</u>
Increase in Net OPEB Obligation	55,173,604
Net OPEB Obligation - Beginning of Year	<u>333,768,332</u>
Net OPEB Obligation - End of Year	<u>\$ 388,941,936</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2012	\$ 82,403,445	25.93%	\$ 268,899,452
June 30, 2013	\$ 86,321,574	24.85%	\$ 333,768,332
June 30, 2014	\$ 77,585,062	28.89%	\$ 388,941,936

8. OTHER POSTEMPLOYMENT BENEFITS (CONT'D)

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$926 million and there were no plan assets. The covered payroll (annual payroll of active employees covered by the plan) was \$201 million, and the ratio of the liability to the annual covered payroll was 461%.

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

Actuarial Methods and Assumptions

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

In the June 30, 2014 actuarial valuation the projected unit credit cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is based on the portfolio of the District's general assets used to pay these benefits and an annual health care cost trend rate of 7.50% initially, decreasing to 5.00% after eight years for Pre-65 individuals and 6.75% initially, decreasing to 5.00% for Post-65 individuals after eight years. The prescription cost trend begins at 6.75% initially and decreases to 5.00% after eight years. Both rates include a 2.50% inflation assumption. The UAAL is being amortized based on a level percentage of projected payroll on an open basis. The remaining amortization period as of June 30, 2014 was 30 years.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

9. ENVIRONMENTAL REMEDIATION

Asbestos remediation obligations have been recognized at June 30, 2014. The estimated liability at June 30, 2014 is based on management's estimated cost to perform remediation. There is potential for changes due to price increases or technology advancements.

10. CONTINGENCIES AND COMMITMENTS

The District may be subject to lawsuits in the ordinary conduct of its affairs. The District does not believe any outstanding items are likely to have a material, adverse effect on the financial statements at June 30, 2014.

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. The District is a principal recipient of property taxes levied by the City. 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 District has a potential liability for employees who have 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, 2014.

The District has a potential liability for the overbilling of tuition to other Districts for students in attendance at Elmcrest Children's Center. It is uncertain if the districts involved are entitled to or will seek restitution. As such any potential liability relating to this contingency cannot be determined at June 30, 2014.

The District has 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 District's administration believes disallowances, if any, will be immaterial.

11. SELF-INSURANCE

The District is primarily self-insured for medical, dental, workers' compensation and general liability claims. Property coverage exists for all City Schools for losses in excess of \$100,000 per occurrence. Self-insured expenditures are expensed when paid. All future liabilities for employee health, dental, workers' compensation and judgments and claims are recorded as liabilities. Liabilities accrued include an estimate of pending claims and claims incurred but not reported.

The District believes the provisions, as described in Note 5, are adequate to cover the liability for claims based upon current available information but these estimates may be more or less than the amount ultimately paid when claims are settled.

(Continued)

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

12. TERMINATION BENEFITS OBLIGATED DURING THE YEAR

During the year ended June 30, 2014, the cost of termination benefits was \$ 2,507,500 for 235 employees who agreed to retire under the terms of the retirement incentive offered during the current year. A number of employees were provided notification for retirement incentives that included an option for a cash payment or a contribution to the employee's New York State 403(b) Retirement. Cash payment incentives were paid on March 15, 2014 and March 31, 2014. Contributions to the New York State 403(b) Retirement were not made until subsequent to June 30, 2014 and thus accrued for in compensated absences in the amount of \$1,444,276.

13. SUBSEQUENT EVENTS

On November 4, 2014, the District issued \$35,144,000 in Revenue Anticipation Notes at 0.66% maturing on June 30, 2015 to cover an expected cash flow shortage due to the timing of cash receipts from all sources. The request was approved by the City of Syracuse, New York Common Council on September 15, 2014.

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

14. RESTATEMENT

Prior to the fiscal year ending June 30, 2014, the School Food Service Fund was accounted for and reported as an enterprise fund. It was the District's intention to fund the total fund's expenditures through fees charged to external users for goods and/or services. Over the previous several years, operating revenue has been mostly comprised of federal sources rather than fees charged to third parties. As a result, the School Food Service Fund is no longer able to be self-sufficient. For the year ending June 30, 2014, the School Food Service Fund has been reclassified as a non-major special revenue fund and fund balance and net position have been restated as of July 1, 2013.

The effect of reclassification on the previously reported fund balance, net position as well as the restated fund balance, net position is as follows:

	Business-Type Activities	Governmental Activities	School Fund Service Fund (Governmental Fund)
Net Position/Fund Balance Previously Reported- June 30, 2013	\$ (1,327,908)	\$ (309,727,218)	\$ -
Capital assets, net of accumulated depreciation	(7,175)	7,175	-
Due to retirement systems	385,069	(385,069)	-
Self-insured employee health plan claims	9,649	(9,649)	-
Self-insured workers' compensation claims	649,933	(649,933)	-
Compensated absences	179,512	(179,512)	-
Other postemployment benefits	5,544,554	(5,544,554)	-
Net Position/Fund Balance adjustment	<u>(5,433,634)</u>	<u>5,433,634</u>	<u>5,433,634</u>
Net Position/Fund Balance as Restated July 1, 2013	<u>\$ -</u>	<u>\$ (311,055,126)</u>	<u>\$ 5,433,634</u>

