

THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2007

Prepared by:
Department of Finance

Brian L. Roulin, CPA
Director of Finance

James B. Barclay
Director of Accounting

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2007
TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Transmittal Letters.....	2
Certificate of Achievement.....	8
List of City Council Officials	9
Management Chart.....	10
List of City Departments and Bureaus	11
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	14
REQUIRED SUPPLEMENTAL INFORMATION:	
Management's Discussion and Analysis.....	16
BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007:	
Statement of Net Assets.....	28
Statement of Activities	29
Balance Sheet – Governmental Funds.....	30
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	31
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	32
Statement of Net Assets – Proprietary Funds	33
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Fiduciary Net Assets – Fiduciary Funds	36
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	37
Notes to the Financial Statements.....	38
REQUIRED SUPPLEMENTAL INFORMATION:	
Combined Statement of Revenues, Expenditures and Changes in Fund Equity – Budget and Actual – Non-GAAP Budget Basis	59
COMBINING FUND STATEMENTS AS OF AND FOR YEAR ENDED JUNE 30, 2007:	
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	62
Statement of Changes in Assets and Liabilities – Agency Funds	63
OTHER SUPPLEMENTAL INFORMATION:	
Combining Statement of Revenues, Expenditures and Changes in Fund Equity – Budget and Actual – General, Certain Special Revenue and Enterprise Funds – Non-GAAP Budget Basis	64

STATISTICAL SECTION

Net Assets by Component – Last Seven Fiscal Years	68
Changes in Net Assets – Last Seven Fiscal Years	69
Tax Revenues by Source – Last Seven Fiscal Years.....	71
Fund Balances of Governmental Funds – Last Ten Fiscal Years	72
Changes in Fund Balances of Governmental Funds – Last Seven Fiscal Years	73
General Governmental Tax Revenues by Source – Last Ten Fiscal Years	74
Assessed Value and Estimated Actual Value of Taxable Real Property – Last Ten Fiscal Years.....	75
Property Tax Rates Per Thousand, Direct and Overlapping Governments – Last Ten Fiscal Years	76
Principal Property Taxpayers – Current Fiscal Year and Nine Years Prior.....	77
Property Tax Levies and Collections – Last Ten Fiscal Years	78
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	79
Ratios of General Debt Outstanding – Last Ten Fiscal Years	80
Direct and Overlapping Debt	81
Legal Debt Margin Information – Last Ten Fiscal Years.....	82
Demographic Economic Statistics – Last Ten Calendar Years	84
Principal Private-Sector Employers in the Rochester Area – Current Year and Nine Years Prior	85
Budgeted Full-time Equivalent City Government Employees by Function – Last Ten Fiscal Years	86
Operating Indicators by Function – Last Ten Fiscal Years	87
Capital Asset Statistics by Function – Last Ten Fiscal Years.....	88

SINGLE AUDIT REPORTS (Federal Awards)

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90
Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Award Program	92
Schedule of Expenditures of Federal Awards.....	94
Notes to Schedule of Expenditures of Federal Awards	100
Schedule of Findings and Questioned Costs	101
Schedule of Prior Year's Findings and Questioned Costs.....	106

NEW YORK STATE AND OTHER AWARDS

Schedule of Expenditures of New York State and Other Awards	108
Summary of Financial Assistance	114

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION



City of Rochester

City Hall Room 307A, 30 Church Street
Rochester, New York 14614-1290
www.cityofrochester.gov



Robert J. Duffy
Mayor

November 30, 2007

The Honorable Members of the City Council
The City of Rochester, New York

Ladies and Gentlemen:

In accordance with provisions of the City Charter, I hereby transmit the annual financial report of the City of Rochester as of and for the year ended June 30, 2007. The accounting firm selected by City Council, Deloitte & Touche LLP, has audited the financial statements. The auditors' unqualified opinion is included in this report.

In each of the past twenty-three years the City has been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). Certificates are awarded to those governments whose annual financial reports are judged to conform to generally accepted accounting principles promulgated by the Governmental Accounting Standards Board. It is my belief that the fiscal year 2007 financial report continues to meet the requirements of the Certificate of Achievement Program.

The preparation of this annual financial report could not have been accomplished without the dedicated effort of the Finance Director and his entire staff. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the City of Rochester have led to the improved quality of the information being reported to the City Council and the citizens of the City of Rochester.

Respectfully submitted,

Robert J. Duffy
Mayor





November 30, 2007

**The Mayor
The City of Rochester, New York**

I am pleased to submit the Comprehensive Annual Financial Report of the City of Rochester for the fiscal year ended June 30, 2007. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Deloitte & Touche LLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Rochester's financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the financial section of this report.

The Management Discussion and Analysis section (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments. Information related to this single audit, including the schedule of expenditures of federal awards, schedule of findings and questioned costs, and independent accountants' reports on internal control and compliance with applicable laws and regulations, is included in the single audit section of this report.

The New York State and other awards section contains a schedule of all non-federal grants. This section also includes a comprehensive summary of all financial assistance, i.e. federal, state, county and private.

PROFILE OF THE GOVERNMENT

The City, located in Monroe County on Lake Ontario, approximately midway between Buffalo and Syracuse, encompasses 36.44 square miles. Rochester was recorded as the third largest city in New York State by the 2004 census updates with a population currently estimated at 208,123. It is divided into 67,100 real estate parcels, and serviced by 539 miles of public ways. Rochester is served by three bus lines; the New York Thruway; and twenty-three airlines (six major and seventeen regional) at the Greater Rochester International Airport. This airport also offers support facilities for private aircraft. Amtrak provides rail passenger service, and the Conrail and Chessie systems provide railway freight service. Water transportation service is provided by the Erie Canal and through the Port of Rochester.

Incorporated as a village in 1814, and as a city in 1834, Rochester is governed by a Mayor, who is directly elected by popular vote to a four-year term of office. As the chief executive officer and the administrative head of government, the Mayor is responsible for the administration of all City affairs, including the appointment of all department heads. The nine-member City Council is responsible for the legislative affairs of City government. Each Council member is elected to a four-year term; four by districts representing approximately one-quarter of the City's area, and five by a city-wide vote. The members of City Council elect a President, who presides at Council meetings and ceremonial occasions, and who provides the Council with leadership in the drafting and passing of legislation.



The City provides a full range of municipal services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; community and economic development programs; recreational and cultural activities; water production and distribution; and refuse collection. The City of Rochester is also financially accountable for a legally separate school district and a legally separate fast ferry company, both of which are reported separately within the City's financial statements. Additional information on these legally separate entities can be found in the notes to the financial statements (See Note 1.A).

City Council is required to adopt a final budget no later than the close of the fiscal year, i.e. by June 30th. This annual budget, which is prepared on a departmental basis, serves as the foundation for the City of Rochester's financial planning and control. Though the Mayor may transfer appropriations within a department, City Council must approve transfers between departments.

LOCAL ECONOMY

The Rochester labor area is comprised of Monroe, Genesee, Livingston, Ontario, Orleans and Wayne Counties. Population and industry are primarily concentrated in Monroe County. Over half of all Monroe County residents work in the City. Approximately two-thirds of all manufacturing employment in Monroe County is within the City.

In its early years, the City was an agricultural, trading, milling and transportation center. Rochester's economy turned to manufacturing in the early Twentieth Century, primarily through the manufacture of photographic, optical and precision equipment by the Eastman Kodak and Bausch & Lomb companies. Over 90 optics and imaging firms, plus the imaging-related divisions of several other large firms, are located in the Rochester area. Rochester continues to have a strong concentration of manufacturing employment. Manufacturing accounts for 16% of total nonagricultural employment in the Rochester Metropolitan Area.

Rochester also enjoys the reputation of being a "high technology" city. Approximately 60% of the manufacturing work force and over 20% of all employees are employed in high technology industries. Employment of scientists and engineers as a percentage of total employment is four percent - twice the national average of two percent. Fifty percent of all persons employed nationally in the manufacture of photographic equipment and supplies are in the Rochester area. Other major research, development and manufacturing in the area include optics, automotive products, dental equipment, office duplicating and computing equipment, electrical equipment, measuring and controlling devices and heavy machinery. Centers with particularly strong potential include pharmaceuticals, biotechnology and polymers.

Many consider Rochester to be the "economic jewel" of the state. It has been able to maintain a strong economy even though the major employers have gone through significant downsizing. Spending is still on the rise and the unemployment rate is currently 4.9%. Rochester had another significant year for exporting goods, and continued to have one of the highest export volumes per capita in the country. Rochester is the second largest exporting area in the State (New York City is the largest). Exports totalled over \$12.5 billion. Although Rochester's exports are high, it is not significantly affected by Southeast Asia's economic instability because Rochester's exports to that region are one third less than most businesses in the state. Kodak has recently announced that consistent with its plan to transition to digital products it will reduce employment by 20% over the next three years. This could mean a reduction of up to 5,000 jobs. Kodak presently provides 6% of the jobs in the Rochester region. Cuts at Kodak are not new. Kodak provided 60,400 jobs in 1982 or 19% of the jobs in Monroe County. The worst of Kodak's downsizing is over.

City of Rochester manufacturers continue to play a significant role in the world marketplace of photographic products, optics, graphics technology, communications, electronics, medical instrumentation, machine tooling and pharmaceuticals. Today, the most significant feature of the City's economy is its trend toward high technology manufacturing.

The City continues transitioning from an economy dominated by two or three large companies to a more diverse base of small and medium-sized employers. Jobs in most manufacturing categories continue to decline, but service jobs (those in business, utilities, clothing and merchandise stores, telecommunications, educational and health services) are growing in Rochester's economy to offset job losses in other areas. The City's business services sector is another element of the local economy's success.

The average 2006 unemployment rate was 5.7% for the City of Rochester and 4.4% for the greater Rochester area, compared to the national average of 4.6% and the State average of 4.4%.

LONG-TERM FINANCIAL PLANNING

Over the past 10 years, and before, the City has been able to maintain a stable unreserved, undesignated fund balance in the general fund at approximately one percent of total general fund revenues. In fiscal 2006-07 that balance was \$4,193,000.

As a planning tool for long-term financing, and the annual budget process, the City prepares a five-year capital improvement program. This document, which is updated annually, prioritizes capital projects by their funding source and timing. Bonded indebtedness is managed in coordination with debt repayment schedules to stay within legal debt limits and to maintain stable level of debt service. Also, the City Charter allocates the 9% New York State constitution debt limit between the City and the District — 5½% for municipal purposes and 3½% for educational purposes.

RELEVANT FINANCIAL POLICIES

In recognition of the level of state and federal education aid, and the City of Rochester's record of providing a higher level of per capita education support than other major New York cities, the City Charter fixes the coterminous Rochester City School District's share of local tax revenue, at \$119.1 million per year.

City Council annually adopts a resolution establishing a debt limit. The debt limit for tax-supported borrowing is equal to the amount of principal on outstanding debt to be redeemed during the fiscal year for which the limit is established. Exceptions to this policy are to be approved only for projects and purposes which could not reasonably be foreseen and, if not approved, would result in an obvious public danger or economic loss; and projects and purposes for which the debt issued therefore would be self-supporting.

MAJOR INITIATIVES

Center City

Rochester's Center City is continuing its growth and development as the hub of business, government, cultural, sports, entertainment, and educational activities for the entire region. This development follows the vision of an award-winning Center City Master Plan, adopted in 2003, that presents a new way of thinking about a downtown that extends beyond the traditional Inner Loop expressway barrier and focuses on development objectives and design guidelines for its streets, neighborhoods and districts.

The private market and public investment have responded with more than \$190 million of new investments in Center City being initiated in the last two years. Demand for new market-rate residential units in Downtown is strong.

World-class architect, Moshe Safdie Associates, was recently hired to develop detailed plans for Renaissance Square, which will be the largest development project in the history of Rochester. The \$200 million plus project, including a performing arts complex, transit center and urban college campus, will completely redevelop a two block area of the Center City and is anticipated to stimulate additional new business, retail and housing.

Strengthening The Industrial/Commercial Base

Development of readily buildable industrial land has been a goal of the City for several years. Toward fulfillment of that goal, six industrial parks have been developed which have triggered private investment and job creation.

Since January 1, 1994, the City of Rochester's Economic Development Department has arranged for over \$71 million in financing for small, medium and large sized firms. Total investment in industrial and commercial projects in this period is over \$1.06 billion.

The City has been designated as an Empire Zone by New York State and has received a Renewal Community Zone Designation by the Federal government, and a Federal Hub Zone too.

Investment In Residential Areas

In addition to investments in business development, the City is devoting the major share of its Community Development Block Grant (CDBG) to the improvement of residential neighborhoods. According to the table following, the City has allocated \$281.2 million, or 67% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

Community Development Block Grant/Consolidated Program (In Millions)

	Allocation Through 06/30/07
Residential neighborhoods	\$ 281.2
Business development	73.9
Urban renewal completion	13.3
Planning, management, and administration	53.0
	<u>\$ 421.4</u>

An example of the impact of these investments is represented by the Housing Occupancy Initiative, funded by the CDBG and HOME Program, which was developed in response to concern over the growing number of vacant residential properties in the City and the declining number of owner-occupied residences. Since its inception in 1993, this initiative has addressed 4,915 vacant houses through either demolition (2,125) or rehabilitation/ reoccupation programs (2,790), and created 470 new single-family homes for owner-occupants.

Since June 1994, there have been 977 affordable rental units added to the inventory and an additional 593 units have been renovated with these two sources of funding.

Tourism

The economic health of the City is tied to that of Monroe County and the Genesee/Finger Lakes Region. Both the City and the County have undertaken steps to encourage the retention and creation of jobs in the area through the development of tourism.

An estimated 1,800,000 visitors traveled to Rochester and Monroe County in the year 2006. This represents an 8.1% increase over the previous year and indicates the strong draw of the area as a destination for leisure and corporate travel, and attendance at scheduled meetings, conventions, and tourist attractions. During their stay, visitors spent \$289 million (including \$29 million in taxes) in area hotels, restaurants, museums, event venues, and retail stores. These figures reflect direct visitor spending.

The Rochester Riverside Convention Center continues to play a vital role in encouraging the growth of tourism locally. The Convention Center was host to 372 conventions, trade shows and other events in fiscal year 2006-07, at which attendance totaled 266,622. The estimated economic impact of this activity was \$29 million.

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rochester for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the twenty-third consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The Mayor
Rochester, NY

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. Finally, I would like to thank the Mayor and the members of the City Council for continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, reading "Brian L. Roulin". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Brian L. Roulin, CPA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rochester
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF ROCHESTER, NEW YORK
MAYOR AND CITY COUNCIL OFFICIALS

Robert J. Duffy, Mayor

Lois J. Giess (East District), President

Gladys Santiago (At-Large), Vice-President

◇◇◇

Carolee A. Conklin (At-Large)

Lovely A. Warren (Northeast District)

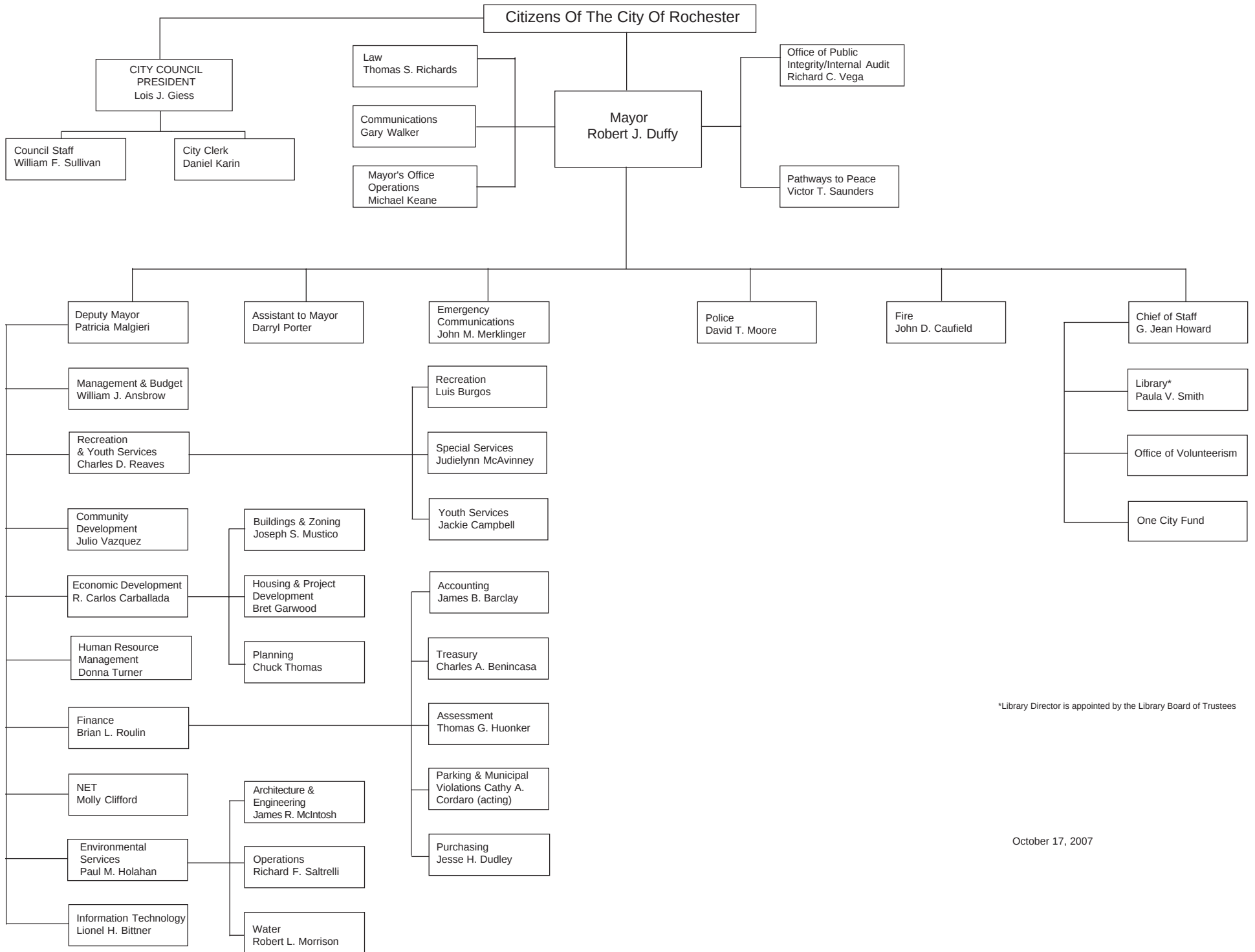
John F. Lightfoot (At-Large)

Adam C. McFadden (South District)

Dana K. Miller (At-Large)

William F. Pritchard (At-Large)

Robert J. Stevenson (Northwest District)



*Library Director is appointed by the Library Board of Trustees

October 17, 2007

CITY OF ROCHESTER, NEW YORK

LIST OF CITY DEPARTMENTS AND BUREAUS

Effective October 17, 2007

Mayor	Robert J. Duffy
Deputy Mayor	Patricia Malgieri
Assistant to Mayor	Darryl Porter
City Clerk	Daniel Karin
City Council Staff	William F. Sullivan
Budget	William J. Ansbro
Communications	Gary Walker
Chief of Staff	G. Jean Howard
Human Resource Management	Donna Turner
Operations	Michael Keane
Pathways to Peace	Victor T. Saunders
Public Integrity/Internal Audit	Richard C. Vega
Neighborhood Empowerment Team (NET)	Molly Clifford
Community Development	Julio Vazquez
Buildings and Zoning	Joseph S. Mustico
Housing & Project Development	Bret Garwood
Planning	Chuck Thomas
Economic Development	R. Carlos Carballada
Emergency Communications	John M. Merklinger
Environmental Services	Paul M. Holahan
Architecture & Engineering	James R. McIntosh
Operations	Richard F. Saltrelli
Water & Lighting	Robert L. Morrison
Finance	Brian L. Roulin
Accounting	James B. Barclay
Assessment	Thomas G. Huonker
Parking & Municipal Violations	Cathy Cordaro (acting)
Purchasing	Jesse H. Dudley
Treasury	Charles A. Benincasa
Fire	John D. Caufield
Information Technology	Lionel H. Bittner
Law	Thomas S. Richards
Library	Paula V. Smith
Recreation & Youth Services	Charles D. Reaves
Recreation	Luis Burgos
Special Services	Judielynn McAvinney
Youth Services	Jackie Campbell
Police	David T. Moore

THIS PAGE INTENTIONALLY LEFT BLANK

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council of
City of Rochester, New York:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rochester, New York (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on the 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2007, on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis and the budgetary comparison on pages 16-25 and 59 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the City's financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 61-65 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 94-99 is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical data, schedule of expenditures of New York State and other awards, and summary of financial assistance on pages 68-88, 108-112, and 114 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The statistical data, schedule of expenditures of New York State and other awards, and summary of financial assistance have not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, appearing to read "Deloitte & Touche LLP", is positioned above the date.

October 5, 2007

^f
As management of the City of Rochester, we offer readers of the City of Rochester's financial statements this narrative overview and analysis of the financial activities of the City of Rochester for the fiscal year ended June 30, 2007. In this section, all amounts are expressed in thousands of dollars, unless otherwise indicated.

For the management discussion and analysis for the Rochester City School District please see the separately issued Comprehensive Annual Financial Report of the District for the year ended June 30, 2007. For financial information on the Rochester Ferry Company, LLC please see Special Purpose Financial Statements as of May 31, 2007, and for the period January 28, 2005 (inception) through May 31, 2007, and Independent Auditors' Report. This report may be requested from the Director of Finance, City Hall – Room 109A, 30 Church Street, Rochester, NY 14614.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$746,435 (net assets). Of this amount, \$7,913 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$30,722. The major factor contributing to this change was the transfer of the \$21,259 in liability (net of assets) from the Rochester Ferry Company, LLC to the City.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$173,287, an increase of \$24,472 from the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$4,193, or 1.0% of total general fund expenditures.

The City's total outstanding debt (net of notes refinanced as bonds) decreased by \$7,805 (4.1%) during the current fiscal year, largely due to lower obligations in the public improvement and water improvement categories.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Rochester's basic financial statements. The City of Rochester's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, such as budgetary comparison.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Rochester's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Rochester's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Rochester is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Rochester that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Rochester include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the City of Rochester include a water utility, parking garage and lot operations, an arena at the War Memorial, residential and commercial refuse collection services, two cemeteries, and the public market.

The government-wide financial statements include not only the City of Rochester itself (known as the *primary government*), but also a legally separate school district and the Rochester Ferry Company, LLC for which the City of Rochester is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages immediately following this section as the first two pages of the Basic Financial Statements.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rochester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rochester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Rochester maintains fifteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, general capital projects fund, transportation capital projects fund, and the community development special revenue fund, all of which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The financial statements for governmental funds can be found in the Basic Financial Statements, which is the following section.

Compliance with the City's annual operating budget for the year ended June 30, 2007, which includes the General Fund as well as certain special revenue and enterprise funds, is reported in the *Combined Schedule of Revenues, Expenditures and Changes in Fund Equity – Budget and Actual* which is provided as Required Supplemental Information following the Notes to the Financial Statements.

Proprietary funds. The City of Rochester maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Rochester uses enterprise funds to account for its Water, Parking, War Memorial, Refuse, Cemetery, and Public Market. The *internal service fund* is used to account for general liability risk management. Because general liability risk management predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Parking, War Memorial, Refuse, Cemeteries and Public Market operations, which are considered to be major funds of the City of Rochester. In addition, the internal service fund is presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found in the Basic Financial Statements section of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City of Rochester's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the Basic Financial Statements section of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found in the section following the Basic Financial Statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$746,435 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (82 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rochester's Net Assets (000's Omitted)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 326,303	\$ 327,468	\$ 43,230	\$ 45,890	\$ 369,533	\$ 373,358
Capital assets	559,328	550,918	237,409	232,266	796,737	783,184
Total assets	885,631	878,386	280,639	278,156	1,166,270	1,156,542
Long-term liabilities outstanding	244,901	208,439	90,407	94,978	335,308	303,417
Other liabilities	77,709	72,463	6,818	3,505	84,527	75,968
Total liabilities	322,610	280,902	97,225	98,483	419,835	379,385
Net assets:						
Invested in capital assets, net of related debt	462,204	449,840	153,257	144,262	615,461	594,102
Restricted	95,283	129,193	27,778	31,161	123,061	160,354
Unrestricted	5,534	18,451	2,379	4,250	7,913	22,701
Total net assets	\$ 563,021	\$ 597,484	\$ 183,414	\$ 179,673	\$ 746,435	\$ 777,157

An additional portion of the City's net assets (17 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,913 or 1%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's total net assets decreased by \$30,722. The major factor contributing to this decrease was the wind-down of the Rochester Ferry Company, LLC. As guarantor of the company's debt, the City assumed \$40,546 in liability. This was partially offset by the transfer of \$19,287 of ferry company assets to the City. The net impact of these transactions contributed \$21,259 to the decrease of City's net assets. More details of the Rochester Ferry Company, LLC and the wind-down of its operation are provided in the long-term liability section of the notes to the financial statements.

Governmental activities. Governmental activities decreased the City's net assets by \$34,463, accounting for most of the reduction in total net assets. Key components of this change are summarized as follows:

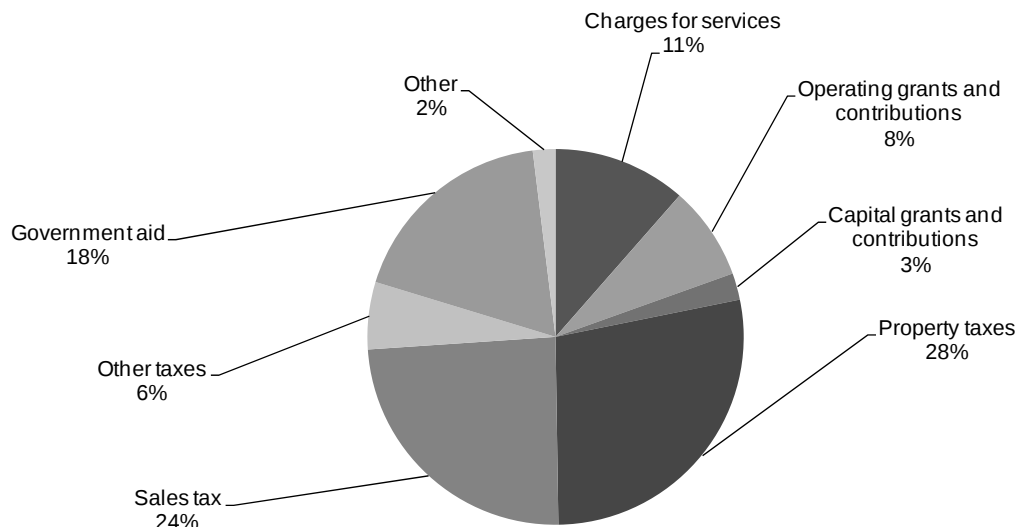
City of Rochester's Changes in Net Assets
(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 57,046	\$ 54,269	\$ 65,472	\$ 64,427	\$ 122,518	\$ 118,696
Operating grants and contributions	40,208	41,140	-	-	40,208	41,140
Capital grants and contributions	11,452	19,452	-	-	11,452	19,452
General revenues:						
Property taxes	139,276	137,278	2,658	2,024	141,934	139,302
Sales and other taxes	149,378	149,133	905	905	150,283	150,038
Government aid	91,402	79,149	18	-	91,420	79,149
Other	9,690	7,990	2,182	2,656	11,872	10,646
Total revenues	498,452	488,411	71,235	70,012	569,687	558,423
Expenses:						
General government	61,690	52,456	-	-	61,690	52,456
Police	113,896	111,195	-	-	113,896	111,195
Fire	69,551	68,391	-	-	69,551	68,391
Emergency communications	14,798	14,437	-	-	14,798	14,437
Transportation	31,244	31,630	-	-	31,244	31,630
Environmental services	26,268	21,768	-	-	26,268	21,768
Parks & recreation	24,886	24,000	-	-	24,886	24,000
Library	12,419	12,121	-	-	12,419	12,121
Community & economic development	34,423	35,265	-	-	34,423	35,265
Interest on long term debt	8,060	4,500	-	-	8,060	4,500
Allocation to school district	119,100	119,100	-	-	119,100	119,100
Fast Ferry	21,259	-	-	-	21,259	-
Water	-	-	28,571	28,797	28,571	28,797
War memorial	-	-	3,219	3,337	3,219	3,337
Parking	-	-	5,443	6,155	5,443	6,155
Cemetery	-	-	2,075	2,516	2,075	2,516
Public market	-	-	825	754	825	754
Refuse	-	-	22,682	23,685	22,682	23,685
Total expenses	537,594	494,863	62,815	65,244	600,409	560,107
Excess (deficiencies) of revenues over expenses	(39,142)	(6,452)	8,420	4,768	(30,722)	(1,684)
Transfers	4,679	4,677	(4,679)	(4,677)	-	-
Increase (decrease) in net assets	(34,463)	(1,775)	3,741	91	(30,722)	(1,684)
Net assets - beginning	597,484	599,259	179,673	179,582	777,157	778,841
Net assets - ending	\$ 563,021	\$ 597,484	\$ 183,414	\$ 179,673	\$ 746,435	\$ 777,157

Governmental activities revenue highlights.

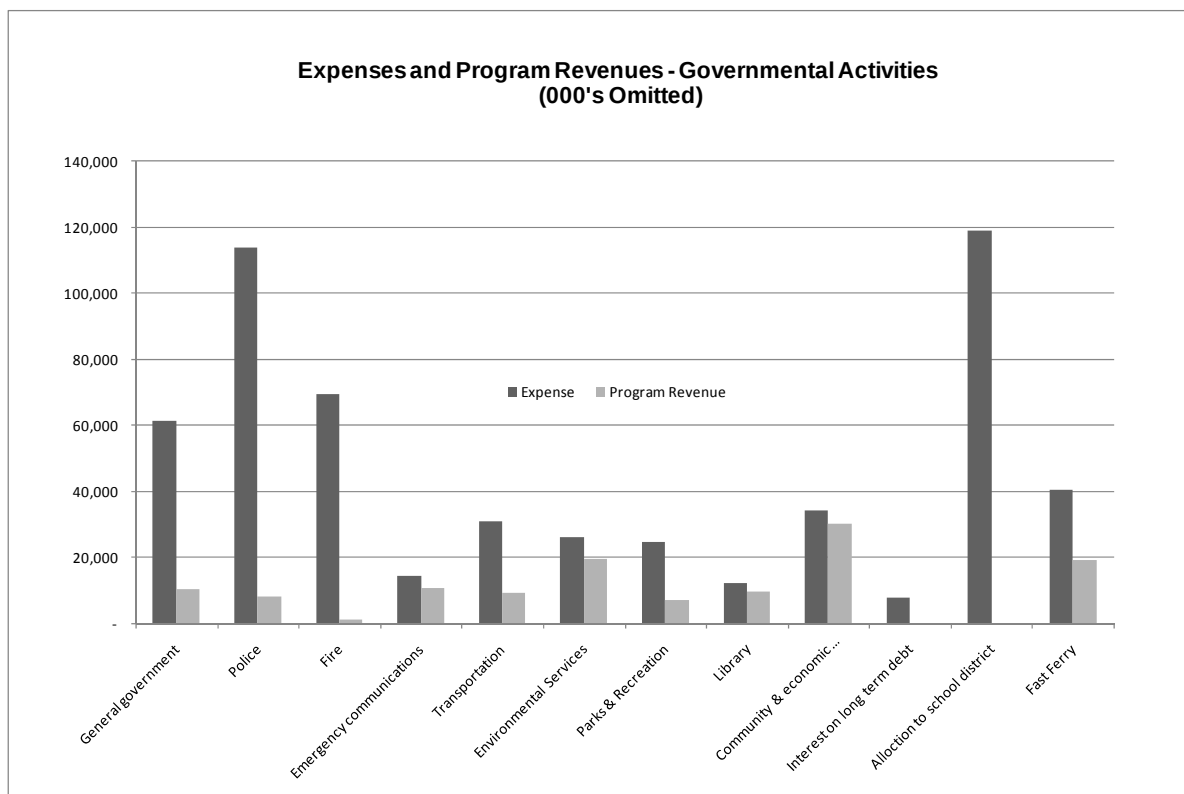
- Charges for services increased by \$2,777 as a result of a \$1,423 increase in charges for local works services, an increase of \$924 in equipment services charge backs, a \$222 increase in reimbursement for emergency communications services, and \$208 in other increases.
- Capital grants and contributions decreased by \$8,000, primarily due to a reduction in the level of reimbursable transportation and other projects.
- Increased revenue from Property taxes of \$1,998 is due to an increase in the levy, net of uncollected.
- Government aid increased by \$12,253, primarily due to increase in aid from New York State: an \$11,305 increase in special financial assistance, a \$761 increase in grants for demolitions, and a \$109 increase in STAR program revenue. Other changes in the Government aid category added \$78 in revenue.
- In the Other revenue category increased by \$1,700 as a result of a \$2,153 increase in interest earnings, due to higher yields. This increase was partially offset by a \$453 decline of workers' compensation case refunds.

Revenues by Source - Governmental Activities



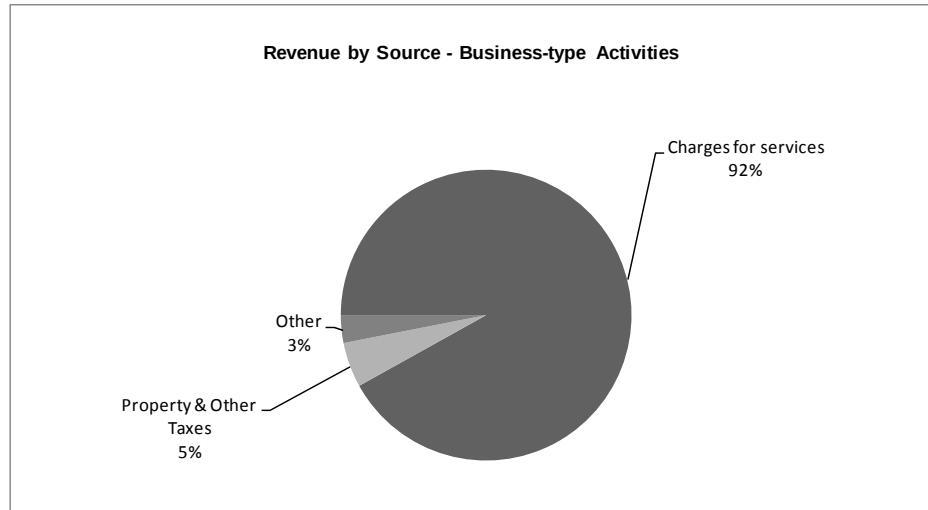
Governmental activities expense highlights.

- General government expenses increased by \$9,234 primarily due to an increase of \$3,923 in net capital expense, an increase of \$2,433 in Other Post Employment Benefit (OPEB) expenses, an increase of \$1,266 workers' compensation expense, an increase of \$1,675 in employee benefit costs, and an increase of \$691 in general liability expenses. These increases were partially offset by other expense increases and decreases that netted to a reduction of \$754.
- Police expenses increased by \$2,701 as a result of an increase of \$2,292 in wages and an increase of \$556 in fringe benefits. This is partially offset by a decrease of \$147 of other police expenses.
- Fire expenses increased by \$1,160 as a result of \$637 increased payroll costs and an increase of \$28 in fringe benefits. Other fire expense increased by \$495.
- Environmental services increased by \$4,500 as a result of an increase of \$1,645 in snow and ice control costs, an increase of \$1,172 because of the transfer of the forestry services from parks and recreation, an increase in personnel and benefit costs of \$1,031, and a \$652 increase in depreciation expense.
- Interest on long term debt increased by \$3,560 primarily due to \$3,519 of interest payments on Fast Ferry debt. Other changes in this category netted to \$41 of increased expenses.
- The assumption of Rochester Ferry Company, LLC debt resulted in an expense of \$21,259. This is the net of \$40,546 of the principal due as partially offset by \$19,287 of assets that reverted to the City. (Please refer to the long-term section of the notes to the financial statements for a fuller explanation.)



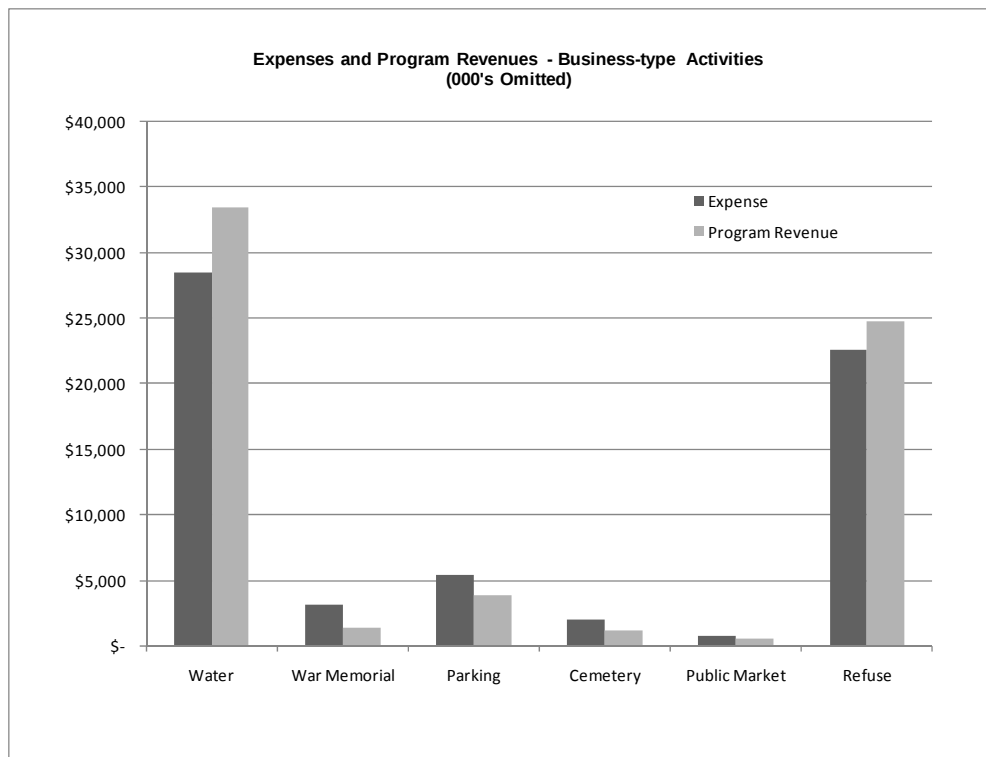
Business-type activities revenue highlights.

- Charges for services increased by \$1,045. This increase is the result of \$1,368 from higher refuse rates, \$57 in increased parking revenue, and a \$33 increase in public market revenue, partially offset by these revenue declines: \$204 in the cemetery fund, \$110 in the water fund, and \$99 in the war memorial fund.



Business-type activities expense highlights.

- The \$1,003 decrease in the refuse fund is primarily due to a \$731 decline in depreciation expense. Other expense increases and decreases in the refuse fund netted to \$272 of additional expense reductions.
- The year-to-year comparison of expenses for the other business-type activities showed variances of less than \$1,000 in individual funds.



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$173,287, an increase of \$24,472 in comparison with the prior year. The reserved portion of fund balance, which is not available for new spending, is composed of the following commitments: 1) to liquidate contracts and purchase orders of the period — \$53,783, 2) to pay debt service — \$74,450, and 3) for a variety of other restricted purposes — \$4,523. The unreserved portion of fund balance includes: \$20,226 restricted in Capital projects funds, \$4,051 of general fund money designated for use in fiscal 2007-08, \$4,193 of general fund money available for use in fiscal 2008-09, \$5,701 undesignated in special revenue funds, and \$6,360 in the cemetery perpetual care fund. The result is a total unreserved fund surplus for all governmental funds of \$40,531. This positive balance results from short-term borrowing in the capital projects funds and is further explained in the *Transportation capital projects* section below.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,244 while total fund balance reached \$21,679. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represent 2 percent of total fund expenditures, while total fund balance represents 5 percent of that same amount. The fund balance of the City's general fund increased by \$1,951 during the current fiscal.

Debt service fund. The debt service fund has a total fund balance of \$74,450, all of which is reserved for the payment of debt service. The \$25,563 increase in fund balance during the current year in the debt service fund resulted from the transfer of \$19,287 assets from the Rochester Ferry Company, LLC, the interfund transfers needed to finance the repayment of long-term indebtedness, which netted to \$2,302, plus \$3,830 in interest earnings, as well as \$144 in other revenues.

General capital projects. The general capital projects fund accounts for the construction and reconstruction of general public improvements, excluding transportation capital projects as well as projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$51,364, of this \$13,599 was encumbered for contracts underway, and \$37,765 was undesignated.

Transportation capital projects. The transportation capital projects fund is used to account for road and bridge construction and reconstruction. At the end of the current fiscal year, the fund balance was \$1,046. This balance is the result of \$12,580 encumbered for contracts underway less the (\$11,534) of unreserved fund balance. Deficit fund balances in the capital project funds are eliminated when bond anticipation notes are converted to bonds.

Community development special revenue fund. The Community Development Block Grant fund is a special revenue fund used to account for the programs and projects primarily funded by the U. S. Department of Housing and Urban Development. At the end of the current fiscal year, the fund balance of \$7,523.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$183,414. The change in net assets between 2006 and 2007, which totaled to a \$3,741 increase, were as follows: the water fund increased by \$1,778, the Parking fund decreased by \$195, the War Memorial fund decreased by \$229, the Refuse fund increased by \$2,388, the Cemetery fund increased by \$16, and the Public Market fund decreased by \$17.

Unrestricted net assets of the proprietary funds, which totaled \$2,379 at year end, breakdown as follows: Water — (\$2,022), Parking — \$1,543, War Memorial — (\$169), Refuse — \$1,773, Cemeteries — \$1,273, and Public Market — (\$19).

Internal service fund. The internal service fund is used to account for entity-wide general liability. It is the City's reserve for self-insurance. The total net assets at the end of the fiscal year were \$19,212, a decrease of \$424 over the prior year. The decrease is the result of claims settlement expenses of \$1,251 exceeding \$506 in revenue investments and \$321 in transfers from the General Fund.

Budgetary Highlights

The City's annual budget, which is prepared on an operating basis, includes estimated revenues and annual appropriations for the proprietary funds as well as the general fund. The animal control, library, and local works funds, which are Special Revenue funds, are also included in the annual operating budget. However, the Community Development special revenue fund is excluded from the annual operating budget. The multiyear projects of the Community Development Block Grant program are funded by the U.S. Department of Housing and Urban Development, which has a separate budget and management process.

During the year, City Council passed budget amendments that increased total appropriations for operating budgets. Since the legal budget is established on a department basis, rather than on a GAAP basis (i.e. fund-basis), budget-to-actual statements are presented as other supplemental information to the financial statements.

Capital Assets and Debt Administration

Capital Assets. In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business type activities as of June 30, 2007, amounted to \$796,737 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The overall increase in the City's investment in capital assets for the current fiscal year was 1.73 percent, of which 1.07 percent was attributable to governmental activities and a .66 percent to business-type activities.

Major capital asset expenditures during the current fiscal year included the following:

- West Ridge Road, including street and water improvements — \$4,789
- Water Operations Center — \$4,395
- South Avenue Parking Garage — \$3,100
- Riverway Trail, Turning Point to Petten — \$2,177
- Atlantic Avenue , streets, water, and sewer improvements — \$2,158
- Cathodic Protection, water improvements — \$1,786
- Hollenbeck Street, street, water, and sewer improvements — \$1,251
- Acquisition of CSX land — \$1,074

City of Rochester's Capital Assets						
Net of Depreciation (000's Omitted)						
	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 24,770	\$ 23,921	\$ 10,563	\$ 10,564	\$ 35,333	\$ 34,485
Buildings	105,155	108,753	97,780	89,870	202,935	198,623
Improvements other than buildings	20,611	17,926	109,435	107,000	130,046	124,926
Machinery and equipment	27,298	28,231	7,319	8,345	34,617	36,576
Infrastructure	381,494	372,087	-	-	381,494	372,087
Construction in progress	-	-	12,312	16,487	12,312	16,487
Total	\$ 559,328	\$ 550,918	\$ 237,409	\$ 232,266	\$ 796,737	\$ 783,184

Long-term debt. On June 30, 2007 the City's outstanding debt net of notes refinanced as bonds was \$181,277 — a decrease of \$7,805 (or 4.1%) over the prior year. Net outstanding debt in governmental activities decreased by \$2,954, primarily due to a reduction of \$2,208 in the public improvement category. Net outstanding debt in the business-type activities decreased by \$3,852, primarily due to a \$2,042 reduction in the Water enterprise fund.

City of Rochester's Outstanding Debt
(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 69,538	\$ 84,025	\$ 59,402	\$ 66,223	\$ 128,940	\$ 150,248
Bond anticipation notes	27,587	58,853	24,750	21,781	52,337	80,634
Total	97,125	142,878	84,152	88,004	181,277	230,882
Less: Notes refinanced as bonds which mature in the subsequent fiscal year	-	(41,800)	-	-	-	(41,800)
Net Outstanding Debt	\$ 97,125	\$ 101,078	\$ 84,152	\$ 88,004	\$ 181,277	\$ 189,082

The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule, and funds a significant level of capital expenditures from current funds. Major capital projects have not been deferred. The City has a rating of A from Standard & Poor's and an A-2 rating from Moody's Investors Service.

The New York State Constitution restricts the annual real property tax levy for operating expenses to 2 percent of the average full value of taxable City property over the last five years. This limitation does not apply to taxes for debt service. The Constitution also imposes a debt limit of 9 percent of the most recent five-year average of full valuation of taxable real estate. This limit, which applies to the combined City and School District debt, was \$469 million as of the fiscal year end, an amount that was \$156 million above the combined City and School District's net indebtedness. This calculation excludes the \$40,546 long-term liability and \$19,287 in assets, which partially offset this obligation, that were transferred from the Rochester Ferry Company, LLC

More detailed information on the City's capital assets and long-term debt activity is provided in the Note III. D. in the Notes to the Financial Statements.