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND ENCUMBRANCES -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund						
	Budgeted Amounts		Actual	Less: Prior Year	Add:	Total Current Year Expenditures and Encumbrances	Budget Variance Favorable (Unfavorable)
	Original	Final		Encumbrance	Current Year Encumbrances		
REVENUES							
General property taxes	\$ 57,437,912	\$ 57,437,912	\$ 56,860,124	\$ -	\$ -	\$ 56,860,124	\$ (577,788)
Nonproperty taxes	1,000,000	1,000,000	1,226,514	-	-	1,226,514	226,514
Charges for services	183,000	183,000	200,719	-	-	200,719	17,719
Use of money and property	481,000	481,000	234,291	-	-	234,291	(246,709)
Sale of property and compensation for loss	27,100	27,100	61,123	-	-	61,123	34,023
Miscellaneous	990,000	990,000	688,538	-	-	688,538	(301,462)
State and local sources	292,550,026	292,550,026	293,343,670	-	-	293,343,670	793,644
Federal sources	3,000,000	3,000,000	2,671,217	-	-	2,671,217	(328,783)
Total revenues	355,669,038	355,669,038	355,286,196	-	-	355,286,196	(382,842)
OTHER SOURCES							
Operating transfers in	1,750,000	1,750,000	2,942,674	-	-	2,942,674	1,192,674
Total revenues and other sources	357,419,038	357,419,038	358,228,870	-	-	358,228,870	809,832
EXPENDITURES AND ENCUMBRANCES							
General government support	50,044,625	50,044,625	48,027,874	(1,050,188)	3,134,783	50,112,469	(67,844)
Instruction	267,664,500	267,664,500	250,120,633	(1,053,916)	2,009,038	251,075,755	16,588,745
Pupil transportation	20,993,718	20,993,718	17,764,347	(26,602)	116,772	17,854,517	3,139,201
Pass-through New York State funding to JSCB	11,704,882	11,704,882	11,119,581	-	-	11,119,581	585,301
Interest	700,000	700,000	309,395	-	-	309,395	390,605
Total expenditures and encumbrances	351,107,725	351,107,725	327,341,830	(2,130,706)	5,260,593	330,471,717	20,636,008
OTHER USES							
Operating transfers out	14,311,313	14,311,313	15,180,274	-	-	15,180,274	(868,961)
Total expenditures and other uses	365,419,038	365,419,038	342,522,104	(2,130,706)	5,260,593	345,651,991	19,767,047
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES, ENCUMBRANCES AND OTHER USES	\$ (8,000,000)	\$ (8,000,000)	\$ 15,706,766			\$ 12,576,879	

See Notes to Required Supplementary Information

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2014

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	7/1/2011	-	\$ 885,412,485	\$ 885,412,485	0.00%	\$ 221,664,216	399.44%
6/30/2013	7/1/2011	-	\$ 896,672,270	\$ 896,672,270	0.00%	\$ 197,343,307	454.37%
6/30/2014	7/1/2013	-	\$ 926,483,090	\$ 926,483,090	0.00%	\$ 201,142,465	460.61%

See Notes to Required Supplementary Information

CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

1. BUDGETS AND BUDGETARY ACCOUNTING

Budget Policies

- a. The District administration prepares a proposed budget for approval by the Board of Education and the City for the following governmental fund for which legal (appropriated) budgets are adopted: General Fund.
- b. A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.
- e. An annual budget is not adopted for the Special Aid Fund. Budgetary controls are established in accordance with grant agreements.

Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with GAAP.

The budget and actual comparison for the governmental fund revenues and expenditures, included in the Schedules of Revenues, Expenditures and Encumbrances - Budget and Actual reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
SUPPLEMENTARY INFORMATION
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	School Food Service	Capital Projects	Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 5,046,362	\$ -	\$ -	\$ -	\$ 5,046,362
Pooled restricted cash and cash equivalents	1,845,141	619,653	2,611,687	16,970	5,093,451
Receivables:					
Due from other funds	-	2,596,810	-	-	2,596,810
State and Federal aid receivables	1,204,564	-	-	-	1,204,564
Other	34,463	-	-	-	34,463
Inventory	240,519	-	-	-	240,519
Total assets	<u>\$ 8,371,049</u>	<u>\$ 3,216,463</u>	<u>\$ 2,611,687</u>	<u>\$ 16,970</u>	<u>\$ 14,216,169</u>
LIABILITIES					
Accounts payable	\$ 417,983	\$ 49,306	\$ -	\$ -	\$ 467,289
Accrued expenses	-	5,067	-	-	5,067
Accrued payroll	102,487	-	-	-	102,487
Due to other governments	3,034	-	-	-	3,034
Total liabilities	<u>523,504</u>	<u>54,373</u>	<u>-</u>	<u>-</u>	<u>577,877</u>
FUND BALANCE					
Non-spendable	240,519	-	-	-	240,519
Restricted	1,845,141	3,162,090	2,611,687	16,970	7,635,888
Assigned	5,761,885	-	-	-	5,761,885
Total fund balances	<u>7,847,545</u>	<u>3,162,090</u>	<u>2,611,687</u>	<u>16,970</u>	<u>13,638,292</u>
Total liabilities and fund balances	<u>\$ 8,371,049</u>	<u>\$ 3,216,463</u>	<u>\$ 2,611,687</u>	<u>\$ 16,970</u>	<u>\$ 14,216,169</u>