Economic Factors

Rochester has been able to maintain a strong economy even though its major employers have gone through significant downsizing in the recent years. There are over 90 optics and imaging firms located in the Rochester area. There continues to be a strong concentration of manufacturing employment. Manufacturing accounts for 14% of total nonagricultural employment in the Rochester Metropolitan Area, as compared to the national level of 13%. Other major research, development and manufacturing in the area include automotive products, dental equipment, office duplicating and computing equipment, electrical equipment, measuring and controlling devices and heavy machinery.

Requests for Information

This financial report is designed to provide a general overview of the City of Rochester's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Director of Finance, City Hall – Room 109A, 30 Church Street, Rochester, NY 14614.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2007 (000's Omitted)

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School District	Rochester Ferry Co. LLC.
ASSETS					
Cash and cash equivalents	\$ 182,383	\$ 17,458	\$ 199,841	\$ 102,029	\$ 700
Investments	66	-	66	-	-
Receivables (net of allowance for uncollectibles):					
Accounts	50,358	17,193	67,551	1,539	-
Taxes	18,383	-	18,383	-	-
Due from other governments	73,018	2,545	75,563	59,411	-
Due from primary government	-	-	-	744	-
Prepaid expenses	-	-	-	5,642	-
Interfund balances	2,095	(2,095)	-	-	-
Inventory, at cost	-	-	-	230	-
Restricted assets:					
Cash and cash equivalents	-	8,123	8,123	-	-
Accounts receivable	-	6	6	-	-
Capital assets (net of accumulated depreciation):					
Land	24,770	10,563	35,333	17,454	-
Buildings	105,155	97,780	202,935	326,272	-
Machinery and equipment	27,298	7,319	34,617	21,820	-
Improvements other than buildings	20,611	109,435	130,046	-	-
Infrastructure	381,494	-	381,494	47,814	-
Construction in progress	-	12,312	12,312	-	-
Total assets	<u>885,631</u>	<u>280,639</u>	<u>1,166,270</u>	<u>582,955</u>	<u>700</u>
LIABILITIES					
Accounts payable and accrued liabilities	27,858	296	28,154	34,759	2,804
Accrued interest payable	2,363	1,320	3,683	-	-
Due to other governments	21,070	314	21,384	21,566	-
Due to component unit	774	-	774	-	-
Unearned revenue	29,321	50	29,371	20,288	-
Noncurrent liabilities:					
Due within one year	58,939	32,546	91,485	84,783	-
Due within more than one year	182,285	62,699	244,984	214,529	-
Total liabilities	<u>322,610</u>	<u>97,225</u>	<u>419,835</u>	<u>375,925</u>	<u>2,804</u>
NET ASSETS					
Invested in capital assets, net of related debt	462,204	153,257	615,461	237,871	-
Restricted for:					
Capital projects	79,668	23,562	103,230	-	-
Debt service	1,732	4,216	5,948	-	-
Community development	7,523	-	7,523	-	-
Cemetery perpetual care non-expendable	6,360	-	6,360	-	-
Unrestricted (deficit)	5,534	2,379	7,913	(30,841)	(2,104)
Total net assets	<u>\$ 563,021</u>	<u>\$ 183,414</u>	<u>\$ 746,435</u>	<u>\$ 207,030</u>	<u>\$ (2,104)</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit School District	Component Unit Rochester Ferry Co. LLC.
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 61,690	\$ 8,968	\$ 447	\$ 1,345	\$ (50,930)	\$ -	\$ (50,930)	\$ -	\$ -
Police	113,896	6,677	1,853	-	(105,366)	-	(105,366)	-	-
Fire	69,551	764	611	-	(68,176)	-	(68,176)	-	-
Emergency communications	14,798	11,011	-	-	(3,787)	-	(3,787)	-	-
Transportation	31,244	915	1,098	7,603	(21,628)	-	(21,628)	-	-
Environmental services	26,268	19,719	-	-	(6,549)	-	(6,549)	-	-
Parks & recreation	24,886	2,201	2,784	2,400	(17,501)	-	(17,501)	-	-
Library	12,419	2,778	6,977	-	(2,664)	-	(2,664)	-	-
Community & economic development	34,423	4,013	26,438	104	(3,868)	-	(3,868)	-	-
Interest on long-term debt	8,060	-	-	-	(8,060)	-	(8,060)	-	-
Allocation to school district	119,100	-	-	-	(119,100)	-	(119,100)	-	-
Ferry	21,259	-	-	-	(21,259)	-	(21,259)	-	-
Total governmental activities	537,594	57,046	40,208	11,452	(428,888)	-	(428,888)	-	-
Business-type activities:									
Water	28,571	33,531	-	-	-	4,960	4,960	-	-
War memorial	3,219	1,442	-	-	-	(1,777)	(1,777)	-	-
Parking	5,443	3,892	-	-	-	(1,551)	(1,551)	-	-
Cemetery	2,075	1,195	-	-	-	(880)	(880)	-	-
Public market	825	608	-	-	-	(217)	(217)	-	-
Refuse	22,682	24,804	-	-	-	2,122	2,122	-	-
Total business-type activities	62,815	65,472	-	-	-	2,657	2,657	-	-
Total primary government	\$ 600,409	\$ 122,518	\$ 40,208	\$ 11,452	\$ (428,888)	\$ 2,657	\$ (426,231)	\$ -	\$ -
Component unit:									
Public school system	\$ 614,126	\$ 15,705	\$ 145,457	\$ -	\$ -	\$ -	\$ -	\$ (452,964)	\$ -
Component unit:									
Rochester Ferry Co., LLC	\$ 8,843	\$ 4	\$ -	\$ 21,259	\$ -	\$ -	\$ -	\$ -	\$ 12,420
General revenues:									
Property taxes					\$ 139,276	\$ 2,658	\$ 141,934	\$ -	\$ -
Sales taxes					120,518	-	120,518	-	-
Other taxes					28,860	905	29,765	-	-
Governmental aid - (unrestricted)					91,402	18	91,420	313,308	-
Investment earnings					8,124	737	8,861	4,472	93
Allocation to school district - (unrestricted)					-	-	-	119,100	-
Miscellaneous					1,566	1,445	3,011	5,534	-
Transfers					4,679	(4,679)	-	-	-
Total general revenues and transfers					394,425	1,084	395,509	442,414	93
Change in net assets					(34,463)	3,741	(30,722)	(10,550)	12,513
Net assets-beginning					597,484	179,673	777,157	217,580	(14,617)
Net assets-ending					\$ 563,021	\$ 183,414	\$ 746,435	\$ 207,030	\$ (2,104)

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007 (000's Omitted)

	General	Debt Service	Capital Projects General	Trans- portation	Special Revenue Community Development	Nonmajor Govern- mental Funds	Total Govern- mental Funds
ASSETS							
Cash and cash equivalents	\$ 36,809	\$ 68,050	\$ 5,069	\$ 4,601	\$ 9,925	\$ 36,402	\$ 160,856
Investments	-	-	-	-	66	-	66
Receivables (net of allowance for uncollectibles):							
Accounts	5,235	237	89	-	43,735	835	50,131
Taxes	13,562	-	-	-	-	195	13,757
Due from other governments	51,717	-	2,115	1,886	18	6,555	62,291
Due from other funds	15,002	6,940	50,203	6,951	140	1,786	81,022
Total assets	<u>\$ 122,325</u>	<u>\$ 75,227</u>	<u>\$ 57,476</u>	<u>\$ 13,438</u>	<u>\$ 53,884</u>	<u>\$ 45,773</u>	<u>\$ 368,123</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 23,613	\$ 3	\$ 43	\$ 15	\$ 291	\$ 1,351	\$ 25,316
Notes payable	-	-	3,916	10,381	-	13,289	27,586
Due to other funds	60,080	-	2,153	1,996	1,882	12,816	78,927
Due to other governments	5,064	-	-	-	15,744	262	21,070
Due to component unit	-	774	-	-	-	-	774
Deferred revenue	11,889	-	-	-	28,444	830	41,163
Total liabilities	<u>100,646</u>	<u>777</u>	<u>6,112</u>	<u>12,392</u>	<u>46,361</u>	<u>28,548</u>	<u>194,836</u>
Fund balances:							
Reserved for encumbrances	8,912	-	13,599	12,580	10,544	8,148	53,783
Reserved for noncurrent receivable	4,523	-	-	-	-	-	4,523
Reserved for debt	-	74,450	-	-	-	-	74,450
Unreserved:							
Designated for subsequent years' expenditures	4,051	-	-	-	-	577	4,628
Undesignated, reported in:							
General fund	4,193	-	-	-	-	-	4,193
Special revenue fund	-	-	-	-	(3,021)	8,145	5,124
Capital projects fund	-	-	37,765	(11,534)	-	(6,005)	20,226
Permanent fund	-	-	-	-	-	6,360	6,360
Total fund balances	<u>21,679</u>	<u>74,450</u>	<u>51,364</u>	<u>1,046</u>	<u>7,523</u>	<u>17,225</u>	<u>173,287</u>
Total liabilities and fund balances	<u>\$ 122,325</u>	<u>\$ 75,227</u>	<u>\$ 57,476</u>	<u>\$ 13,438</u>	<u>\$ 53,884</u>	<u>\$ 45,773</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	559,328
Accrual of property and sales taxes to qualify as financial resources	26,520
Internal service fund transferred to governmental activities	19,212
Accrual of interest on bonds and notes payable	(2,363)
Accrual of Medicare Part D revenue	675
Long-term liabilities are not reported in the funds:	
Bonds payable	(69,538)
Municipal Bond Bank Agency liability	(4,499)
Compensated absences	(9,665)
Workers' compensation	(8,354)
OPEB liability	(81,036)
EFIC (Ferry) liability	(40,546)
Net assets of governmental activities	<u>\$ 563,021</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

			Capital Projects		Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service	General	Trans- portation	Community Development		
REVENUES							
Real property tax	\$ 131,908	\$ -	\$ -	\$ -	\$ -	\$ 6,173	\$ 138,081
Sales and other taxes	150,620	-	-	-	-	-	150,620
Departmental	22,306	-	-	-	-	17,192	39,498
Use of money and property	4,137	3,830	117	-	300	755	9,139
Licenses and permits	2,289	-	-	-	-	-	2,289
Federal aid	1,087	-	456	3,992	22,433	5,703	33,671
State aid	91,850	-	571	3,610	-	1,683	97,714
Local sources and other	13,802	144	201	1	2,069	10,171	26,388
Ferry	-	19,287	-	-	-	-	19,287
Total revenues	417,999	23,261	1,345	7,603	24,802	41,677	516,687
EXPENDITURES							
Current:							
Council and clerk	1,634	-	-	-	-	-	1,634
Administration	10,062	-	-	-	-	-	10,062
Law	1,743	-	-	-	-	-	1,743
Finance	7,607	-	-	-	-	-	7,607
Community development	6,107	-	-	-	19,219	1,689	27,015
Economic development	1,560	-	-	-	-	-	1,560
Environmental services	23,907	-	-	-	-	8,399	32,306
Library	-	-	-	-	-	10,316	10,316
Police	68,043	-	-	-	-	1,428	69,471
Fire	40,906	-	-	-	-	3	40,909
Emergency communications	8,943	-	-	-	-	-	8,943
Parks, recreation and human services	13,893	-	-	-	-	2,068	15,961
Undistributed	76,583	-	-	-	-	5,757	82,340
Allocation to school district	119,100	-	-	-	-	-	119,100
Capital projects	-	-	22,802	14,260	-	6,845	43,907
Debt service:							
Principal	15,082	-	-	-	-	795	15,877
Interest	7,761	-	-	-	-	61	7,822
Total expenditures	402,931	-	22,802	14,260	19,219	37,361	496,573
Excess (deficiency) of revenues over expenditures	15,068	23,261	(21,457)	(6,657)	5,583	4,316	20,114
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	22,155	7,083	27,534	3,618	-	1,414	61,804
Transfers (to) other funds	(35,272)	(4,781)	(150)	(2,715)	(4,594)	(9,934)	(57,446)
Total other financing sources (uses)	(13,117)	2,302	27,384	903	(4,594)	(8,520)	4,358
Net change in fund balances	1,951	25,563	5,927	(5,754)	989	(4,204)	24,472
Fund Balances - beginning of year	19,728	48,887	45,437	6,800	6,534	21,429	148,815
Fund Balances - end of year	\$ 21,679	\$ 74,450	\$ 51,364	\$ 1,046	\$ 7,523	\$ 17,225	\$ 173,287

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitt)

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

Net change in fund balances-total governmental funds	\$ 24,472
Governmental funds report capital outlays of \$29,010 as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense of \$20,600. This is the amount by which capital outlays exceeded depreciation in the current period.	8,410
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	1,052
Change in accrual of interest payable on notes and bonds payable.	(238)
Change in net assets of the internal service fund reported in governmental activities.	(424)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net assets.	
Debt service principal payments	15,877
OPEB expense is not reported in the governmental funds.	(41,800)
Ferry expense is not reported in the governmental funds	(40,546)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(73)
Workers' compensation	(1,193)
Change in net assets of governmental activities	<u>\$ (34,463)</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007 (000's Omitted)

	Business-type Activities- Enterprise Funds							Governmental Activities- Internal Service Fund
ASSETS	Water	Parking	War Memorial	Refuse	Cemeteries	Public Market	Total Funds	
Current assets:								
Cash and cash equivalents	\$ 803	\$ 4,454	\$ 184	\$ 11,267	\$ 616	\$ 134	\$ 17,458	\$ 21,527
Receivables (net of allowance for uncollectibles)	13,052	373	184	2,460	1,124	-	17,193	227
Due from other governments	319	2,226	-	-	-	-	2,545	-
Due from other funds	224	621	57	593	67	39	1,601	-
Cash and cash equivalents - restricted	5,271	2,586	40	161	51	14	8,123	-
Accounts receivable - restricted	6	-	-	-	-	-	6	-
Total current assets	19,675	10,260	465	14,481	1,858	187	46,926	21,754
Noncurrent assets:								
Capital assets:								
Land	452	9,077	165	30	131	708	10,563	-
Buildings	41,091	100,821	44,297	500	1,271	1,782	189,762	-
Improvements other than buildings	199,590	1,447	60	520	1,181	2,095	204,893	-
Equipment	5,951	1,296	5,386	13,346	1,038	33	27,050	-
Construction in progress	6,775	5,505	10	12	4	6	12,312	-
Less accumulated depreciation	(109,830)	(64,705)	(17,249)	(11,963)	(2,108)	(1,316)	(207,171)	-
Total noncurrent assets (net of accumulated depreciation)	144,029	53,441	32,669	2,445	1,517	3,308	237,409	-
Total assets	163,704	63,701	33,134	16,926	3,375	3,495	284,335	21,754
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	1,308	266	30	2,130	91	32	3,857	2,542
Accrued interest payable	632	442	244	-	-	2	1,320	-
Notes payable	18,014	6,736	-	-	-	-	24,750	-
Bonds payable	3,367	1,110	995	-	-	40	5,512	-
Due to other funds	3,601	21	-	49	-	25	3,696	-
Due to other governments	152	10	-	136	14	2	314	-
Deferred revenue	-	50	-	-	-	-	50	-
Total current liabilities	27,074	8,635	1,269	2,315	105	101	39,499	2,542
Noncurrent liabilities:								
Worker's compensation	202	-	-	1,072	3	-	1,277	-
Bonds payable	19,630	17,080	17,035	-	-	145	53,890	-
OPEB liability	3,114	213	23	2,592	276	37	6,255	-
Total noncurrent liabilities	22,946	17,293	17,058	3,664	279	182	61,422	-
Total liabilities	50,020	25,928	18,327	5,979	384	283	100,921	2,542
NET ASSETS								
Invested in capital assets, net of related debt	103,018	28,515	14,639	2,445	1,517	3,123	153,257	-
Restricted for debt service	3,375	574	40	161	52	14	4,216	-
Restricted for capital projects	9,313	7,141	297	6,568	149	94	23,562	-
Unrestricted (deficit)	(2,022)	1,543	(169)	1,773	1,273	(19)	2,379	19,212
Total net assets	\$ 113,684	\$ 37,773	\$ 14,807	\$ 10,947	\$ 2,991	\$ 3,212	\$ 183,414	\$ 19,212

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

	Business-type Activities- Enterprise Funds							Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Funds	
Operating Revenues								
Charges for services	\$ 33,531	\$ 3,892	\$ 1,442	\$ 24,804	\$ 1,195	\$ 608	\$ 65,472	\$ -
Operating Expenses								
Personal services	6,401	393	36	6,008	829	174	13,841	-
Supplies and materials	10,502	1,080	935	10,871	697	421	24,506	-
Employee benefits	4,715	272	27	4,882	406	63	10,365	-
Depreciation	5,184	2,412	1,285	921	143	157	10,102	-
Claims settlement	-	-	-	-	-	-	-	1,251
Total operating expenses	26,802	4,157	2,283	22,682	2,075	815	58,814	1,251
Operating income (loss)	6,729	(265)	(841)	2,122	(880)	(207)	6,658	(1,251)
Nonoperating revenues (expenses)								
Real property taxes	-	1,294	627	-	540	197	2,658	-
Sales and use taxes	-	-	905	-	-	-	905	-
Interest and penalties	1,441	-	-	-	4	-	1,445	-
Interest on investments	56	44	16	266	352	3	737	506
Interest expense	(1,769)	(1,286)	(936)	-	-	(10)	(4,001)	-
Federal aid	-	18	-	-	-	-	18	-
State grant	-	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	(272)	70	612	266	896	190	1,762	506
Income (loss) before operating transfers	6,457	(195)	(229)	2,388	16	(17)	8,420	(745)
Transfers in	-	-	-	-	-	-	-	321
Transfers out	(4,679)	-	-	-	-	-	(4,679)	-
Change in net assets	1,778	(195)	(229)	2,388	16	(17)	3,741	(424)
Total net assets-beginning	111,906	37,968	15,036	8,559	2,975	3,229	179,673	19,636
Total net assets-ending	\$ 113,684	\$ 37,773	\$ 14,807	\$ 10,947	\$ 2,991	\$ 3,212	\$ 183,414	\$ 19,212

The notes to the financial statements are an integral part of this statement.

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)**

	Business-type Activities- Enterprise Funds							Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Funds	
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 34,357	\$ 3,834	\$ 1,345	\$ 24,476	\$ 1,580	\$ 608	\$ 66,200	\$ 7,043
Payments to suppliers	(13,788)	(1,117)	(1,027)	(14,635)	(1,016)	(459)	(32,042)	(906)
Payments to employees	(6,379)	(393)	(44)	(6,010)	(830)	(175)	(13,831)	-
Net cash provided (used) by operating activities	14,190	2,324	274	3,831	(266)	(26)	20,327	6,137
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Real property taxes	-	1,294	627	-	540	197	2,658	-
Operating grants	-	18	905	-	-	-	923	-
Transfers (to) from other funds	(5,099)	(199)	60	224	(314)	53	(5,275)	5,321
Net cash provided (used) by noncapital financing activities	(5,099)	1,113	1,592	224	226	250	(1,694)	5,321
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sales of bonds and notes	2,621	500	-	-	-	-	3,121	-
Principal paid on bonds and notes	(4,663)	(1,145)	(995)	-	-	(170)	(6,973)	-
Capital grants	-	3,614	-	-	-	-	3,614	-
Interest expense paid on bonds and notes	(1,979)	(1,304)	(949)	-	-	(14)	(4,246)	-
Payments to contractors	(11,158)	(3,813)	(47)	(224)	(138)	-	(15,380)	-
Proceeds from sale of capital assets	84	-	-	12	16	23	135	-
Net cash provided (used) by capital and related financing activities	(15,095)	(2,148)	(1,991)	(212)	(122)	(161)	(19,729)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	56	44	16	266	352	3	737	506
Net increase (decrease) in cash and cash equivalents	(5,948)	1,333	(109)	4,109	190	66	(359)	11,964
Cash and cash equivalents at beginning of year	12,022	5,807	333	7,319	477	82	26,040	9,563
Cash and cash equivalents at end of year	\$ 6,074	\$ 7,140	\$ 224	\$ 11,428	\$ 667	\$ 148	\$ 25,681	\$ 21,527
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 6,729	\$ (265)	\$ (841)	\$ 2,122	\$ (880)	\$ (207)	\$ 6,658	\$ (1,251)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	5,184	2,412	1,285	921	143	157	10,102	-
(Increase) decrease in accounts receivable	(615)	(58)	(97)	(328)	381	-	(717)	7,043
Increase (decrease) in accounts payable	(137)	122	(84)	(198)	(39)	6	(330)	345
Increase (decrease) in intergovernmental payables	(11)	1	(1)	(20)	-	(1)	(32)	-
Increase in OPEB liability	1,599	109	12	1,334	143	19	3,216	-
Increase (decrease) in deferred revenue	-	3	-	-	(18)	-	(15)	-
Interest and penalties	1,441	-	-	-	4	-	1,445	-
Total adjustments	7,461	2,589	1,115	1,709	614	181	13,669	7,388
Net cash provided (used) by operating activities	\$ 14,190	\$ 2,324	\$ 274	\$ 3,831	\$ (266)	\$ (26)	\$ 20,327	\$ 6,137

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007 (000's Omitted)

	Private Grants	Agency
ASSETS		
Cash and cash equivalents	\$ 761	\$ 11,238
Investments	669	-
Receivables (net of allowance for uncollectibles)	-	222
Total assets	<u>1,430</u>	<u>11,460</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	11,460
Total liabilities	<u>-</u>	<u>11,460</u>
NET ASSETS		
Held in trust and other purposes	<u>\$ 1,430</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

	Private Grants
ADDITIONS	
Use of money and property	\$ 76
Local sources and other	239
Total additions	<u>315</u>
DEDUCTIONS	
Community services	<u>286</u>
Change in net assets	29
Net assets-beginning of year	1,401
Net assets-end of year	<u>\$ 1,430</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

SECTION CONTENTS

	Page
I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	39
A. REPORTING ENTITY	39
B. GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS	39
C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION	39
D. NEW ACCOUNTING PRINCIPLES	41
E. USE OF ESTIMATES	41
F. REAL PROPERTY TAX	41
G. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY	41
1. Deposits and Investments	41
2. Restricted Assets	42
3. Capital Assets	42
4. Compensated Absences	42
5. Long-term obligations	42
6. Fund Equity	42
7. Encumbrances & Commitments	43
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	43
A. BUDGETARY INFORMATION	43
B. DEFICIT FUND EQUITY	43
III. DETAILED NOTES ON ALL FUNDS	44
A. DEPOSITS AND INVESTMENTS	44
1. Deposits	44
2. Cash Equivalents	44
3. Investments	45
B. RECEIVABLES AND PAYABLES	45
C. CAPITAL ASSETS	46
D. LONG-TERM LIABILITIES	48
1. Municipal Bond Bank Agency	50
2. Dormitory Authority of the State of New York	50
3. Rochester Ferry Company, LLC	50
4. Debt Service Requirements	51
E. DEFERRED REVENUE	52
F. LEASE OF SEWER AND WASTE DISPOSAL FACILITIES	52
G. LEASE FROM NYS CANAL CORPORATION	52
IV. OTHER INFORMATION	53
A. RISK MANAGEMENT	53
B. CONTINGENT LIABILITIES	54
C. POST-EMPLOYMENT HEALTH CARE BENEFITS	54
D. EMPLOYEE RETIREMENT SYSTEMS	56
1. Description of Plans	56
2. Contributions & Liabilities	56
3. Prior Plan	57
E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS	58

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Rochester, New York, (the City) was incorporated in 1834 and operates as a Council-Mayor form of government. City Council is the chief policy-making body and is made up of nine elected members, five Council members at large and four District Council members. The Mayor is elected for a four-year term and is the head of the executive and administrative branch of City government. Basic City services are provided by the following operating departments: Community Development; Economic Development; Environmental Services; Finance; Law; Library; Parks, Recreation, and Human Services; Police, Fire and Emergency Communications. The City owns and operates six enterprise activities: a water system, parking, War Memorial, refuse, cemeteries, and public market.

The Rochester City School District is included in these financial statements as a discretely presented component unit, a governmental fund type. A separately elected Board of Education governs the operations of the public schools in the City of Rochester, which make up the District. However, the District is financially dependent on the City and has no independent power to contract bonded indebtedness or to levy taxes. The City of Rochester Charter determines how the allocation of revenues and debt-incurring power between the City and the District will be conducted. Complete financial statements for the District may be obtained from the Chief Financial Officer, Rochester City School District, 131 West Broad Street, Rochester New York 14614.

The Rochester Ferry Company, LLC is included in these financial statements as a discretely presented component unit, a Business-type activity. This entity was formed in 2005 by the City of Rochester to operate a fast ferry service between the Port of Rochester, NY and the Port of Toronto, Canada. An eleven-member board, appointed by City Council, manages the operation. Special Purpose Financial Statements as of May 31, 2007, and for the period January 28, 2005 (inception) through May 31, 2007, and Independent Auditors' Report may be requested from the Rochester Ferry Company, LLC, 30 Church Street, Room 109A, Rochester, NY 14614.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from Business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The **General Fund** is the City's general operating fund. It accounts for all financial resources except those required to be accounted for in other funds.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **General Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the Transportation Capital Projects Fund, Proprietary Funds and Special Revenue Funds.

The **Transportation Capital Projects Fund** is used to account for infrastructure improvements, some of which are reimbursed by New York State.

The **Community Development Fund** is a Special Revenue Fund used to account for the Community Development Block Grant and other federal sources.

The City reports the following major proprietary funds:

The **Water Fund** is used to account for the water utility that produces and distributes water to City residents.

The **Parking Fund** is used to account for public parking facilities operated by the City.

The **War Memorial Fund** is used to account for the operation of the Blue Cross/Blue Shield Arena at the Rochester War Memorial.

The **Refuse Fund** is used to account for the collections and disposal of residential and commercial refuse in the City.

The **Cemeteries Fund** is used to account for the City's Mt. Hope and Riverside Cemeteries.

The **Public Market Fund** is used to account for the revenues and expenses of the farmers' market complex on Union St.

Additionally, the City reports the following fund types:

The City has an **Internal Service Fund**, which is used to account for entity-wide general liabilities.

The **Private Grant Fund** is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. This includes gifts and bequests restricted for specific library, police, and fire programs.

The **Agency Fund** is used to account for custodial transactions in which assets equal liabilities. This includes payroll withholdings, security deposits, and tax overpayments held for refund.

The City has elected to apply all Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements, and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the chargeback of services, such as utilities, vehicle maintenance, and central costs. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. General revenues are those which cannot be associated directly with program activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water

Fund, refuse collection charges for the Refuse Fund, parking fees for the Parking Fund, and the sale of event tickets for the War Memorial, sale of graves for Cemetery, and vendor charges at the Public Market. Operating expenses for the enterprise funds, and the internal service fund, include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. NEW ACCOUNTING PRINCIPLES

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. No new statements needed to be adopted for the fiscal year ending June 30, 2007.

The GASB has issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The City is currently studying the statement and plans on adoption when required, which will be in the fiscal year ending June 30, 2009.

E. USE OF ESTIMATES

The preparation of general purpose 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 amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

F. REAL PROPERTY TAX

Property taxes are levied as of July 1st, on which date they become liens on real property, and are payable in quarterly installments due on July 31st, September 30th, January 31st and March 31st. All non-*ad valorem* amounts are due with the first quarterly installment.

The City is permitted by the Constitution of New York State to levy taxes up to 2% of the five-year average full-assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a full value system, assessing all properties at 100% of full market value. For the year ended June 30, 2007, the City had a legal margin of \$24,224,677.

G. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

1. Deposits and Investments

New York State General Municipal Law (Article 2 Section 11) governs the City's investment policies. The City is authorized to deposit or invest funds in banks or trust companies located and authorized to do business in New York State. City Council ordinance authorizes the specific banks or trust companies that may be used as depositories. Funds generally can be invested in time deposits, certificates of deposit, obligations of the U. S. Government and its agencies, and New York State and its municipalities.

Deposits include demand deposits and certificates of deposit. Deposits are collateralized with eligible securities of an aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Securities that may be pledged as collateral are limited to obligations of the United States or any obligation fully insured as to interest and principal by the United States acting through an agency, and obligations of New York State or obligations of any municipal corporation, school district, or district corporation of the State of New York.

Cash equivalents include U. S. Government securities and U. S. Government securities purchased through repurchase agreements. All highly liquid investments, both restricted and unrestricted, with an original maturity of approximately three months or less are considered to be cash equivalents. Repurchase agreement securities are valued monthly to confirm that the fair value of the securities is equal to or greater than the value of the investment. The fair value includes accrued interest from unmatured coupons on U.S. Treasury securities. Interest earnings are recorded at maturity and generally allocated to the appropriate fund by outstanding balance.

The City, in accordance with Governmental Accounting Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, reports investments at fair value in the balance sheet. In addition, income from investments associated with one fund is assigned to other funds because of legal or contractual provisions.

2. Restricted Assets

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Community Development Block Grant funds must be used only for approved programs. Cemetery perpetual care funds cannot be expended. However, the interest earnings can be spent for cemetery maintenance functions.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable Governmental or Business-type activities columns in the government-wide financial statements. Infrastructure acquired prior to fiscal 1980 is not reported. The City defines capital assets as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the estimated useful lives in this table.

Class	Life in Years
Buildings	30-60
Improvements Other than Buildings	10-20
Infrastructure	5-60
Water System	40-65
Equipment	6-15

4. Compensated Absences

It is the City's policy to pay employees for unused vacation and compensatory time when there is a separation from service. For Governmental activities, the current portion of this liability is accrued in the appropriate fund and the long-term portion is accrued in the entity-wide statement of net assets as noncurrent liabilities. For Business-type funds, the full liability is recognized at both the fund and entity-wide level.

5. Long-term Obligations

In the entity-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Governmental activities, Business-type activities, or proprietary fund type statement of net assets. Bond premiums, if any, are deposited in the debt service fund and used to retire debt in the respective funds. Bond issuance costs that are immaterial are charged as a general fund operating expense.

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. Issuance costs are reported as Department of Finance expenditures in the general fund.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represents tentative management plans that are subject to change.

7. Encumbrances & Commitments

Commitments are recorded at the time a purchase order, construction contract, or service agreement is finalized. In governmental funds, commitments are encumbered and reported as reservations of fund balances, since they do not constitute expenditures or liabilities. Total encumbrances for construction and other governmental fund capital projects as of June 30, 2007 were \$31,856,000. This was composed of \$13,599,000 in general government projects, \$12,580,000 in transportation projects, as well as \$5,677,000 in nonmajor governmental fund capital projects. In addition, \$10,544,000 was encumbered in the Special Revenue fund for Community Development projects.

In enterprise funds, commitments outstanding at year-end are included in Unrestricted Net Assets. Total commitments for construction and other enterprise fund capital projects as of June 30, 2007 were \$11,020,400. This was composed of \$6,922,300 for Water Fund projects, \$917,900 for Refuse Fund projects, \$2,958,300 for Parking Fund projects, \$86,300 for War Memorial projects, \$42,400 for Cemetery projects, and \$93,200 for Public Market projects.

At year-end the School District had total encumbrances of \$10,450,519 in their capital projects fund.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council appropriates a total expenditure budget based on projected revenues. The budget allocations among the various organizational units, as amended by City Council, are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Equity - Budget and Actual, General, Certain Special Revenue and Enterprise Fund, Non-GAAP - Budget Basis. The City's annual operating budget includes estimated revenues and appropriations for the general fund, enterprise funds and certain special revenue funds (Animal Control, Library, and Local Works). In accordance with City Charter provisions, budget compliance is on a departmental basis rather than at the fund level.

Since the adopted budget is on a departmental basis, rather than a fund basis, legal compliance cannot be reported as part of the Basic Financial Statements. Therefore, in compliance with GASB 41 (*Budgetary Comparison Schedules – Perspective Differences*), a non-GAAP budget-to-actual schedule is presented as Required Supplemental Information after the Basic Financial Statements. An administrative level budget-to-actual schedule is presented as Other Supplemental Information following the combining and individual fund statements and schedules.

Appropriations for all budgets lapse at fiscal year-end. The combined General, Special Revenue, and Enterprise fund budget is adopted on a departmental basis in which expenditures may not legally exceed appropriations on a departmental level. Current year encumbrances are included with expenditures; however, the expenditure of prior years' encumbrances is not included.

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to the beginning of the fiscal year, the Mayor and the Board of Education submit, to the City Council, proposed operating budgets for the fiscal year commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to review the budgets with City Council.
3. Prior to July 1, the budgets are legally enacted through passage of ordinances.
4. The Mayor has the authority to transfer budgeted amounts between accounts within any department; however, any increases to department totals must be approved by City Council.

During the year, City Council passed budget amendments which decreased total appropriations for operating budgets by \$2,267,000; estimated revenues increased by \$4,472,000, transfers to other funds increased by \$9,041,000, and transfers from other funds increased by \$710,000.

B. DEFICIT FUND EQUITY

It has been the City's practice to fund capital projects for up to five years with bond anticipation notes, then convert to bonds when the final project costs are known and when long-term rates are most favorable, minimizing interest costs for the City. Thus, the deficit fund balances in the Capital Project Funds will be eliminated once the bond anticipation notes are converted to bonds. The specific deficit fund balances in the Capital Project Funds were in Cultural and Recreation (\$3,519,000), and Sewers (\$464,000).

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

As established by charter, the City Treasurer is delegated the authority to establish and control uniform cash management policies that apply to the City and the School District. The cash management of the Rochester Ferry Company, LLC also follows the same policies. Thus, the following risk assessments apply to cash, cash equivalents, and investments of the primary government and the component units.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the City's policy generally to limit investments to 60 days or less. Consequently, repurchase agreements, money market accounts, and certificates of deposit are classified as cash equivalents.

Credit Risk. In compliance with New York State law, City investments are limited to obligations of the United States of America, obligations guaranteed by the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State of New York, special time deposit accounts, and certificates of deposit. Obligations of other New York jurisdictions may be included with the approval of the State Comptroller.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In compliance with New York State law, City deposits (above FDIC limits) and investments are protected with custodial agreements which require that government securities, equal to or greater than 102% of the daily investment, are held by a third party in the City's name.

Concentration of Credit Risk. To promote competition in rates and service cost, and to limit the risk of institutional failure, City deposits and investments are placed with multiple institutions. Therefore, City Council designates certain banks and trust companies as depositories and establishes maximum deposit levels for each. Investments with other institutions are restricted to those affiliated with the New York Federal Reserve Bank as primary dealers.

1. Deposits

At year-end, the carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$153,723,300 and the bank balance was \$185,200,500. Of this bank balance, \$500,000 is FDIC insured. The uninsured portion was collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the carrying amount of the School District's deposits net of outstanding checks, including certificates of deposit, was \$4,545,800 and the bank balance was \$17,562,961. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the carrying amount and bank balance of the Rochester Ferry Company, LLC was \$700,000.

2. Cash Equivalents

At year-end, the City had cash equivalents of \$66,242,200 as follows: \$33,810,200 in money market accounts, \$32,150,000 (fair value) in repurchase agreements, and \$282,000 in New York State municipal bonds held as retainage for construction contracts. Money market accounts and repurchase agreements were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the School District had cash equivalents of \$97,483,498. The fair value of money market accounts was \$64,433,498 and the fair value of repurchase agreements was \$33,050,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the Rochester Ferry Company, LLC had no cash equivalents.

3. Investments

At year-end, City investments were as follows (000's Omitted):

	Fair Value
Library Trust Fund: U.S. Government Securities	\$ 243
Equities	426
Development Partnership	66
	<u>\$ 735</u>

Library trust fund investments, which derive from private contributions, constitute only .4% of the City's deposits and investment. These funds, which provide resources for restricted purposes, are managed separately under the control of an independent library board, rather than under the City Treasurer's cash management policies described above. Approximately one-third of this portfolio is invested in U.S. Treasury and agency obligations. The remaining two-thirds is invested in stocks and mutual funds for which ratings are unavailable. These equities have been characterized as 50% growth investments and 50% value investments. Since this portfolio is not protected by the City's collateral agreements and has exposure to cyclical markets, there is greater custodial and credit risk.

At year-end, the School District and the Rochester Ferry Company, LLC had no investments.

In accordance with certain contractual provisions, investment income of \$1,798,858 for fiscal year 2007, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$326,291 for fiscal year 2007, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

B. RECEIVABLES AND PAYABLES

The Primary Government had \$67,551,000 in accounts receivables at year-end. The major Governmental activities receivable was \$43,735,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major Business-type receivables were \$13,052,000 in the Water Fund, \$2,460,000 in the Refuse Fund, and \$1,124,000 in the Cemetery Fund.

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenue sources are as follows: General Fund property taxes (\$2,228,200), Water Fund (\$4,450,000), and Refuse Fund (\$1,679,500).

The amount due from other governments to the City, as presented in the fund level statements as of June 30, 2007, was \$64,836,000. This was comprised of the following items: \$49,299,000 from New York State, \$9,908,000 from Monroe County, \$4,555,000 from the Federal Government, and \$1,074,000 from others.

The amount due from other governments and the primary government to the School District as of June 30, 2007 was \$60,155,418. This was comprised of the following items: \$45,851,748 from New York State, \$9,008,068 from the Federal Government, and \$5,295,602 from other sources.

The Primary Government had \$29,431,000 in accounts payable and accrued liabilities at year-end. This was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

The School District Component Unit had \$34,759,770 in accounts payable and accrued liabilities at year-end. This was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

The Rochester Ferry Company, LLC Component Unit had no accounts payable balance.

C. CAPITAL ASSETS**Changes in Governmental Activities Capital Assets (000's Omitted):**

Class	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 23,921	\$ 1,324	\$ 475	\$ 24,770
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>\$ 23,921</u>	<u>\$ 1,324</u>	<u>\$ 475</u>	<u>\$ 24,770</u>
Capital assets, being depreciated:				
Buildings	\$ 170,281	\$ 7,155	\$ 6,538	\$ 170,898
Improvements Other Than Buildings	26,688	3,794	179	30,303
Machinery and Equipment	71,553	7,500	5,645	73,408
Infrastructure	471,610	17,812	-	489,422
Total capital assets being depreciated	<u>740,132</u>	<u>36,261</u>	<u>12,362</u>	<u>764,031</u>
Less accumulated depreciation for:				
Buildings	61,528	4,738	523	65,743
Improvements Other Than Buildings	8,762	1,101	171	9,692
Machinery and Equipment	43,322	6,356	3,568	46,110
Infrastructure	99,523	8,405	-	107,928
Total accumulated depreciation	<u>213,135</u>	<u>20,600</u>	<u>4,262</u>	<u>229,473</u>
Total capital assets, being depreciated, net:	<u>526,997</u>	<u>15,661</u>	<u>8,100</u>	<u>534,558</u>
Governmental activities capital assets, net:	<u>\$ 550,918</u>	<u>\$ 16,985</u>	<u>\$ 8,575</u>	<u>\$ 559,328</u>

Changes in Business-type Activities Capital Assets (000's Omitted)

Class	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 10,564	\$ -	\$ 1	\$ 10,563
Construction in progress	16,487	-	4,175	12,312
Total capital assets, not being depreciated	<u>\$ 27,051</u>	<u>\$ -</u>	<u>\$ 4,176</u>	<u>\$ 22,875</u>
Capital assets, being depreciated:				
Buildings	\$ 177,754	\$ 12,114	\$ 106	\$ 189,762
Improvements Other Than Buildings	198,394	6,519	20	204,893
Machinery and Equipment	27,174	1,039	1,163	27,050
Total capital assets being depreciated	<u>403,322</u>	<u>19,672</u>	<u>1,289</u>	<u>421,705</u>
Less accumulated depreciation for:				
Buildings	87,884	4,080	(18)	91,982
Improvements Other Than Buildings	91,394	4,073	9	95,458
Machinery and Equipment	18,829	1,949	1,047	19,731
Total accumulated depreciation	<u>198,107</u>	<u>10,102</u>	<u>1,038</u>	<u>207,171</u>
Total capital assets, being depreciated, net:	<u>205,215</u>	<u>9,570</u>	<u>251</u>	<u>214,534</u>
Business-type activities capital assets, net:	<u>\$ 232,266</u>	<u>\$ 9,570</u>	<u>\$ 4,427</u>	<u>\$ 237,409</u>

Depreciation expense was charged to City functions and programs as follows (000's Omitted):

Governmental activities:

General government	\$	2,440
Police		1,502
Fire		1,209
Emergency communications		202
Transportation		8,405
Environmental services		3,222
Parks & recreation		1,933
Library		782
Community development		905
Total depreciation expense - governmental activities	\$	20,600

Business-type activities:

Water	\$	5,184
Parking		2,412
War Memorial		1,285
Refuse		921
Cemetery		143
Public market		157
Total depreciation expense - business type activities	\$	10,102

Total depreciation - Primary Government	\$	30,702
---	----	--------

Discretely Presented Component Unit
Changes in the School District's Capital Assets (000's Omitted):

Class	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
Capital assets, not being depreciated:				
Land	\$ 17,528	\$ -	\$ 74	\$ 17,454
Construction in progress	83,120	24,895	60,201	47,814
Total capital assets, not being depreciated	<u>\$ 100,648</u>	<u>\$ 24,895</u>	<u>\$ 60,275</u>	<u>\$ 65,268</u>
Capital assets, being depreciated:				
Buildings	\$ 425,000	\$ 52,823	\$ 195	\$ 477,628
Machinery and equipment	36,055	8,608	815	43,848
Total capital assets being depreciated	<u>461,055</u>	<u>61,431</u>	<u>1,010</u>	<u>521,476</u>
Less accumulated depreciation for:				
Buildings	136,842	14,681	167	151,356
Machinery and equipment	19,227	3,353	552	22,028
Total accumulated depreciation	<u>156,069</u>	<u>18,034</u>	<u>719</u>	<u>173,384</u>
Total capital assets, being depreciated, net:	<u>304,986</u>	<u>43,397</u>	<u>291</u>	<u>348,092</u>
School District capital assets, net:	<u>\$ 405,634</u>	<u>\$ 68,292</u>	<u>\$ 60,566</u>	<u>\$ 413,360</u>

D. LONG-TERM LIABILITIES

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2007:

Changes in Long-term Liabilities – Governmental Activities (000's Omitted):

	Balance June 30, 2006	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2007	Due Within One Year
General Obligation Bonds					
Public improvement	\$ 76,450	\$ -	\$ 12,532	\$ 63,918	\$ 11,749
Sewer	5,950	-	1,160	4,790	1,005
Library	1,625	-	795	830	305
Local works	-	-	-	-	-
Total General Obligation Bonds	84,025	-	14,487	69,538	13,059
Other Noncurrent liabilities:					
EFIC (Fast Ferry)	-	40,546	-	40,546	2,896
Municipal Bond Bank Agency Liability	5,889	-	1,390	4,499	1,473
Compensated absences	9,592	9,665	9,592	9,665	9,665
Workers' compensation	7,161	5,647	4,454	8,354	4,260
OPEB liability	39,236	59,578	17,778	81,036	-
Total Other Noncurrent liabilities	61,878	115,436	33,214	144,100	18,294
TOTAL NONCURRENT LIABILITIES	\$ 145,903	\$ 115,436	\$ 47,701	\$ 213,638	\$ 31,353

Changes in Long-term Liabilities – Business-type Activities (000's Omitted):

	Balance June 30, 2006	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2007	Due Within One Year
General Obligation Bonds					
Water	\$ 27,638	\$ -	\$ 4,641	\$ 22,997	\$ 3,367
War Memorial	19,025	-	995	18,030	995
Parking	19,335	-	1,145	18,190	1,110
Cemeteries	-	-	-	-	-
Public Market	225	-	40	185	40
Refuse	-	-	-	-	-
Total General Obligation Bonds	66,223	-	6,821	59,402	5,512
Other Noncurrent liabilities:					
Compensated absences	955	954	955	954	954
Workers' compensation	2,633	1,741	1,767	2,607	1,330
OPEB liability	3,039	4,056	840	6,255	-
Total Other Noncurrent liabilities	6,627	6,751	3,562	9,816	2,284
TOTAL NONCURRENT LIABILITIES	\$ 72,850	\$ 6,751	\$ 10,383	\$ 69,218	\$ 7,796

The following tables summarize changes in the City's current debt related liabilities for the year ended June 30, 2007:

Changes in Current Debt Related Liabilities – Governmental Activities (000's Omitted):

	Balance June 30, 2006	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2007	Due Within One Year
Bond Anticipation Notes					
Public improvement	\$ 16,502	\$ 11,206	\$ 883	\$ 26,825	\$ 26,825
Sewer	551	272	62	761	761
Total Capital Projects Funds	17,053	11,478	945	27,586	27,586
Debt service fund	41,800	-	41,800	-	-
Total Bond Anticipation Notes	\$ 58,853	\$ 11,478	\$ 42,745	\$ 27,586	\$ 27,586

Changes in Current Debt Related Liabilities – Business-type Activities (000's Omitted):

	Balance June 30, 2006	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2007	Due Within One Year
Bond Anticipation Notes					
Water	\$ 15,415	\$ 2,620	\$ 21	\$ 18,014	\$ 18,014
Parking	6,236	500	-	6,736	6,736
Public Market	130	-	130	-	-
Total Bond Anticipation Notes	\$ 21,781	\$ 3,120	\$ 151	\$ 24,750	\$ 24,750

The City's other noncurrent liabilities are liquidated in the fund where the liability was incurred. Thus, the General Fund satisfies most liabilities for Governmental activities. In regard to Business-type activities, other noncurrent liabilities are allocated to the appropriate proprietary fund.

The following table summarizes changes in the School District Component Unit's noncurrent and debt-related liabilities for the year ended June 30, 2007:

Changes in Noncurrent and Debt Related Liabilities – School District (000's Omitted):

	Balance June 30, 2006	New Issues/ Additions	Maturities And/or Payments	Balance June 30, 2007	Due Within One Year
General Obligation Bonds					
General Fund	\$ 147,522	\$ -	\$ 16,351	\$ 131,171	\$ 14,649
Bond Anticipation Notes					
Capital Projects Fund	24,296	18,447	-	42,743	42,473
Other Noncurrent Liabilities					
OPEB liability	19,457	29,396	9,575	39,278	10,338
Municipal Bond Bank					
Agency	5,908	-	1,395	4,513	1,477
NYS Education Department (EPE)	12,774	-	-	12,774	2,129
NYS Special Purpose					
Bonds - 2003	8,982	-	1,137	7,845	1,197
NYS Lottery advance	19,333	-	666	18,667	666
Claims payable	15,362	10,377	8,019	17,720	5,416
Compensated absences	3,398	4,972	4,533	3,837	3,837
Installment purchase debt	22,385	469	2,090	20,764	2,330
Total Other					
Noncurrent Liabilities	107,599	45,214	27,415	125,398	27,390
Total Noncurrent Liabilities	\$ 279,417	\$ 63,661	\$ 43,766	\$ 299,312	\$ 84,512

The District's Other noncurrent liabilities are liquidated in the fund where the liability was incurred, which is normally the General Fund.