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

	School Food Service	Capital Projects	Debt Service	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES					
Use of money and property	\$ 40	\$ -	\$ 897	\$ 8	\$ 945
State and local sources	364,189	-	-	-	364,189
Federal sources	12,363,657	368,602	-	-	12,732,259
Surplus food	786,873	-	-	-	786,873
Sales - School Food Service Program	262,950	-	-	-	262,950
Total revenues	13,777,709	368,602	897	8	14,147,216
EXPENDITURES					
General Support	5,676,118	-	-	-	5,676,118
Principal	-	-	7,965,551	-	7,965,551
Interest	-	-	2,876,466	-	2,876,466
Cost of sales	5,206,587	-	-	-	5,206,587
Capital outlay	-	583,943	-	-	583,943
Total expenditures	10,882,705	583,943	10,842,017	-	22,308,665
Excess (deficiency) of revenues over expenditures	2,895,004	(215,341)	(10,841,120)	8	(8,161,449)
OTHER FINANCING SOURCES AND USES					
Proceeds of Refunding Bonds	-	-	10,265,000	-	10,265,000
Premium on Refunding Bonds	-	-	1,109,239	-	1,109,239
Payment to Escrow Agent	-	-	(11,192,006)	-	(11,192,006)
Operating transfers in	-	750,000	11,180,391	-	11,930,391
Operating transfers out	(481,093)	(520,607)	-	-	(1,001,700)
Total other financing sources (uses)	(481,093)	229,393	11,362,624	-	11,110,924
Net change in fund balances	2,413,911	14,052	521,504	8	2,949,475
Fund balances - beginning of year (as restated - Note 14)	5,433,634	3,148,038	2,090,183	16,962	10,688,817
Fund balances - end of year	<u>\$ 7,847,545</u>	<u>\$ 3,162,090</u>	<u>\$ 2,611,687</u>	<u>\$ 16,970</u>	<u>\$ 13,638,292</u>

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
SUPPLEMENTARY INFORMATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Project Title	Expenditures to Date						Unexpended (Overexpended) Balance	Methods of Financing				Fund Balance June 30, 2014
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Projects Closed	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Henninger Chiller Replacements	\$ 700,000	\$ -	\$ 521,539	\$ -	\$ 521,539	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beard Masonry Repair	800,000	-	481,709	6,145	487,854	-	-	-	-	-	-	-
2009 Districtwide E-Rate	3,075,000	-	2,892,518	16,112	2,908,630	-	-	-	-	-	-	-
Network Refresh E-Rate	12,375,750	12,375,750	-	459,564	-	459,564	11,916,186	-	368,602	1,606,395	1,974,997	1,515,433
Corcoran Bleachers	477,300	-	465,408	-	465,408	-	-	-	-	-	-	-
Greystone Building	36,000,000	36,000,000	5,746,598	-	-	5,746,598	30,253,402	5,750,000	-	-	5,750,000	3,402
Blodgett Renovations	36,000,000	36,000,000	-	-	-	-	36,000,000	-	-	500,000	500,000	500,000
Partial EXCEL Projects	865,000	865,000	733,429	87,782	-	821,211	43,789	485,000	10,000	365,000	860,000	38,789
All other various	<u>565,000</u>	<u>1,000,000</u>	<u>65,000</u>	<u>14,340</u>	<u>65,000</u>	<u>14,340</u>	<u>985,660</u>	<u>-</u>	<u>-</u>	<u>1,118,806</u>	<u>1,118,806</u>	<u>1,104,466</u>
TOTAL	<u>\$ 90,858,050</u>	<u>\$ 86,240,750</u>	<u>\$ 10,906,201</u>	<u>\$ 583,943</u>	<u>\$ 4,448,431</u>	<u>\$ 7,041,713</u>	<u>\$ 79,199,037</u>	<u>\$ 6,235,000</u>	<u>\$ 378,602</u>	<u>\$3,590,201</u>	<u>\$ 10,203,803</u>	<u>\$ 3,162,090</u>

**CITY SCHOOL DISTRICT OF SYRACUSE, NEW YORK
 SUPPLEMENTARY INFORMATION
 NET INVESTMENT IN CAPITAL ASSETS
 FOR THE YEAR ENDED JUNE 30, 2014**

Capital assets, net		\$ 245,053,225
Add:		
Deferred loss on early retirement of debt		1,593,487
Deduct:		
Premium on bonds payable	5,600,672	
Short-term portion of bonds payable	13,632,605	
Long-term portion of bonds payable	156,856,657	
Less: unspent bond proceeds	(6,749,833)	
Less: bond proceeds not related to capital assets	(356,414)	
	(168,983,687)	(168,983,687)
Net investment in capital assets		\$ 77,663,025