Bond Anticipation Notes with rates averaging 4.0% have maturities that extend through February 2008.

1. Municipal Bond Bank Agency

In fiscal year 1992, permanent financing of \$34,650,000 was arranged through the New York State Municipal Bond Bank Agency (MBBA) with the issuance of 20-year Special Program Revenue Bonds, which was used to repay the State for taxpayer refunds resulting from the City taxing in excess of its Constitutional tax limit from 1975 to 1978. In fiscal year 1999, these MBBA bonds were refinanced under lower interest rates for the same term, which is through March 2011. These bonds, which are collateralized by annual payments of the City pursuant to an agreement between MBBA and the City, are not debt of the State or the City, but rather of the MBBA. The principal balance of \$9,011,000, as of June 30, 2007, will be repaid by the City and School District. In fiscal year 2007, the City made interest payments of \$305,535, and the School District made interest payments of \$306,514. Annual principal and interest payments by the City and the School District are approximately \$3,245,000 through fiscal year 2011.

2. Dormitory Authority of the State of New York

During fiscal 2003 the City financed \$30,295,000 through the Dormitory Authority of the State of New York to advance refund \$29,875,900 of general obligation bonds, now considered defeased, and \$419,100 of associated issuing costs. This was done to restructure School District debt service payments to more closely match New York state reimbursement levels for building aid, which are over a more extended timeframe. Based on a present value analysis, the school district had a \$977,900 economic loss resulting from extending the term of the debt. The proceeds from this refunding issue are held in an irrevocable trust on behalf of the original bondholders, thus eliminating the liability for refinanced bonds. The indebtedness to the Dormitory Authority is secured with the assignment and pledge of state education aid.

3. Rochester Ferry Company, LLC

In January 2005, the City formed a limited liability company known as the Rochester Ferry Company LLC (the "Company") pursuant to the New York Limited Liability Company Law by filing Articles of Organization with the New York State Department of State. The purpose of the Company was to promote tourism in and to Rochester, NY, including by operating a public ferry transportation service on Lake Ontario for transportation of vehicles, freight, and passengers between Rochester, NY, and Toronto, Ontario, Canada and other Canadian ports on the north shore of Lake Ontario. An 11-member board, appointed by the Mayor and City Council President and confirmed by the Rochester City Council, manages the operation. In the event of termination, dissolution, or winding up of the Company, its remaining assets, if any, shall be distributed to the City to be used exclusively for public purposes.

In March 2005, the Company purchased an Australian-built ferry for \$32,000,000. The purchase price of the ferry, plus up to \$8,000,000 in startup costs, were financed by the Australian Export Finance Insurance Corp. (EFIC). The City agreed to guarantee this debt obligation. After a season of operation it became apparent that the ferry service would not become self-sustaining. Rather than face a continuing subsidy, the City decided in January of 2006 to suspend operation of the ferry service and sell the vessel, which occurred on April 19, 2007. Pursuant to the guarantee obligation, the City assumed the EFIC debt.

Pursuant to an agreement between the City and the Company, after concluding the business of the Company (with the exception of a lease agreement described below) and sale of the vessel all net proceeds and residual assets were transferred to the City.

At year-end the outstanding EFIC debt assumed by the City totaled \$40,545,900. the original loan amount plus a capitalized interest payment. This obligation is partially offset by \$19,053,200 in cash and \$236,800 in accounts receivable that were transferred from the Company to the City as part of the wind-down agreement. The repayment schedule with EFIC requires annual principal payments of \$2,896,167 through fiscal 2021. Required semiannual Interest payments are based on the variable 3-month LIBOR, plus one percent. The loan agreement permits the prepayment of principal, an option the City is expected to exercise.

In August of 2007 a citizen suit was filed against the City which claims that the City did not have the legal authority under the New York State Constitution to guarantee the debt of a limited liability company, even though the City was the sole member. If this suit were successful, the \$40,546,000 loan from EFIC could not be repaid. It is the position of the City that the loan was made properly and in good faith, that the City received and spent all proceeds as agreed, and that the borrower should thus be repaid. The City is vigorously challenging the suit and expects that the court will affirm that the City can and should honor the debt it has guaranteed.

In June of 2005, the Company entered into a lease and operating agreement with the Toronto Port Authority for a term that expires in 2019. It provides for an annual gross rent of \$250,000 (Canadian dollars) plus additional rent payments based on the usage of the facility. Although the ferry service ceased in 2005, the gross rent has continued to be paid by the Company when due. As this facility is no longer in use by the Company and future use of this facility by the Company is unknown, a

liability has been recorded for the remaining obligation under the lease amounting to \$2,804,275 (US dollars) at year-end. The Company is anticipated to be dissolved upon resolution and/or termination of the lease with the Toronto Port Authority. Unlike the EFIC debt, this lease is not guaranteed by the City and must be resolved between the two entities.

4. Debt Service Requirements

In compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds, the City remitted \$127,300 and the School District remitted \$1,310 to the Internal Revenue Service in fiscal year 2007 for arbitrage rebates.

A schedule of City and School District debt service requirements for general obligation bonds which are payable during future years ended June 30 as follows (000's Omitted):

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		School District		
	Principal	Interest	Principal	Interest	Principal	Interest	TOTAL
2008	\$ 13,059	\$ 2,441	\$ 5,512	\$ 2,717	\$ 14,649	\$ 4,994	\$ 43,372
2009	10,920	1,989	5,110	2,480	10,646	4,527	35,672
2010	9,630	1,594	4,920	2,256	9,256	4,149	31,805
2011	7,255	1,264	4,680	2,041	8,529	3,817	27,586
2012	5,340	1,015	4,370	1,837	8,504	3,501	24,567
2013-17	12,325	3,204	17,345	6,570	38,908	12,930	91,282
2018-22	4,840	1,708	10,695	3,156	32,992	5,351	58,742
2023-27	3,350	928	6,635	804	7,685	547	19,949
2028-32	2,820	265	135	7	-	-	3,227
	<u>\$ 69,539</u>	<u>\$ 14,408</u>	<u>\$ 59,402</u>	<u>\$ 21,868</u>	<u>\$ 131,169</u>	<u>\$ 39,816</u>	<u>\$ 336,202</u>

A schedule of outstanding bond issues for the City and the School District follows (000's Omitted):

Outstanding Bond Issues – June 30, 2007			
Issue	Rate	Amount	Final Maturity
General Obligation Serial Bonds-1980	7.500%	\$ 540,000	August 1, 2009
General Obligation Serial Bonds-1982	8.900%	995,000	October 1, 2011
General Obligation-1994, Series A	5.000%	6,298,526	August 15, 2022
General Obligation-1994, Series B (Taxable)	6.500%	475,000	August 15, 2007
General Obligation-1996, Series A	4.500%	3,318,360	September 15, 2023
General Obligation-1996, Series B (Taxable)	6.700%	5,805,000	September 15, 2024
General Obligation Serial Bonds-1997	5.000%	10,361,091	October 1, 2025
General Obligation Serial Bonds-1999	5.250%	21,404,850	February 1, 2026
General Obligation Serial Bonds-2001, Series A	4.000%	7,845,000	October 15, 2027
General Obligation Serial Bonds-2001, Series B	4.125%	6,543,293	February 15, 2028
Dormitory Authority 2002	5.000%	23,940,000	February 15, 2025
General Obligation Serial Bonds-2003, Series I	3.000%	3,500,000	August 15, 2007
General Obligation Serial Bonds-2004, Series A	2.750%	36,085,000	October 15, 2031
General Obligation Serial Bonds-2004, Series B	3.000%	42,515,000	February 15, 2031
General Obligation Serial Bonds-2006, Series A	3.625%	54,060,000	February 15, 2025
General Obligation Serial Bonds-2006, Series B	3.250%	36,425,000	October 15, 2024
Total		<u>\$ 260,111,122</u>	

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 2.75% to 8.9% with maturity dates through fiscal 2032. Bonds authorized but unissued as of June 30, 2007, amounted to \$47,861,000. The debt-contracting margin of the City as of June 30, 2007, was \$156,380,800.

E. DEFERRED REVENUE

Under the accrual method of accounting, revenue must be recognized as soon as it is earned, regardless of availability. Thus, deferred revenue is reported as income on the entity-wide statements. Conversely, under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. Thus, deferred revenue is reported as a liability on the fund-level statements.

Deferred revenue of \$11,889,000 in the City's General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$28,444,000 in the Community Development Special Revenue Fund relates to long-term receivable balances from various community development programs.

Cash received by the School District in advance of expenditures for Special Aid Fund projects in the amount of \$288,297 has been recorded as deferred revenue. These funds represent receipts for various grants of which were not fully spent at June 30, 2007. As the funds are spent during fiscal 2007-08, revenue will be recorded.

In 2002 New York State gave the School District the authority to accrue up to \$20 million as an advance of succeeding year's State aid payments. The aid accrual would be used to finance expenditures in the current year. Although the appropriate authority contained in this statute give the district the authority to appropriate and spend moneys, it does not include any cash advances. In effect the district gains budget authority to use the accrual without the cash resources necessary to finance the actual expenditures. Consequently, \$20 million is recorded as Unearned Revenue for the Component Unit on the Statement of Net Assets.

F. LEASE OF SEWER AND WASTE DISPOSAL FACILITIES

The City has entered into a contract with the Monroe County Pure Waters District (MCPWD), under which MCPWD leases all of its sewer system and waste treatment facilities and assumes much of the related debt service costs on obligations incurred by the City in connection with these facilities. In fiscal year 2007, these debt service costs amounted to \$1,582,500 of which \$613,100 was reimbursed by MCPWD.

G. LEASE FROM NYS CANAL CORPORATION

The City has a 20-year operating lease with the New York Canal Commission for a strip of land that provides riverfront access to the Corn Hill Landing Project, a residential and commercial development. In accordance with the agreement, the City will make annual payments of \$203,275 during the second half of the lease, fiscal years 2012 through 2021. The lease has a renewable option for an additional 20-year term. In a related agreement, the City has provided for public access to the waterfront and adjacent areas with the purchase of a permanent easement from the Corn Hill Landing developer.

IV. OTHER INFORMATION**A. RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been fully self-insured for all workers' compensation and general liability risks for over twenty years. Settled claims have not exceeded established reserves. Workers' compensation claims are funded from a liability reserve in the General Fund, Special Revenue, and Enterprise Funds. General liability and property liability claims are funded from contributions made to a Claims Settlement Internal Service Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Settlements have not exceeded established reserves for the past three years.

At June 30, 2007, the amount of these liabilities was \$14,434,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2005 resulted from the following (000's Omitted):

	Workers' Compensation	General Liability	Total
Estimated claims June 30, 2005	\$ 11,108	\$ 3,992	\$ 15,100
Claims incurred 2005-06	3,389	571	3,960
Payments 2005-06	(3,772)	(2,366)	(6,138)
Estimated claims June 30, 2006	\$ 10,725	\$ 2,197	\$ 12,922
Claims incurred 2006-07	5,041	1,251	6,292
Payments 2006-07	(3,874)	(906)	(4,780)
Estimated claims June 30, 2007	\$ 11,892	\$ 2,542	\$ 14,434

Third party insurance is maintained by the School District on vehicles, boilers and machines, stop loss for major medical benefits, aviation and pupil accidents. Also, the School District carries a general liability policy with a self-insured retention of \$500,000 and a \$10,000,000 limit for each occurrence and \$20,000,000 limit for general aggregate.

The schedule below presents the changes in the School District's estimated claims since June 30, 2005 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent claims that have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. The calculation is based on the present value of future payouts. The estimated claims for major medical represent an amount based on prior experience with actual payments of claims (000's Omitted):

	Workers' Compensation	Major Medical	Total
Estimated claims June 30, 2005	\$ 8,840	\$ 299	\$ 9,139
Claims incurred 2005-06	8,686	3,065	11,751
Payments 2005-06	(2,472)	(3,064)	(5,536)
Estimated claims June 30, 2006	\$ 15,054	\$ 300	\$ 15,354
Claims incurred 2006-07	6,605	2,913	9,518
Payments 2006-07	(4,219)	(2,941)	(7,160)
Estimated claims June 30, 2007	\$ 17,440	\$ 272	\$ 17,712

B. CONTINGENT LIABILITIES

Amounts received or receivables from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these suits is not presently determinable, in the opinion of the City's Corporation Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operation.

C. POST-EMPLOYMENT BENEFITS (OBLIGATIONS FOR HEALTH INSURANCE & FIREFIGHTER DISABILITY)

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended June 30, 2006, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provide information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2006 liability.

Plan Description. The City provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the City. Based on collective bargaining agreements, the retiree and his or her beneficiaries receive this coverage for the life of the retiree. Healthcare benefits for non-union employees are similar to those of union employees. The retiree's share of premium cost range from 0% to 25%, depending on the employee group and length of service. Also, under requirements of state and local law, the City compensates firefighters that retire due to disability before the mandatory retirement age of 70. This compensation is equal to the differential between the retiree's pension and the salary that they would be paid if still in active service. There are currently 60 firefighters receiving such compensation.

The School District, per its contracts with employee units, will pay the full premium costs for the basic health and hospitalization coverage (currently provided by Blue Cross/Blue Shield of the Rochester Area) for an employee of the District at retirement, provided the employee has been employed with the District for at least ten consecutive years of continuous employment prior to the date of retirement. These contracts will be renegotiated at various times in the future. The retiree, however, assumes the full premium for the major medical plan.

The number of participants as of April 1, 2006, the effective date of the biannual OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	<u>City</u>	<u>School District</u>	<u>Total</u>
Active employees	2,690	6,081	8,771
Retired employees	1,802	2,679	4,481
Spouses of retired employees	<u>1,189</u>	<u>1,063</u>	<u>2,252</u>
Total	5,681	9,823	15,504

Funding Policy. The City and the District currently pay for postemployment health care benefits on a pay-as-you-go basis. Although both entities are studying the establishment of trusts that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

Annual Other Postemployment Benefit Cost. For the fiscal year ended June 30, 2007, the City's annual OPEB cost (expense) of \$63,509,219 is not equal to the Annual Required Contribution, which is \$64,265,203. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$18,617,500 for retirees and their beneficiaries, the result was an increase in the Net OPEB Obligation of \$44,891,719 for the year ended June 30, 2007.

Considering the District's annual expense as well as the payment of current health insurance premiums, which totaled \$8,867,509, the result was an increase in the District's Net OPEB Obligation of \$19,456,780 for the year ended June 30, 2007.

Benefit Obligations and Normal Cost

	City	School District	Total
Actuarial Accrued Liability (AAL)			
Retired employees	\$ 303,014,913	\$ 105,902,553	\$408,917,466
Active employees	352,046,113	160,081,272	512,127,385
Unfunded actuarial accrued liability (UAAL)	<u>\$ 655,061,026</u>	<u>\$ 265,983,825</u>	<u>\$921,044,851</u>
Normal cost at beginning of year	25,368,230	13,808,712	39,176,942
Amortization factor based on 30 years	17.9837	17.9837	17.9837
Annual Covered Payroll	184,061,700	315,750,447	499,812,147
UAAL as a Percentage of Covered Payroll	355.89%	84.24%	184.28%

Level Dollar Amortization

Calculation of ARC under Projected Unit Credit Method

	City	School District	Total
ARC Normal cost with interest to end of year	\$ 26,382,959	\$ 14,361,060	\$ 40,744,019
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at end of year	37,882,244	15,381,871	53,264,115
Annual required contribution (ARC)	64,265,203	29,742,931	94,008,134
Interest on Net OPEB Obligation	1,695,970	778,216	2,474,186
Adjustment to ARC	(2,451,954)	(1,125,108)	(3,577,062)
Annual OPEB cost (expense)	63,509,219	29,396,039	92,905,258
Contribution for fiscal year ended June 30, 2007	(18,617,500)	(9,574,540)	(28,192,040)
Increase in net OPEB obligation	44,891,719	19,821,499	64,713,218
Net OPEB obligation June 30, 2006	42,399,264	19,456,780	61,856,044
Net OPEB obligation June 30, 2007	<u>\$ 87,290,983</u>	<u>\$ 39,278,279</u>	<u>\$126,569,262</u>
Percent of annual OPEB cost contributed	29.31%	32.57%	30.34%

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. Most included coverages are "community-rated" and annual premiums for community-rated coverages were used as a proxy for claims costs without age adjustment. The unfunded actuarial accrued liability is being amortized over 30 years on a level dollar open basis.

In the June 30, 2007, actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 9.10% healthcare cost trend increase for fiscal year 2007-08, reduced by decrements to a rate of 5% after 8 years.

Medical Reimbursements. The City's Medicare Part D prescription drug subsidy, which reduces the cost of retiree healthcare premiums, is accrued as revenue only in the current year. Subsidies for future years, which are projected to be \$675,000 per year for the City, cannot be recognized as a reduction to the actuarial accrued liability.

Effective January 1, 2002, the District established a Medical Reimbursement Account (MRA) for retirees per agreement between the District and Association of Supervisors and Administrators of Rochester. Per this agreement, 40 retirees qualified to have a medical reimbursement account. During fiscal year 2006-07 the District paid MRA claims totaling \$57,716.

D. EMPLOYEE RETIREMENT SYSTEMS**1. Description of Plans**

The City participates in the New York State and Local Employees' Retirement System (ERS), and the New York State and Local Police and Fire Retirement System (PFRS). The School District also participates in the New York State and Local Employees' Retirement System and in the New York State and the Local Teachers' Retirement System (TRS). These are cost sharing multiple public employer retirement systems (Systems). The New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. 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 benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service.

All participating employers in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Systems. The Systems are contributory except for employees who joined the Employees' Retirement System before July 27, 1976, or the Teachers' Retirement System before June 30, 1976. The contribution rate is 3% of salary during the first 10 years of service. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Retirement System.

The total payroll for all employees of the City for fiscal year 2007 was \$184,061,700 of which \$83,275,300 represented payroll costs for employees covered by ERS, \$88,217,500 by PFRS, and \$12,568,900 for nonparticipating employees. Average contribution rates for fiscal year 2007 were 9.7% for ERS and 15.9% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2007 was \$315,750,447 of which \$232,122,144 represented payroll costs for employees covered by TRS, \$60,412,486 by ERS, and \$23,215,817 for nonparticipating employees. Average contribution rates for fiscal 2007 were 7.6% for TRS and 11.1% for ERS. All full-time teachers are mandatory members.

2. Contributions & Liabilities

Contributions payable to the Employees' and Police and Fire Retirement Systems are billed on the basis of salaries paid during the Systems' fiscal year ending March 31, and are made in accordance with funding requirements determined by the actuaries of the Systems.

Payments to the Teachers' Retirement System, which are made in accordance with funding requirements determined by the actuary of the System, are deducted from State Aid payments to the School District. The contributions for salaries paid for the year ended June 30, 2007 were made in three monthly installments starting in September of 2006.

Contributions for the Retirement Systems made by the City over the past three fiscal years, which were equal to the required contributions, were as follows (000's Omitted):

Fiscal Year	Employees' Retirement System	Police and Fire Retirement System	Total Retirement Systems
2005	\$ 9,831	\$ 14,683	\$ 24,514
2006	8,448	14,936	23,384
2007	8,045	14,025	22,070

Contributions for the Retirement Systems made by the School District over the past three fiscal years, which were equal to the required contributions (including special payments made to the Teachers' Retirement System in 2004 which were related to early retirement incentives), were as follows (000's Omitted):

Fiscal Year	Employees' Retirement System	Teachers' Retirement System	Total Retirement Systems
2005	\$ 6,560	\$ 5,205	\$ 11,765
2006	5,618	11,685	17,303
2007	6,699	17,544	24,243

The total unbilled liability for the City and the School District as of June 30, 2007, included in Due to other governments at the fund level, is as follows (000's Omitted):

	Employees' Retirement System	Police and Fire Retirement System	Teachers' Retirement System	Total Retirement Systems
City	\$ 1,934	\$ 3,706	\$ -	\$ 5,640
School District	1,349	-	23,085	24,434
Total of City and School District	<u>\$ 3,283</u>	<u>\$ 3,706</u>	<u>\$ 23,085</u>	<u>\$ 30,074</u>

The total liability as of June 30, 2007 includes the period of April 1 - June 30, 2007 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2006 to June 30, 2007 for the Teachers' System. These amounts represent a portion of the estimated billings of the New York State retirement systems based on the fiscal year of the plans. It is the policy of the City and the School District to record pension costs on the modified accrual basis for governmental funds. Pension costs of the proprietary funds are recognized on the accrual basis.

The annual report containing financial statements and required supplemental information for the Employees' and the Police and Fire Retirement Systems, may be obtained from the New York State and Local Retirement Systems, Governor Smith State Building, Albany, NY 12244. The annual report for the New York State Teachers' Retirement System may be obtained by writing to 10 Corporate Woods Drive, Albany, NY 12211-2935.

3. Prior Plan

Prior to its participation in the New York State Police and Fire Retirement System, the City had a pension plan that covered firemen, policemen and their widows. It is the policy of the City to provide for payments to the beneficiaries of this plan out of current operations. The City is not required to pay benefits under this plan and the beneficiaries do not have a vested right to benefits. During the year ended June 30, 2007, the City paid approximately \$28,000. On June 30, 2007, there were 6 widows and no retired employees receiving payments under this plan. The pension benefit obligation of this plan is not significant to the City.

E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

To improve cash management, all City disbursements are made from a consolidated account in the general fund. Also, the cash balances of certain capital funds are consolidated to maximize investment return. Both these cash management practices, as well as normal delays in processing interfund transfers and reimbursements, are the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2007 (000's Omitted):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	General capital	\$ 2,153
	Transportation capital	1,996
	Community Development	1,882
	Nonmajor governmental	5,299
	Water	3,601
	Parking	21
	Refuse	49
	Public Market	1
Debt service	General	6,940
General capital	General	50,203
Transportation capital	General	605
	Nonmajor governmental	6,346
Community Development	General	140
Nonmajor governmental	General	591
	Public Market	24
	Nonmajor governmental	1,171
Water	General	224
Parking	General	621
War Memorial	General	57
Refuse	General	593
Cemetery	General	67
Public Market	General	39
		<u>\$ 82,623</u>

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to capital project funds. They also facilitate the contribution of enterprise earnings to the general fund. Interfund transfers for the fiscal year ending June 30, 2007, which were routine in nature, were as follows (000's Omitted):

<u>Transfer out:</u>	<u>Transfer In:</u>						<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>General Capital</u>	<u>Transportation Capital</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
General fund	\$ -	\$ 6,941	\$ 27,534	\$ 154	\$ 322	\$ 321	\$ 35,272
Debt Service	4,781	-	-	-	-	-	4,781
General Capital	150	-	-	-	-	-	150
Transportation Capital	2,613	102	-	-	-	-	2,715
Community Development	4,594	-	-	-	-	-	4,594
Nonmajor governmental	5,338	40	-	3,464	1,092	-	9,934
Water	4,679	-	-	-	-	-	4,679
	<u>\$ 22,155</u>	<u>\$ 7,083</u>	<u>\$ 27,534</u>	<u>\$ 3,618</u>	<u>\$ 1,414</u>	<u>\$ 321</u>	<u>\$ 62,125</u>

THE CITY OF ROCHESTER, NEW YORK
COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - NON-GAAP BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real property tax	\$ 138,104	\$ 138,103	\$ 140,739	\$ 2,636
Sales and other taxes	152,883	152,883	151,525	(1,358)
Charges for services	104,572	104,861	104,730	(131)
Use of money and property	4,746	4,747	4,628	(119)
Interest and penalties	1,275	1,275	1,445	170
Licenses and permits	2,191	2,191	2,289	98
Federal aid	902	1,105	1,105	-
State aid	90,764	94,622	91,659	(2,963)
Local sources and other	20,726	20,848	20,422	(426)
Total revenues	<u>516,163</u>	<u>520,635</u>	<u>518,542</u>	<u>(2,093)</u>
EXPENDITURES				
Council and clerk	1,531	1,711	1,638	73
Administration	10,216	11,009	10,419	590
Law	1,850	1,899	1,800	99
Finance	7,564	7,836	7,687	149
Community development	6,049	6,406	6,210	196
Economic development	2,641	2,764	2,490	274
Environmental services	75,458	76,959	71,623	5,336
Library	10,620	10,753	10,319	434
Police	67,213	71,165	69,645	1,520
Fire	41,140	41,299	41,197	102
Emergency communications	8,910	9,339	9,013	326
Parks, recreation and human services	18,162	19,085	18,098	987
Undistributed	93,355	94,810	87,987	6,823
Contingency	13,174	319	-	319
Debt services	35,642	35,904	35,861	43
Total expenditures	<u>393,525</u>	<u>391,258</u>	<u>373,987</u>	<u>17,271</u>
Excess of revenues over expenditures	<u>122,638</u>	<u>129,377</u>	<u>144,555</u>	<u>15,178</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	22,658	23,368	22,155	(1,213)
Transfers (to) other funds	(30,964)	(40,005)	(46,946)	(6,941)
Transfers (to) component unit	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(127,406)</u>	<u>(135,737)</u>	<u>(143,891)</u>	<u>(8,154)</u>
Appropriation of prior year fund balance	<u>4,768</u>	<u>6,360</u>	<u>-</u>	<u>(6,360)</u>
Excess of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 664</u>	<u>\$ 664</u>
Encumbrances included in actual			\$ 7,133	
Excess of revenues and other sources over expenditures, encumbrances and other uses			7,797	
Expenditures of prior years' encumbrances			4,476	
Excess of revenues and other sources over expenditures and other uses			3,321	
Net enterprise capital revenue			(1,569)	
Depreciation expense			(10,102)	
Debt service cash basis			7,216	
Contribution to reserve for capital projects			8,383	
Other post employment benefits			(3,216)	
Capital and debt service interest			561	
Capital reimbursement			832	
Fund equity - beginning of year			<u>203,267</u>	
Fund equity - end of year			<u>\$ 208,693</u>	
General fund			\$ 21,679	
Special revenue fund			4,193	
Enterprise fund			<u>182,821</u>	
Total			<u>\$ 208,693</u>	

Nonmajor Governmental Funds

Capital Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Economic Assistance Fund - This fund accounts for capital investments targeted to promote the City's economic development.

Cultural/Recreation Fund - This fund accounts for capital investments in the City's cultural and recreation facilities, which includes library, and parks and recreation facilities.

Sewer Fund - This fund accounts for capital investments in the City's sewer infrastructure.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose.

Animal Control - This fund accounts for the revenues and expenditures of the City's Animal Control Center.

Library Fund - This fund accounts for the revenues and expenditures of the City's central library and ten branch libraries.

Local Works Fund – This fund accounts for snow plowing, street cleaning and grass cutting, financed primarily by special assessments.

Federal Projects Fund – This fund accounts for a number of federal grants that provide for City programs.

State Projects Fund - This fund accounts for a number of state grants that provide for City programs.

Other Funds - This fund accounts for funds restricted by City Council for special projects.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's program.

Cemetery Fund – This fund is a perpetual care fund consisting of deposits intended to provide for the maintenance of the City's cemeteries. Interest earnings are transferred to the Cemetery Enterprise Fund to partially offset a portion of maintenance costs.

**THE CITY OF ROCHESTER, NEW YORK
SUPPLEMENTAL COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007 (000's Omitted)**

	Economic Assistance	Capital Projects Cultural/Recreation	Sewers	Animal Control	Library	Local Works	Special Revenue Federal Projects	State Projects	Other	Permanent Fund Cemetery	Total Nonmajor Governmental Funds
ASSETS											
Cash and cash equivalents	\$ 5,834	\$ 4,180	\$ 297	\$ 296	\$ 1,205	\$ 10,038	\$ 1,992	\$ 1,945	\$ 4,255	\$ 6,360	\$ 36,402
Receivables (net of allowance for uncollectibles):											
Accounts	-	-	-	1	4	-	-	830	-	-	835
Taxes	-	-	-	-	-	195	-	-	-	-	195
Due from other governments	1,561	189	-	-	3,821	-	29	955	-	-	6,555
Due from other funds	-	1,167	-	53	52	513	-	-	1	-	1,786
Total assets	<u>\$ 7,395</u>	<u>\$ 5,536</u>	<u>\$ 297</u>	<u>\$ 350</u>	<u>\$ 5,082</u>	<u>\$ 10,746</u>	<u>\$ 2,021</u>	<u>\$ 3,730</u>	<u>\$ 4,256</u>	<u>\$ 6,360</u>	<u>\$ 45,773</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable and accrued liabilities	\$ -	\$ 9	\$ -	\$ 50	\$ 594	\$ 698	\$ -	\$ -	\$ -	\$ -	\$ 1,351
Notes payable	3,610	8,918	761	-	-	-	-	-	-	-	13,289
Due to other funds	130	128	-	155	3,835	6,391	8	1,103	1,066	-	12,816
Due to other governments	-	-	-	19	142	101	-	-	-	-	262
Deferred revenue	-	-	-	-	-	-	-	830	-	-	830
Total liabilities	<u>3,740</u>	<u>9,055</u>	<u>761</u>	<u>224</u>	<u>4,571</u>	<u>7,190</u>	<u>8</u>	<u>1,933</u>	<u>1,066</u>	<u>-</u>	<u>28,548</u>
Fund balances:											
Reserved for encumbrances	1,462	3,907	308	33	112	107	957	796	466	-	8,148
Unreserved:											
Designated for subsequent years' expenditures	-	-	-	-	-	577	-	-	-	-	577
Undesignated, reported in:											
Special revenue fund	-	-	-	93	399	2,872	1,056	1,001	2,724	-	8,145
Capital projects fund	2,193	(7,426)	(772)	-	-	-	-	-	-	-	(6,005)
Permanent fund	-	-	-	-	-	-	-	-	-	6,360	6,360
Total fund balances	<u>3,655</u>	<u>(3,519)</u>	<u>(464)</u>	<u>126</u>	<u>511</u>	<u>3,556</u>	<u>2,013</u>	<u>1,797</u>	<u>3,190</u>	<u>6,360</u>	<u>17,225</u>
Total liabilities and fund balances	<u>\$ 7,395</u>	<u>\$ 5,536</u>	<u>\$ 297</u>	<u>\$ 350</u>	<u>\$ 5,082</u>	<u>\$ 10,746</u>	<u>\$ 2,021</u>	<u>\$ 3,730</u>	<u>\$ 4,256</u>	<u>\$ 6,360</u>	<u>\$ 45,773</u>

THE CITY OF ROCHESTER, NEW YORK
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

	Capital Projects			Special Revenue						Permanent Fund	Total Nonmajor Governmental Funds
	Economic Assistance	Cultural/ Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Other	Cemetery	
REVENUES											
Real property tax	\$ -	\$ -	\$ -	\$ 1,002	\$ 5,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,173
Departmental	-	-	-	312	2,778	14,102	-	-	-	-	17,192
Use of money and property	-	-	-	21	-	336	80	63	255	-	755
Federal aid	-	2,034	-	-	-	-	259	3,410	-	-	5,703
State aid	104	486	-	-	357	45	339	352	-	-	1,683
Local sources and other	-	(120)	-	-	6,620	-	1,678	595	1,088	310	10,171
Total revenues	104	2,400	-	1,335	14,926	14,483	2,356	4,420	1,343	310	41,677
EXPENDITURES											
Current:											
Community development	-	-	-	-	-	-	1,331	358	-	-	1,689
Environmental services	-	-	-	-	-	8,399	-	-	-	-	8,399
Library	-	-	-	-	10,316	-	-	-	-	-	10,316
Police	-	-	-	1,082	-	-	-	293	53	-	1,428
Fire	-	-	-	-	-	-	-	3	-	-	3
Parks, recreation and human services	-	-	-	-	-	-	251	1,757	60	-	2,068
Undistributed	-	-	-	265	2,583	2,360	-	-	549	-	5,757
Capital projects	617	5,862	366	-	-	-	-	-	-	-	6,845
Debt service:											
Principal	-	-	-	-	795	-	-	-	-	-	795
Interest	-	-	-	-	61	-	-	-	-	-	61
Total expenditures	617	5,862	366	1,347	13,755	10,759	1,582	2,411	662	-	37,361
Excess (deficiency) of revenues over expenditures	(513)	(3,462)	(366)	(12)	1,171	3,724	774	2,009	681	310	4,316
OTHER FINANCING SOURCES (USES)											
Transfers from other funds	185	1,167	62	-	-	-	-	-	-	-	1,414
Transfers (to) other funds	(40)	-	-	-	(1,092)	(3,464)	(500)	(1,772)	(3,066)	-	(9,934)
Total other financing sources (uses)	145	1,167	62	-	(1,092)	(3,464)	(500)	(1,772)	(3,066)	-	(8,520)
Net change in fund balances	(368)	(2,295)	(304)	(12)	79	260	274	237	(2,385)	310	(4,204)
Fund Balances - beginning of year	4,023	(1,224)	(160)	138	432	3,296	1,739	1,560	5,575	6,050	21,429
Fund Balances - end of year	\$ 3,655	\$ (3,519)	\$ (464)	\$ 126	\$ 511	\$ 3,556	\$ 2,013	\$ 1,797	\$ 3,190	\$ 6,360	\$ 17,225

THE CITY OF ROCHESTER, NEW YORK
SUPPLEMENTAL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and cash equivalents	\$ 10,713	\$ 14,242	\$ 13,717	\$ 11,238
Receivables (net of allowance for uncollectibles)	210	12	-	222
Total assets	10,923	14,254	13,717	11,460
LIABILITIES				
Accounts payable and accrued liabilities	10,923	14,306	13,769	11,460
Total liabilities	\$ 10,923	\$ 14,306	\$ 13,769	\$ 11,460

THE CITY OF ROCHESTER, NEW YORK
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND ENTERPRISE FUNDS
NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	<u>Final</u>	<u>Actual</u>	<u>Final</u>	<u>Actual</u>	<u>Final</u>	<u>Actual</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES										
Real property tax	\$ 129,524	\$ 131,908	\$ 6,324	\$ 6,173	\$ 2,255	\$ 2,658	\$ 138,104	\$ 138,103	\$ 140,739	\$ 2,636
Sales and other taxes	151,978	150,620	-	-	905	905	152,883	152,883	151,525	(1,358)
Charges for services	21,422	22,306	17,569	17,192	65,870	65,232	104,572	104,861	104,730	(131)
Use of money and property	3,729	4,137	436	315	582	176	4,746	4,747	4,628	(119)
Interest and penalties	-	-	-	-	1,275	1,445	1,275	1,275	1,445	170
Licenses and permits	2,191	2,289	-	-	-	-	2,191	2,191	2,289	98
Federal aid	1,025	1,087	-	-	80	18	902	1,105	1,105	-
State aid	93,920	91,850	447	402	255	(593)	90,764	94,622	91,659	(2,963)
Local sources and other	14,228	13,802	6,620	6,620	-	-	20,726	20,848	20,422	(426)
Total revenues	418,017	417,999	31,396	30,702	71,222	69,841	516,163	520,635	518,542	(2,093)
EXPENDITURES										
Council and clerk	1,711	1,638	-	-	-	-	1,531	1,711	1,638	73
Administration	11,009	10,419	-	-	-	-	10,216	11,009	10,419	590
Law	1,899	1,800	-	-	-	-	1,850	1,899	1,800	99
Finance	7,836	7,687	-	-	-	-	7,564	7,836	7,687	149
Community development	6,406	6,210	-	-	-	-	6,049	6,406	6,210	196
Economic development	1,688	1,610	-	-	1,076	880	2,641	2,764	2,490	274
Environmental services	27,138	25,097	9,906	8,497	39,915	38,029	75,458	76,959	71,623	5,336
Library	-	-	10,753	10,319	-	-	10,620	10,753	10,319	434
Police	70,010	68,559	1,155	1,086	-	-	67,213	71,165	69,645	1,520
Fire	41,299	41,197	-	-	-	-	41,140	41,299	41,197	102
Emergency communications	9,339	9,013	-	-	-	-	8,910	9,339	9,013	326
Parks, recreation and human services	16,098	15,227	-	-	2,987	2,871	18,162	19,085	18,098	987
Undistributed	81,318	75,165	5,519	5,208	7,973	7,614	93,355	94,810	87,987	6,823
Contingency	(112)	-	234	-	197	-	13,174	319	-	319
Debt services	23,831	23,788	856	856	11,217	11,217	35,642	35,904	35,861	43
Total expenditures	299,470	287,410	28,423	25,966	63,365	60,611	393,525	391,258	373,987	17,271
Excess of revenues over expenditures	118,547	130,589	2,973	4,736	7,857	9,230	122,638	129,377	144,555	15,178

(continued)

**THE CITY OF ROCHESTER, NEW YORK
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND ENTERPRISE FUNDS
NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2007 (000's Omitted)**

(continued)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 23,368	\$ 22,155	\$ -	\$ -	\$ -	\$ -	\$ 22,658	\$ 23,368	\$ 22,155	\$ (1,213)
Transfers (to) other funds	(27,066)	(34,007)	(4,556)	(4,556)	(8,383)	(8,383)	(30,964)	(40,005)	(46,946)	(6,941)
Transfers (to) component unit	(119,100)	(119,100)	-	-	-	-	(119,100)	(119,100)	(119,100)	-
Total other financing uses	(122,798)	(130,952)	(4,556)	(4,556)	(8,383)	(8,383)	(127,406)	(135,737)	(143,891)	(8,154)
Appropriation of prior year fund balance	4,251	-	1,583	-	526	-	4,768	\$ 6,360	\$ -	\$ (6,360)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	\$ -	(363)	\$ -	180	\$ -	847	\$ -	\$ -	\$ 664	\$ 664
Encumbrances included in actual		6,408		247		478				
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		6,045		427		1,325				
Expenditures of prior years' encumbrances		4,094		100		282				
Excess (deficiency) of revenues and other sources over expenditures and other uses		1,951		327		1,043				
Net enterprise capital revenue		-		-		(1,569)				
Depreciation expense		-		-		(10,102)				
Debt service cash basis		-		-		7,216				
Contribution to reserve for capital projects		-		-		8,383				
Other post employment benefits		-		-		(3,216)				
Capital and debt service interest		-		-		561				
Capital reimbursement		-		-		832				
Fund equity - beginning of year		19,728		3,866		179,673				
Fund equity - end of year		\$ 21,679		\$ 4,193		\$ 182,821				

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL SECTION

This part of the City of Rochester's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	68
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	75
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	79
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	84
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	86

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

THE CITY OF ROCHESTER, NEW YORK
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)
(000's Omitted)

	2001	2002	2003	2004	2005	2006	2007
Governmental activities							
Invested in capital assets, net of related debt	\$ 283,119	\$ 348,540	\$ 372,737	\$ 391,222	\$ 421,921	\$ 449,840	\$ 462,204
Restricted	106,928	131,239	122,987	124,241	136,012	129,193	95,283
Unrestricted	99,369	42,839	46,656	43,179	41,326	18,451	5,534
Total governmental activities net assets	<u>\$ 489,416</u>	<u>\$ 522,618</u>	<u>\$ 542,380</u>	<u>\$ 558,642</u>	<u>\$ 599,259</u>	<u>\$ 597,484</u>	<u>\$ 563,021</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 150,098	\$ 153,047	\$ 157,992	\$ 157,049	\$ 155,974	\$ 144,262	\$ 153,257
Restricted	19,315	19,001	14,851	15,871	17,959	31,161	27,778
Unrestricted	6,994	5,087	5,173	3,105	5,649	4,250	2,379
Total business-type activities net assets	<u>\$ 176,407</u>	<u>\$ 177,135</u>	<u>\$ 178,016</u>	<u>\$ 176,025</u>	<u>\$ 179,582</u>	<u>\$ 179,673</u>	<u>\$ 183,414</u>
Primary government							
Invested in capital assets, net of related debt	\$ 433,217	\$ 501,587	\$ 530,729	\$ 548,271	\$ 577,895	\$ 594,102	\$ 615,461
Restricted	126,243	150,240	137,838	140,112	153,971	160,354	123,061
Unrestricted	106,363	47,926	51,829	46,284	46,975	22,701	7,913
Total primary government net assets	<u>\$ 665,823</u>	<u>\$ 699,753</u>	<u>\$ 720,396</u>	<u>\$ 734,667</u>	<u>\$ 778,841</u>	<u>\$ 777,157</u>	<u>\$ 746,435</u>

Note: Prior years' information not available on accrual basis

THE CITY OF ROCHESTER, NEW YORK
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)
(000's Omitted)

	2001	2002	2003	2004	2005	2006	2007
Expenses							
Governmental activities:							
General government	\$ 42,860	\$ 47,630	\$ 45,146	\$ 60,241	\$ 46,516	\$ 54,702	\$ 61,690
Police	71,400	73,383	76,955	84,091	90,509	111,195	113,896
Fire	42,191	45,151	49,210	51,688	57,330	68,391	69,551
Emergency communications	9,504	9,608	9,834	10,523	11,988	14,437	14,798
Transportation	26,302	24,922	26,265	24,937	27,618	31,630	31,244
Environmental services	16,143	14,693	18,496	20,376	21,204	21,768	26,268
Parks & recreation	20,683	20,353	18,958	18,516	20,815	21,754	24,886
Library	12,252	12,075	11,356	11,148	10,795	12,121	12,419
Community & economic developn	30,963	38,200	43,275	30,039	29,907	35,265	34,423
Interest on long-term debt	5,771	5,370	4,162	3,921	4,041	4,500	8,060
Allocation to school district	127,300	127,300	126,100	126,100	119,100	119,100	119,100
Ferry	-	-	-	-	-	-	21,259
Total governmental activities expenses	405,369	418,685	429,757	441,580	439,823	494,863	537,594
Business-type activities expenses							
Water	21,979	24,354	23,583	24,950	25,654	28,797	28,571
War memorial	3,469	3,748	3,426	3,455	3,209	3,337	3,219
Parking	7,883	7,157	6,821	6,450	5,611	6,155	5,443
Cemetery	1,729	1,948	2,060	2,285	2,252	2,516	2,075
Public market	644	620	672	618	765	754	825
Refuse	19,562	19,766	20,322	23,424	22,252	23,685	22,682
Port of Rochester	8	8	8	-	-	-	-
Total business-type activities expenses	55,274	57,601	56,892	61,182	59,743	65,244	62,815
Total primary government expenses	\$ 460,643	\$ 476,286	\$ 486,649	\$ 502,762	\$ 499,566	\$ 560,107	\$ 600,409
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 8,601	\$ 7,783	\$ 7,400	\$ 7,248	\$ 7,992	\$ 8,372	\$ 8,968
Police	6,089	6,675	6,275	6,829	6,473	7,102	6,677
Fire	566	767	1,057	888	1,100	1,006	764
Emergency communications	8,875	8,914	9,290	9,902	11,074	10,789	11,011
Transportation	812	768	759	844	818	828	915
Environmental services	15,068	15,613	16,446	16,989	18,640	17,294	19,719
Parks & recreation	2,425	2,134	2,136	2,117	2,067	2,005	2,201
Library	1,711	1,842	2,536	2,207	2,365	2,579	2,778
Community & economic developr	2,796	3,335	2,913	3,623	3,624	4,294	4,013
Operating grants and contribution	38,997	52,713	44,557	35,116	34,382	41,140	40,208
Capital grants and contributions	15,493	14,782	16,204	24,035	15,992	19,452	11,452
Total governmental activities program revenues	101,433	115,326	109,573	109,798	104,527	114,861	108,706

Continued

THE CITY OF ROCHESTER, NEW YORK
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)
(000's Omitted)

Continued

	2001	2002	2003	2004	2005	2006	2007
Business-type activities:							
Charges for services:							
Water	28,833	29,666	29,658	31,603	32,513	33,641	33,531
War memorial	1,632	1,222	1,389	1,595	1,515	1,541	1,442
Parking	6,346	5,842	4,987	4,156	4,108	3,835	3,892
Cemetery	1,336	1,634	1,522	1,573	1,665	1,399	1,195
Public market	436	527	498	533	543	575	608
Refuse	18,854	19,078	20,519	20,589	22,506	23,436	24,804
Port of Rochester	11	9	7	2	-	-	-
Capital grants and contributions	266	160	18	-	-	-	-
Total business-type activities program revenues	57,714	58,138	58,598	60,051	62,850	64,427	65,472
Total primary government program revenues	\$ 159,147	\$ 173,464	\$ 168,171	\$ 169,849	\$ 167,377	\$ 179,288	\$ 174,178
Net (expense)/revenue							
Governmental activities	\$ (303,936)	\$ (303,359)	\$ (320,184)	\$ (331,782)	\$ (335,296)	\$ (380,002)	\$ (428,888)
Business-type activities	2,440	537	1,706	(1,131)	3,107	(817)	2,657
Total primary government net expense	\$ (301,496)	\$ (302,822)	\$ (318,478)	\$ (332,913)	\$ (332,189)	\$ (380,819)	\$ (426,231)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 126,421	\$ 121,211	\$ 125,895	\$ 130,602	\$ 131,917	\$ 137,278	\$ 139,276
Sales taxes	110,526	113,262	111,442	115,501	118,000	122,240	120,518
Other taxes	29,177	28,744	31,717	30,874	28,007	26,893	28,860
Governmental aid	57,001	60,803	61,699	62,097	77,604	79,149	91,402
Investment earnings	8,947	4,607	2,292	2,087	3,126	5,971	8,124
Miscellaneous	3,820	3,256	2,223	1,599	4,272	2,019	1,566
Transfers	4,154	4,678	4,678	5,284	4,427	4,677	4,679
Total governmental activities	340,046	336,561	339,946	348,044	367,353	378,227	394,425
Business-type activities:							
Taxes							
Property taxes	1,107	2,225	1,410	1,895	2,024	2,024	2,658
Other taxes	919	846	844	933	985	905	905
Governmental aid	-	-	117	31	34	-	18
Investment earnings	1,162	619	315	242	426	1,257	737
Miscellaneous	1,192	1,179	1,168	1,323	1,408	1,399	1,445
Transfers	(4,154)	(4,678)	(4,678)	(5,284)	(4,427)	(4,677)	(4,679)
Total business-type activities	226	191	(824)	(860)	450	908	1,084
Total primary government	\$ 340,272	\$ 336,752	\$ 339,122	\$ 347,184	\$ 367,803	\$ 379,135	\$ 395,509
Change in Net Assets							
Governmental activities	\$ 36,110	\$ 33,202	\$ 19,762	\$ 16,262	\$ 32,057	\$ (1,775)	\$ (34,463)
Business-type activities	2,666	728	882	(1,991)	3,557	91	3,741
Total primary government	\$ 38,776	\$ 33,930	\$ 20,644	\$ 14,271	\$ 35,614	\$ (1,684)	\$ (30,722)

Note: Prior years' information not available on accrual basis

THE CITY OF ROCHESTER, NEW YORK
GOVERNMENTAL ACTIVITIES
TAX REVENUES BY SOURCE
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)
(000's Omitted)

	2001	2002	2003	2004	2005	2006	2007
Property Tax	\$ 127,528	\$ 123,436	\$ 127,305	\$ 132,497	\$ 133,941	\$ 139,302	\$ 141,934
Sales Tax	110,526	113,262	111,442	115,501	118,000	122,240	120,518
Other Taxes	<u>30,096</u>	<u>29,590</u>	<u>32,561</u>	<u>31,807</u>	<u>28,992</u>	<u>27,798</u>	<u>29,765</u>
Total Taxes	<u>\$ 268,150</u>	<u>\$ 266,288</u>	<u>\$ 271,308</u>	<u>\$ 279,805</u>	<u>\$ 280,933</u>	<u>\$ 289,340</u>	<u>\$ 292,217</u>

Note: Prior years' information not available on accrual basis

THE CITY OF ROCHESTER, NEW YORK
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(000's Omitted)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	\$ 6,416	\$ 7,766	\$ 8,883	\$ 9,119	\$ 9,727	\$ 10,098	\$ 10,412	\$ 10,938	\$ 11,726	\$ 13,435
Unreserved	5,947	12,493	6,227	6,531	7,036	7,361	7,605	7,819	8,002	8,244
Total general fund	<u>\$ 12,363</u>	<u>\$ 20,259</u>	<u>\$ 15,110</u>	<u>\$ 15,650</u>	<u>\$ 16,763</u>	<u>\$ 17,459</u>	<u>\$ 18,017</u>	<u>\$ 18,757</u>	<u>\$ 19,728</u>	<u>\$ 21,679</u>
All other governmental funds										
Reserved	N/A	N/A	N/A	\$ 105,627	\$ 106,755	\$ 102,013	\$ 92,542	\$ 117,199	\$ 88,082	\$ 119,321
Unreserved, designated for subsequent yr's expenditures										577
Unreserved, reported in:										
Special revenue funds	N/A	N/A	N/A	2,013	11,569	9,106	6,647	1,908	10,209	5,124
Capital projects funds	N/A	N/A	N/A	880	(27,357)	(35,594)	(3,519)	(28,106)	24,746	20,226
Permanent funds	N/A	N/A	N/A	5,176	5,348	5,536	5,684	5,860	6,050	6,360
Total all other governmental funds	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 113,696</u>	<u>\$ 96,315</u>	<u>\$ 81,061</u>	<u>\$ 101,354</u>	<u>\$ 96,861</u>	<u>\$ 129,087</u>	<u>\$ 151,608</u>
Total all governmental funds	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$ 129,346</u>	<u>\$ 113,078</u>	<u>\$ 98,520</u>	<u>\$ 119,371</u>	<u>\$ 115,618</u>	<u>\$ 148,815</u>	<u>\$ 173,287</u>

Note: Comparative prior years' information not available for all non-general funds prior to implementation of GASB 34 in 2001.

THE CITY OF ROCHESTER, NEW YORK
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(modified accrual basis of accounting)
(000's Omitted)

	2001	2002	2003	2004	2005	2006	2007
Revenues							
Real property tax	\$ 124,475	\$ 119,623	\$ 124,861	\$ 129,517	\$ 131,724	\$ 135,751	\$ 138,081
Sales and other taxes	140,142	142,694	144,022	147,213	147,468	149,934	150,620
Departmental	31,584	32,909	33,556	34,788	36,478	36,408	39,498
Use of money and property	10,540	5,990	2,974	2,536	3,633	6,840	9,139
Licenses and permits	1,567	1,588	1,569	2,069	2,269	2,636	2,289
Federal aid	30,292	39,076	34,842	40,512	32,379	39,925	33,671
State aid	68,258	68,322	76,509	69,512	85,001	86,796	97,714
Local sources and other	28,107	35,335	25,546	25,310	28,868	28,103	26,388
Ferry	-	-	-	-	-	-	19,287
Total revenues	<u>434,965</u>	<u>445,537</u>	<u>443,879</u>	<u>451,457</u>	<u>467,820</u>	<u>486,393</u>	<u>516,687</u>
Expenditures							
Council and clerk	1,316	1,331	1,330	1,431	1,478	1,462	1,634
Administration	8,444	8,891	9,243	9,349	9,043	9,492	10,062
Law	1,663	1,726	1,653	1,763	1,816	1,752	1,743
Finance	6,776	6,812	6,806	7,228	7,198	7,449	7,607
Community development	24,739	32,322	38,926	25,539	21,911	28,195	27,015
Economic development	1,868	1,843	1,536	1,655	1,482	1,530	1,560
Environmental services	29,810	28,125	30,531	29,373	29,670	28,987	32,306
Library	11,335	11,255	10,448	10,267	9,894	10,099	10,316
Police	56,112	58,542	59,417	62,983	63,202	67,272	69,471
Fire	34,092	35,542	37,288	37,734	39,316	40,300	40,909
Emergency communications	7,634	7,615	7,651	7,881	8,360	8,682	8,943
Parks, recreation and human services	16,096	14,935	14,439	16,375	16,031	16,690	15,961
Undistributed	43,716	49,288	50,127	60,193	77,583	83,520	82,340
Allocation to school district	127,300	127,300	126,100	126,100	119,100	119,100	119,100
Capital projects	47,867	58,222	47,788	52,344	47,769	54,165	43,907
Debt service:							
Principal	14,559	16,267	14,139	12,849	14,819	12,512	15,877
Interest	5,208	6,142	4,458	3,733	4,082	3,919	7,822
Total expenditures	<u>438,535</u>	<u>466,158</u>	<u>461,880</u>	<u>466,797</u>	<u>472,754</u>	<u>495,126</u>	<u>496,573</u>
Excess of revenues over (under) expenditures	(3,570)	(20,621)	(18,001)	(15,340)	(4,934)	(8,733)	20,114
Other financing sources (uses)							
Transfers in	53,642	39,543	57,531	59,029	63,068	65,932	61,804
Transfers out	(52,445)	(35,190)	(54,088)	(57,802)	(61,887)	(66,538)	(57,446)
Proceeds of general obligation debt	19,141	-	-	34,964	-	42,536	-
Total other financing sources (uses)	<u>20,338</u>	<u>4,353</u>	<u>3,443</u>	<u>36,191</u>	<u>1,181</u>	<u>41,930</u>	<u>4,358</u>
Net change in fund balances	<u>\$ 16,768</u>	<u>\$ (16,268)</u>	<u>\$ (14,558)</u>	<u>\$ 20,851</u>	<u>\$ (3,753)</u>	<u>\$ 33,197</u>	<u>\$ 24,472</u>
Debt service as a percentage of noncapital expenditures	5.06%	5.49%	4.49%	4.00%	4.45%	3.73%	5.24%

Note: Prior years' information not available on accrual basis

THE CITY OF ROCHESTER, NEW YORK
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(000's Omitted)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Property Tax	\$ 133,943	\$ 127,137	\$ 125,424	\$ 124,475	\$ 119,623	\$ 142,861	\$ 129,517	\$ 131,724	\$ 135,751	\$ 138,081
Sales and Other Tax	<u>122,788</u>	<u>136,142</u>	<u>136,141</u>	<u>140,142</u>	<u>142,694</u>	<u>144,022</u>	<u>147,213</u>	<u>147,468</u>	<u>149,934</u>	<u>150,620</u>
Total Taxes	<u>\$ 256,731</u>	<u>\$ 263,279</u>	<u>\$ 261,565</u>	<u>\$ 264,617</u>	<u>\$ 262,317</u>	<u>\$ 286,883</u>	<u>\$ 276,730</u>	<u>\$ 279,192</u>	<u>\$ 285,685</u>	<u>\$ 288,701</u>

THE CITY OF ROCHESTER, NEW YORK
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE REAL PROPERTY
LAST TEN FISCAL YEARS
(000's Omitted)

Fiscal Year	Assessed Value Municipal Purposes	Veterans Exemption (1)	Assessed Value School Purposes	Estimated Actual Value School Purposes	Assessed Value as a Percentage of Actual Value (2)
1998	\$ 5,031,843	\$ 88,504	\$ 5,120,347	\$ 5,062,132	101.15%
1999	4,988,153	84,452	5,072,605	5,108,363	99.30%
2000	4,968,557	75,689	5,044,246	4,757,376	106.03%
2001	4,730,800	71,607	4,802,407	4,751,565	101.07%
2002	4,722,309	67,179	4,789,488	4,750,062	100.83%
2003	4,717,404	64,714	4,782,118	4,738,368	100.92%
2004	4,674,521	60,813	4,735,334	5,068,865	93.42%
2005	5,042,828	62,979	5,105,807	5,183,560	98.50%
2006	5,057,648	60,016	5,117,664	5,265,087	97.20%
2007	5,094,593	56,887	5,151,480	5,401,573	95.37%

Notes:

(1) Subject to School Purposes but not General Municipal Purposes.

(2) Special Equalization Ratios established by New York State Office of Real Property Services.

THE CITY OF ROCHESTER, NEW YORK
PROPERTY TAX RATES PER THOUSAND
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Rochester			Overlapping Rate	Total Direct & Overlapping Rate
	General Municipal Purposes	School Purposes	Total	Monroe County (1)	
1998 Homestead	\$ 5.94	\$ 11.84	\$ 17.78	\$ 11.72	\$ 29.50
Nonhomestead	14.48	29.70	44.18	11.72	55.90
1999 Homestead	5.78	12.35	18.13	11.10	29.23
Nonhomestead	13.36	29.28	42.64	11.10	53.74
2000 Homestead	6.07	12.36	18.43	10.49	28.92
Nonhomestead	14.12	29.46	43.58	10.49	54.07
2001 Homestead	5.97	12.97	18.94	10.36	29.30
Nonhomestead	13.59	30.27	43.86	10.36	54.22
2002 Homestead	6.01	13.46	19.47	10.04	29.51
Nonhomestead	12.89	29.54	42.43	10.04	52.47
2003 Homestead	6.33	14.19	20.52	9.93	30.45
Nonhomestead	13.38	30.66	44.04	9.93	53.97
2004 Homestead	6.52	14.64	21.16	10.96	32.12
Nonhomestead	14.26	32.68	46.94	10.96	57.90
2005 Homestead	6.34	13.78	20.12	11.01	31.13
Nonhomestead	13.77	30.55	44.32	11.01	55.33
2006 Homestead	6.61	14.38	20.99	10.94	31.93
Nonhomestead	13.92	30.87	44.79	10.94	55.73
2007 Homestead	6.66	14.52	21.18	9.62	30.80
Nonhomestead	14.04	31.14	45.18	9.62	54.80

(1) Source: Monroe County Treasury

Note: **Homestead** designates a classification of property owners authorized for property taxation under the New York State law applicable to Rochester. This class includes all one, two, and three family residential real property, including dwellings used in part for non-residential purposes but used primarily for residential purposes. All other real property is classified as **non-homestead**.

THE CITY OF ROCHESTER, NEW YORK
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR
JUNE 30, 2007
(000's Omitted)

	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rochester Gas and Electric	\$ 527,221	1	10.35%	\$ 298,223	1	5.93%
Eastman Kodak Co.	100,400	2	1.97%	222,435	2	4.42%
Frontier Telephone Corp.	70,699	3	1.39%	54,226	3	1.08%
Buckingham Properties	27,913	4	0.55%	-	-	-
Chase Manhattan	21,709	5	0.43%	26,994	4	0.54%
Maguire Family Properties	18,509	6	0.36%	-	-	-
Xerox	14,250	7	0.28%	17,500	6	0.35%
Landsman Development Corp.	13,992	8	0.27%	-	-	-
CSX	13,594	9	0.27%	13,384	9	0.27%
Midtown Rochester, LLC	13,442	10	0.26%	-	-	-
Farash, Jalynn Brighton Development	-	-	-	23,854	5	0.47%
First Federal Savings and Loan	-	-	-	15,604	7	0.31%
ITT Automotive	-	-	-	14,039	8	0.28%
Rochester Management	-	-	-	10,774	10	0.21%
Totals	<u>\$ 821,729</u>		<u>16.13%</u>	<u>\$ 697,033</u>		<u>13.85%</u>

Note:

- 1) The total taxable assessed value of \$5,094,593,000 was used for fiscal year 2006-07 taxes.
- 2) The total taxable assessed value of \$5,031,843,000 was used for fiscal year 1997-98 taxes.

Source: Assessment Roll of the City of Rochester

THE CITY OF ROCHESTER, NEW YORK
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(000's Omitted)

Fiscal Year Ended June 30, 2007	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Cancellations and/or Adjustments to Tax Levy (3)	Outstanding Delinquent Taxes (Cumulative)	Percentage of Outstanding Delinquent Taxes to Total Tax
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy			
1998	\$ 174,624	\$ 161,363	92.41%	\$ 9,242	\$ 170,605	97.70%	\$ 5,082	\$ 20,557	12.74%
1999	169,604	156,623	92.35%	8,643	165,266	97.44%	2,476	21,276	13.58%
2000	168,683	155,449	92.15%	9,121	164,570	97.56%	3,526	21,406	13.77%
2001	163,894	149,749	91.37%	9,889	159,638	97.40%	5,631	21,912	14.63%
2002	160,732	146,155	90.93%	9,601	155,756	96.90%	3,769	22,906	15.67%
2003	166,991	152,270	91.18%	9,947	162,217	97.14%	4,171	23,507	15.44%
2004	173,145	158,479	91.53%	10,252	168,731	97.45%	5,465	22,968	14.49%
2005	178,380	163,293	91.54%	8,884	172,177	96.52%	4,742	23,004	14.09%
2006	184,086	168,297	91.42%	7,253	175,550	95.36%	5,009	24,102	14.32%
2007	189,822	174,245	91.79%	N/A	174,245	91.79%	3,469	25,882	14.85%

Notes:

- (1) Tax exempt properties with an assessed value of \$432,298,750 made payments in lieu of taxes amounting to \$11,021,436 for the fiscal year ending June 30, 2007. If these properties had been fully taxable, total revenues would have increased by \$7,402,436. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.
- (3) Cancellations are chiefly the result of foreclosure by the City and adjustments made for erroneous assessments.

THE CITY OF ROCHESTER, NEW YORK
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(000's Omitted, except per capita amount)

Fiscal Year	Government Activities		Business-Type Activities		Bond Proceeds for Note Redemption	Total Primary Government	Component Unit Activities		Total Entity	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	General Obligation Bonds	Bond Anticipation Notes			General Obligation Bonds	Bond Anticipation Notes			
1998	N/A	N/A	N/A	N/A	\$ -	\$ 210,084	\$ 105,235	\$ 53,777	\$ 369,096	5.81%	\$ 1,690
1999	N/A	N/A	N/A	N/A	-	198,407	87,590	70,907	356,904	5.59%	1,663
2000	\$ 65,446	\$ 29,960	\$ 81,389	\$ 11,124	-	187,919	98,885	55,480	342,284	5.10%	1,589
2001	71,092	65,257	82,054	6,267	(29,275)	195,395	116,530	41,433	353,358	5.07%	1,631
2002	55,929	45,643	74,661	12,407	-	188,640	94,125	62,616	345,381	4.93%	1,605
2003	42,942	54,452	67,488	13,339	-	178,221	77,759	79,805	335,785	4.79%	1,574
2004	66,260	82,043	70,104	6,378	(47,000)	177,785	133,017	33,314	344,116	4.69%	1,624
2005	52,694	49,987	62,672	11,625	-	176,978	114,227	48,542	339,747	4.49%	1,621
2006	84,025	58,853	66,223	21,781	(41,800)	189,082	147,522	24,296	360,900	N/A	1,734
2007	69,538	27,586	59,402	24,750	-	181,276	131,172	42,743	355,191	N/A	N/A

Note:

- 1) Population figures for 1998 - 1999 from "Survey of Buying Power" Sales and Marketing Management Magazine.
- 2) Population figures for 2000 - 2007 from US Census Bureau www.factfinder.census.gov.
- 3) Per Capita Personal Income figures for Monroe County from US Dept. of Commerce Bureau of Economic Analysis (www.bea.doc.gov).
- 4) The split of debt between Governmental Activities and Business-Type Activities is not available prior to fiscal year 2000, when GASB 34 was implemented.

THE CITY OF ROCHESTER, NEW YORK
RATIOS OF GENERAL DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(000's Omitted, except per capita amount)

Fiscal Year	Total Entity General Obligation Debt	Less: Amounts Available for Debt	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita (1) (2)
1998	\$ 369,096	\$ 49,052	\$ 320,044	6.36%	\$ 1,465
1999	356,904	55,377	301,527	6.04%	1,405
2000	342,284	61,300	280,984	5.66%	1,287
2001	353,358	57,847	295,511	6.25%	1,364
2002	345,381	59,969	285,412	6.04%	1,326
2003	335,785	62,520	273,265	5.79%	1,281
2004	344,116	61,354	282,762	6.05%	1,334
2005	339,747	57,222	282,525	5.60%	1,348
2006	360,900	51,799	309,101	6.11%	1,485
2007	355,191	78,666	276,525	5.43%	1,329

Notes:

1) Population figures for 1998 and 1999 are from "Survey of Buying Power" Sales and Marketing Management Magazine.

2) Population figures for 2000 - 2007 are from US Census Bureau www.factfinder.census.gov, current year data unavailable, 2006 population used for 2007.

THE CITY OF ROCHESTER, NEW YORK
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2007
(000's Omitted)

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$ 355,191	100.00%	\$ 355,191
County of Monroe	<u>417,727</u>	14.47%	<u>60,445</u>
Total	<u>\$ 772,918</u>		<u>\$ 415,636</u>

THE CITY OF ROCHESTER, NEW YORK
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(000's Omitted)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 593,260	\$ 482,083	\$ 448,240	\$ 436,660	\$ 428,504	\$ 420,086	\$ 431,025	\$ 450,269	\$ 461,655	\$ 469,406
Total net debt applicable to limit	312,395	305,454	294,923	309,800	302,985	301,442	308,620	304,616	316,237	313,025
Legal debt margin	280,865	176,629	153,317	126,860	125,519	118,644	122,405	145,653	145,418	156,381
Total net debt applicable to the limit as a percentage of debt limit	52.66%	63.36%	65.80%	70.95%	70.71%	71.76%	71.60%	67.65%	68.50%	66.69%

Legal Debt Margin Calculation for Fiscal Year 2007

Indebtedness		
Borrowings (Bonds and Notes)	\$ 355,191 (1)	
Contract Liabilities	23,838 (2)	\$ 379,029
Deductions and Exclusions		
Water Bonds and Notes	41,011 (3)	
Sanitary Sewer Bonds and Notes	1,155 (3)	
Appropriation	(4)	
Cash and Cash Equivalents	23,838 (5)	66,004
Net Indebtedness		313,025
Debt Limit (9% of five-year average full valuation)		469,406
Debt Contracting Margin		\$ 156,381

Continued

Notes:

- (1) Represents all bond and note debt of the City. Includes water and sewer debt -- listed above under "Deductions and Exclusions". Also includes bonds and bond anticipation notes issued by the City totaling \$1,535,000, the debt service on which is to be reimbursed to the City by the Rochester Pure Waters District of the County, pursuant to a lease of sewerage facilities to such district by the City.
- (2) Represents amounts due pursuant to contracts for capital improvements or the acquisition of equipment guaranteed by the City and listed under "Deductions and Exclusions".
- (3) Amounts excluded pursuant to Article VIII, Section 5 of State Constitution and Section 136.00 of Local Finance Law.
- (4) Represents outstanding indebtedness not otherwise excluded to the extent current budgetary appropriation, not yet realized as cash, may be applied to pay such indebtedness. Excluded pursuant to Section 136.00 of the Local Finance Law.
- (5) Represents cash on hand to pay principal of outstanding indebtedness not otherwise excluded, and investment of such cash at market value. The source of funds represents: (a) federal grants for projects already bonded; (b) proceeds of bonds and notes to pay outstanding contract liabilities; and (c) proceeds of notes available to pay principal of notes to the extent contracts to be financed with such proceeds were not consummated. The debt is excluded pursuant to Section 136.00 of Local Finance Law.

**THE CITY OF ROCHESTER, NEW YORK
DEMOGRAPHIC ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Population (1)	218,400	214,600	218,475	216,761	215,227	213,440	211,894	209,662	208,123	208,123
Total Personal Income Monroe County (2)	\$ 21,355,277	\$ 21,819,665	\$ 22,904,866	\$ 23,666,671	\$ 23,987,737	\$ 24,191,939	\$ 25,431,131	\$ 26,399,273	N/A	N/A
Per Capita Personal Income Monroe County (2)	29,091	29,740	31,132	32,179	32,580	32,881	34,606	36,062	N/A	N/A
School District Enrollment (3)	37,254	38,261	37,159	35,435	35,095	34,526	33,832	33,035	33,380	32,586
Unemployment Rate (4)	6.5%	6.9%	4.5%	5.5%	7.0%	7.2%	6.9%	5.9%	5.7%	5.6%
Employed (4)	108,000	107,000	95,000	93,500	91,200	90,000	89,800	91,000	90,400	89,400

Source:

1) Population figures for 1998 - 99 from "Survey of Buying Power" Sales and Marketing Management Magazine. 2000 - 2007 figures.
from US Census Bureau (www.factfinder.census.org), current year data unavailable, 2006 population used for 2007.

2) US Dept. of Commerce Bureau of Economic Analysis (www.bea.gov).

3) Rochester City School District (www.rcsdk12.org).

4) www.labor.state.ny.us (Average rates computed through October 2007) for City of Rochester.

**THE CITY OF ROCHESTER, NEW YORK
PRINCIPAL PRIVATE-SECTOR EMPLOYERS IN THE ROCHESTER AREA
CURRENT YEAR AND NINE YEARS PRIOR**

	2007			1998		
	Employees		Percentage of Total Employment (2)	Employees		Percentage of Total Employment (2)
	(1)	Rank		(1)	Rank	
University of Rochester/Strong Memorial Hospital	17,199	1	3.17%	9,375	3	1.68%
Wegmans Food Markets Inc.	14,461	2	2.66%	5,085	5	0.91%
Eastman Kodak Company	14,100	3	2.60%	28,000	1	5.02%
Xerox Corporation	8,100	4	1.49%	13,250	2	2.38%
ViaHealth	6,728	5	1.24%	5,886	4	1.06%
Unity Health System	5,002	6	0.92%	2,848	9	0.51%
Lifetime Healthcare Cos. Inc.	4,086	7	0.75%	-	-	-
Rochester Institute of Technology	2,827	8	0.52%	-	-	-
Paychex	2,588	9	0.48%	-	-	-
Frontier, a Citizens Communications Company	1,974	10	0.36%	3,397	8	0.61%
Greater Rochester Health System	-	-	-	5,013	4	0.90%
Delphi Corporation	-	-	-	3,700	6	0.66%
ITT Automotive Electrical Systems	-	-	-	-	-	0.00%
Bausch & Lomb	-	-	-	2,800	10	0.50%
Valeo Electrical Systems, Inc.	-	-	-	3465	7	0.62%

(1) Source: Rochester Business Journal The Lists - 2007 Edition.

(2) Employment source: www.labor.state.ny.us employment data as of 12/31/06.
Includes Monroe, Genesee, Livingston, Ontario, Orleans and Wayne counties.

THE CITY OF ROCHESTER, NEW YORK
BUDGETED FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City Council and Clerk	28.2	27.5	27.4	27.3	27.3	27.3	27.2	27.2	27.2	27.2
Administration	175.2	203.8	191.8	190.6	206.2	200.4	200.9	191.1	188.8	184.3
Finance	135.1	139.3	141.7	137.4	141.1	140.3	142.2	138.3	138.8	138.6
Community Development	114.9	103.3	101.0	101.6	104.2	102.2	100.7	98.5	97.9	96.6
Economic Development	28.9	28.9	28.3	41.7	42.2	27.2	26.2	25.7	24.7	22.8
Environmental Services	751.7	759.4	754.9	751.3	765.1	758.5	749.4	733.3	731.3	736.2
Emergency Communications	182.5	186.6	191.9	189.7	186.8	182.7	181.6	182.9	186.4	187.6
Police	875.7	883.9	876.6	916.0	932.5	922.6	915.0	912.1	909.1	923.8
Fire	580.8	593.2	595.3	579.4	584.7	578.1	569.6	568.3	565.5	562.5
Library	231.4	233.0	229.5	231.7	231.6	219.4	192.4	182.0	178.3	172.9
Parks, Recreation & Human Services	310.1	335.4	349.6	337.6	335.4	313.5	301.3	295.2	295.4	277.4
Total	<u>3,414.5</u>	<u>3,494.3</u>	<u>3,488.0</u>	<u>3,504.3</u>	<u>3,557.1</u>	<u>3,472.2</u>	<u>3,406.5</u>	<u>3,354.6</u>	<u>3,343.4</u>	<u>3,329.9</u>
Full-time Employees										
Last Ten Fiscal Years										
City	3,033	3,082	3,096	3,121	3,151	3,100	3,054	3,003	2,984	2,963
School District	<u>5,594</u>	<u>5,833</u>	<u>6,023</u>	<u>6,221</u>	<u>6,303</u>	<u>6,068</u>	<u>6,013</u>	<u>5,864</u>	<u>5,825</u>	<u>6,099</u>
Total	<u>8,627</u>	<u>8,915</u>	<u>9,119</u>	<u>9,342</u>	<u>9,454</u>	<u>9,168</u>	<u>9,067</u>	<u>8,867</u>	<u>8,809</u>	<u>9,062</u>

**THE CITY OF ROCHESTER, NEW YORK
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	Estimated 2007
Emergency Communications										
Calls received	1,160,107	1,177,490	1,206,034	1,157,877	1,103,665	1,148,108	1,127,659	1,148,793	1,222,352	1,250,000
Police										
Calls for service	437,081	449,552	443,307	465,568	475,341	455,290	424,851	461,855	422,930	422,900
Reported crimes	46,657	42,215	40,698	38,996	41,045	38,543	39,344	38,212	36,217	36,300
Fire										
Unit responses	41,730	47,056	43,623	43,025	43,990	45,257	45,765	45,003	45,235	45,235
Refuse										
Residential accounts	53,730	53,675	53,541	53,328	52,987	52,766	52,673	52,476	53,015	52,690
Commercial accounts	2,750	2,660	2,972	2,830	2,767	2,730	2,660	2,638	2,625	2,625
Total tonnage	111,661	115,583	118,850	117,285	116,618	117,277	120,939	116,054	113,636	119,121
Residential cost per ton	\$98.96	\$99.22	\$102.63	\$99.72	\$100.05	\$101.33	\$101.93	\$105.14	\$100.50	\$108.59
Commercial cost per ton	\$147.87	\$121.29	\$128.46	\$126.16	\$133.90	\$154.11	\$157.69	\$151.81	\$168.77	\$169.31
Water										
Millions of gallons per day										
Filtration plant production	35.58	36.50	32.93	38.59	28.27	35.64	37.35	34.50	35.58	38.46
City water demand	29.25	30.42	30.25	29.46	30.08	33.71	32.15	30.15	29.59	30.55
Library										
Total circulation	1,617,183	1,526,673	1,539,099	1,612,279	1,788,621	1,680,872	1,667,529	1,626,157	1,298,760	1,315,811
Parking										
Total parking spaces	14,131	13,855	13,838	12,695	12,695	12,589	11,948	11,953	11,743	11,636
Annual car counts	3,738,026	3,859,536	3,758,619	3,031,900	3,178,500	2,918,164	2,993,264	2,902,784	2,929,728	2,741,694
Parks and Recreation										
Convention Center attendance	307,349	269,364	280,363	275,702	260,804	279,528	312,680	325,000	290,000	300,000
War Memorial										
Total attendance	558,423	560,914	605,200	629,727	557,531	410,547	573,678	498,741	496,463	529,900

Note: Above data is from City of Rochester Budget.

**THE CITY OF ROCHESTER, NEW YORK
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Miles of streets	537	537	539	539	539	539	539	539	539	539
Parking garages	8	8	8	8	8	8	8	8	8	8
Libraries	11	11	11	11	11	11	11	11	11	11
Fire houses	16	16	16	16	16	16	16	16	16	16
City owned street lights	11,056	11,279	11,609	11,858	12,460	12,773	13,200	10,936	11,116	11,286
Fire hydrants	7,254	7,254	7,456	7,468	7,287	7,287	7,287	7,287	7,287	7,287

Source: City of Rochester Budget

SINGLE AUDIT REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Members of City Council
City of Rochester, New York

We have audited the basic financial statements of the City of Rochester, New York (the "City"), as of and for the year ended June 30, 2007, and have issued our report thereon dated October 5, 2007, which included a disclaimer of opinion with respect to the schedule of expenditures of New York State and other awards and summary of financial assistance on pages 65–71. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2007-1, 2007-2, and 2007-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

The City's response to the findings identified in our audit are described in the accompany schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated October 5, 2007.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

October 5, 2007

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Members of City Council
City of Rochester, New York

Compliance

We have audited the compliance of the City of Rochester, New York (the "City"), with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in the internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2007, and have issued our report thereon dated October 5, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, City Council, others within the entity, federal awarding agencies, state funding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

November 9, 2007

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	
CITY GRANTS										
DEPT. OF HOUSING AND URBAN DEVELOPMENT:										
CDBG PY 1995	B-95-MC-36-0003	14.218	\$ 16,320,401	\$ 16,235,540	\$ -	\$ 16,235,540	\$ 16,235,540	\$ -	\$ 16,235,540	\$ -
CDBG PY 1996	B-96-MC-36-0003	14.218	18,710,449	18,405,517	70,173	18,475,690	18,405,517	70,173	18,475,690	-
CDBG PY 1997	B-97-MC-36-0003	14.218	14,209,646	14,209,649	37,236	14,246,885	14,209,645	37,240	14,246,885	-
CDBG PY 1998	B-98-MC-36-0003	14.218	12,890,500	12,658,356	-	12,658,356	12,649,766	-	12,649,766	8,590
CDBG PY 1999	B-99-MC-36-0003	14.218	14,492,265	14,492,265	4,673	14,496,938	14,492,265	-	14,492,265	4,673
CDBG PY 2000	B-00-MC-36-0003	14.218	13,651,489	13,651,489	194,232	13,845,721	13,668,287	177,322	13,845,609	112
CDBG PY 2001	B-01-MC-36-0003	14.218	13,516,000	13,400,039	135,851	13,535,890	13,382,838	153,051	13,535,889	1
CDBG PY 2002	B-02-MC-36-0003	14.218	13,863,000	13,170,118	120,928	13,291,046	13,181,208	122,030	13,303,238	(12,192)
CDBG PY 2003	B-03-MC-36-0003	14.218	13,968,320	13,968,320	3,303,950	17,272,270	13,880,999	1,184,305	15,065,304	2,206,966
CDBG PY 2004	B-04-MC-36-0003	14.218	13,707,000	10,067,331	1,527,217	11,594,548	10,179,379	1,461,922	11,641,301	(46,753)
CDBG PY 2005	B-05-MC-36-0003	14.218	13,283,899	7,351,452	4,342,453	11,693,905	7,398,766	4,444,779	11,843,545	(149,640)
CDBG PY 2006	B-06-MC-36-0003	14.218	11,687,345	-	4,956,713	4,956,713	-	6,356,822	6,356,822	(1,400,109)
Section 108 Loan Program	B-95-MC-36-0003	14.158	1,300,000	1,300,000	(10,000)	1,290,000	1,290,000	-	1,290,000	-
Section 108 Loan Program	B-99-MC-36-0003B	14.158	2,000,000	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-
Section 108 EDI Program	B-95-ED-36-0019	14.158	475,000	472,500	-	472,500	472,500	-	472,500	-
Section 108 EDI Program	B-99-ED-36-0017	14.158	500,000	250,000	-	250,000	250,000	-	250,000	-
Section 108 EDI Program	B-00-ED-36-0038	14.158	1,925,000	1,500,000	-	1,500,000	1,500,000	-	1,500,000	-
EDI Special Projects	B-05-SPNY-0568	14.158	99,200	-	99,200	99,200	99,200	-	99,200	-
Emergency Shelter	S-05-MC-36-0005	14.146	424,535	302,580	121,955	424,535	296,270	128,265	424,535	-
Emergency Shelter	S-06-MC-36-0005	14.146	397,525	-	285,452	285,452	-	285,196	285,196	256
Home Program 1992	M-92-MC-36-0504	14.239	2,913,000	2,912,230	-	2,912,230	2,912,230	-	2,912,230	-
Home Program 1993	M-93-MC-36-0504	14.239	1,922,000	1,921,999	-	1,921,999	1,921,999	-	1,921,999	-
Home Program 1994	M-94-MC-36-0504	14.239	2,678,000	2,678,000	-	2,678,000	2,678,000	-	2,678,000	-
Home Program 1995	M-95-MC-36-0504	14.239	2,879,000	2,878,862	-	2,878,862	2,878,862	-	2,878,862	-
Home Program 1996	M-96-MC-36-0504	14.239	3,090,000	3,088,275	-	3,088,275	3,088,275	-	3,088,275	-
Home Program 1997	M-97-MC-36-0504	14.239	3,139,000	3,127,508	4,368	3,131,876	3,127,508	4,368	3,131,876	-
Home Program 1998	M-98-MC-36-0504	14.239	3,413,000	3,348,671	19,573	3,368,244	3,348,671	19,573	3,368,244	-
Home Program 1999	M-99-MC-36-0504	14.239	3,710,000	3,587,821	87,744	3,675,565	3,587,821	87,744	3,675,565	-
Home Program 2000	M-00-MC-36-0504	14.239	3,882,000	3,834,737	12,773	3,847,510	3,834,737	12,773	3,847,510	-
Home Program 2001	M-01-MC-36-0504	14.239	4,148,000	3,724,442	86,870	3,811,312	3,724,442	86,870	3,811,312	-
Home Program 2002	M-02-MC-36-0504	14.239	3,917,000	3,442,888	195,667	3,638,555	3,442,888	195,667	3,638,555	-
Home Program 2003	M-03-MC-36-0504	14.239	3,793,619	1,712,305	1,081,404	2,793,709	1,712,305	1,081,404	2,793,709	-
Home Program 2004	M-04-MC-36-0504	14.239	4,115,135	1,532,348	839,470	2,371,818	1,532,348	839,470	2,371,818	-
Home Program 2005	M-05-MC-36-0504	14.239	3,760,753	894,230	714,287	1,608,517	617,568	990,949	1,608,517	-
Home Program 2006	M-06-MC-36-0504	14.239	3,760,753	-	2,164,537	2,164,537	-	1,424,391	1,424,391	740,146
Lead Hazard Demonstration	NYLHD0003-03	14.905	2,568,248	731,576	305,861	1,037,437	744,120	470,944	1,215,064	(177,627)
Lead Hazard Control	NYLHB0240-03	14.905	2,918,423	1,093,623	683,844	1,777,467	1,097,062	839,652	1,936,714	(159,247)
Lead Hazard Demonstration II	NYLHD0025-04	14.905	2,499,310	187,338	610,442	797,780	187,581	637,494	825,075	(27,295)
HOPWA	NY06H02F005	14.241	585,980	570,100	13,193	583,293	570,100	13,193	583,293	-
HOPWA	NY06H02F006	14.241	610,944	-	504,559	504,559	-	504,559	504,559	-
HOPWA	NY06H02F007	14.241	599,000	-	17,970	17,970	-	17,970	17,970	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES:										
Substance Abuse	1-H79-SP13209-01	93.276	500,000	7,650	118,823	126,473	50,475	56,563	107,038	19,435

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
	Grant Number	CFDA Number	Budget	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	
DEPARTMENT OF HOMELAND SECURITY										
Medical Response (PASS THROUGH)	WM05-1161-D00	97.071	\$ 227,592	\$ 33,491	\$ 94,232	\$ 127,723	\$ 33,491	\$ 94,232	\$ 127,723	\$ -
Water -SUASP (PASS THROUGH)	C834454	97.067	500,000	181,543	278,770	460,313	181,543	278,770	460,313	-
Buffer Zone (PASS THROUGH)	C153756	97.078	150,000	112,227	37,008	149,235	112,227	37,008	149,235	-
U.S. DEPARTMENT OF EDUCATION										
PASS THROUGH (From NYS Dept. of Education)										
21st Century Grant RASA I	0187041010	84.287	5,702,587	3,953,340	1,525,941	5,479,281	4,030,957	1,687,704	5,718,661	(239,380)
21st Century Grant RASA II	0187052018	84.287	4,500,000	3,942,999	829,432	4,772,431	3,153,408	811,435	3,964,843	807,588
U.S. DEPARTMENT OF JUSTICE										
Justice Assistance Grant	05-DJ-BX-0524	16.592	218,034	76,726	141,308	218,034	76,726	141,308	218,034	-
Justice Assistance Grant	06-DJ-BX-0849	16.592	142,051	-	83,916	83,916	-	83,916	83,916	-
Weed & Seed 09	05-WS-Q5-0226	16.595	224,998	72,414	66,092	138,506	72,414	66,092	138,506	-
Weed & Seed 09	05-WS-Q5-0233	16.595	225,000	95,969	54,277	150,246	95,969	54,277	150,246	-
PASS THROUGH (FROM DCJS)										
Youth Violence	C-521982	16.523	103,700	-	103,700	103,700	-	103,700	103,700	-
Juvenile Accountability	C-520637	16.523	20,109	14,165	5,944	20,109	14,165	5,944	20,109	-
Juvenile Accountability	C-520638	16.523	17,130	-	17,130	17,130	-	17,130	17,130	-
Stop Violence Against Women	C-554639	16.588	52,200	-	16,574	16,574	-	16,574	16,574	-
Stop Violence Against Women	C-554638	16.588	69,600	17,501	52,099	69,600	17,501	52,099	69,600	-
U.S. DEPARTMENT OF TRANSPORTATION										
NYS DEPARTMENT OF TRANSPORTATION (Pass Through)										
Buffalo Road/West Avenue - 4512.19	D010729	20.205	3,814,400	3,348,474	-	3,348,474	3,348,474	-	3,348,474	-
Broad Street Tunnel - 4751.87	D009279	20.205	1,166,400	690,867	8,449	699,316	690,867	8,449	699,316	-
Ford Street Bridge - 4752.52	D011399	20.205	8,800,000	8,418,138	675	8,418,813	8,418,138	675	8,418,813	-
Lake Avenue - 4752.49	D011414	20.205	14,069,226	11,217,811	2,062,591	13,280,402	11,217,811	2,062,591	13,280,402	-
St. Paul Street/Inner Loop - 4752.34	D010735	20.205	360,800	357,791	-	357,791	-	-	357,791	-
Port	D013858	20.205	18,887,000	18,222,821	21,966	18,244,787	18,222,821	21,966	18,244,787	-
West Ridge Road	D013560	20.205	20,037,600	14,259,823	3,825,550	18,085,373	14,259,823	3,825,550	18,085,373	-
Broad Street Bridge	D013824	20.205	240,000	18,711	3,535	22,246	18,711	3,535	22,246	-
CBD Signs	D017579	20.205	114,400	89,344	68,899	158,243	89,344	68,899	158,243	-
Lexington Avenue	D017499	20.205	4,115,600	4,068,413	334,180	4,402,593	4,068,413	334,180	4,402,593	-
Chili Avenue	D014967	20.205	5,887,800	5,817,502	(2,180)	5,815,322	5,817,502	(2,180)	5,815,322	-
Elmwood Avenue Bridge	D013825	20.205	2,300,000	2,300,000	1,880	2,301,880	2,300,000	1,880	2,301,880	-
Port Intel Trans System	D022323	20.205	937,500	2,775	185	2,960	2,775	185	2,960	-
Mt. Hope Ave. & E. Henrietta Road	D022408	20.205	480,000	170,595	144,876	315,471	170,595	144,876	315,471	-
Smith Street Bridge	D024554	20.205	687,200	332,715	264,413	597,128	332,715	264,413	597,128	-
PL - 2006-07	D125071	20.205	173,994	-	75,235	75,235	-	75,235	75,235	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
	Grant Number	CFDA Number	Budget	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	
U.S. ENVIRONMENTAL PROTECTION AGENCY										
Brownfield Grant	BF98298403	66.811	\$ 280,000	\$ 204,897	\$ 55,961	\$ 260,858	\$ 204,221	\$ 55,961	\$ 260,182	\$ 676
Brownfield Grant	BF97298603	66.811	400,000	195,653	-	195,653	195,653	-	195,653	-
Brownfield Grant	BF97259406	66.811	200,000	-	1,906	1,906	-	1,906	1,906	-
Brownfield Grant	BF97257506	66.811	200,000	-	190,338	190,338	-	190,338	190,338	-
U.S. DEPARTMENT OF AGRICULTURE:										
Summer Food Service	36-079500	10.555	405,096	-	405,096	405,096	-	405,096	405,096	-
SUBTOTAL CITY GRANTS			334,534,756	271,926,464	33,421,396	305,347,860	271,153,227	32,618,433	303,771,660	1,576,200
CITY SCHOOL DISTRICT GRANTS										
PROJECTS OPEN AS OF JUNE 30, 2007										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
G0820 Impact Aid	S041B-2005-3427	84.040	23,211	-	23,211	23,211	-	10,466	10,466	12,745
OTHER DIRECT FEDERAL										
G0197 Foreign Languages Assistance Program (FLAP)	293B060047	84.293B	128,495	-	16,366	16,366	-	19,157	19,157	(2,791)
G0335 Native American Resource Center	S060A042183	84.060A	101,364	-	80,482	80,482	-	96,169	96,169	(15,687)
G0358 Resilience Through Reading Proj.	364A060392	84.364A	299,502	-	270,580	270,580	-	280,934	280,934	(10,354)
G0374 Arts Model Development	351D060136	351D	267,062	-	180,330	180,330	-	217,019	217,019	(36,689)
G0385 Surv. Study, Invest & Special Purpose	X897290504	8-97290504-C	7,752	-	6,534	6,534	-	7,752	7,752	(1,218)
G0477 USDE Tch Amer Hist Prj Pride	U215X040285	84.215X	459,223	-	340,784	340,784	-	351,080	351,080	(10,296)
G0451 Integrated Schools with Mental Health	215M060046	84.215M	329,571	-	72,705	72,705	-	74,289	74,289	(1,584)
FEDERAL FLOW THROUGH PROJECTS										
ESEA TITLE I										
G0202-298 Title I	0021-07-1395	84.010A	32,106,389	-	23,526,329	23,526,329	-	25,953,514	25,953,514	(2,427,185)
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES										
G0201 Title V -No Child Left Behind	0002-07-1395	84.298A	169,269	-	104,696	104,696	-	113,138	113,138	(8,442)
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS										
G0450 Safe & Drug Free Schools & Communities	0180-07-1395	84.186A	433,279	-	212,536	212,536	-	288,992	288,992	(76,456)
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
G0305 Support Services Handicapped	0032-07-0370	84.027A	9,561,643	-	7,480,146	7,480,146	-	8,227,836	8,227,836	(747,690)
G0340 Pre-School Handicapped	0033-07-0370	84.173A	620,680	-	375,722	375,722	-	466,087	466,087	(90,365)
G0362 Special Education Quality Assurance Implementation	0031-07-2855	84.027A	115,000	-	34,957	34,957	-	114,465	114,465	(79,508)
G0390 Pre-School Administration	0232-07-0370	84.173A	106,871	-	84,916	84,916	-	107,949	107,949	(23,033)
G0586 Medicaid Grant	0031-07-4016	84.027A	44,550	-	40,938	40,938	-	40,508	40,508	430
VOCATIONAL EDUCATION										
G0707 VATEA / Secondary Formula	8000-07-0024	84.048A	818,099	-	601,463	601,463	-	737,007	737,007	(135,544)
G0754 VATEA / Adult Formula	8000-07-9020	84.048A	217,149	-	183,972	183,972	-	207,970	207,970	(23,998)
G0767 Perkins 3 Tech Prep Planning	8080-07-3002	84.243A	165,000	-	113,324	113,324	-	147,760	147,760	(34,436)
WORKFORCE INVESTMENT ACT										
G0701 WIA, Title II, Incarcerated & Institutionalized	0138-07-0015	84.002A	56,523	-	37,777	37,777	-	55,911	55,911	(18,134)
G0722 WIA, Title II, Adult Education & Literacy	2338-07-1053	84.002A	214,302	-	192,871	192,871	-	213,600	213,600	(20,729)
G0748 WIA, Title II, One Stop Center	2338-07-3105	84.002A	38,624	-	33,296	33,296	-	38,875	38,875	(5,579)
G0779 WIA-Title 2 Workplace Literacy	2338074102	84.002A	54,227	-	45,663	45,663	-	51,701	51,701	(6,038)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
				Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007		
OTHER FEDERAL FLOW THROUGH STATE											
G0042 Fast Track Rochester	JJ05441700	16.540	\$ 185,274	\$ -	\$ 73,739	\$ 73,739	\$ -	\$ 148,457	\$ 148,457	\$ (74,718)	
G0120 Title II-D - Technology	0292-07-1395	84.318X	408,681	-	256,405	256,405	-	379,567	379,567	(123,162)	
G0155 Comprehensive School Reform CO/School Imp	0223-07-4155	84.332A	135,000	-	66,929	66,929	-	74,407	74,407	(7,478)	
G0189 CSRD ATLAS No 46	0223-07-6022	84.332A	201,040	-	97,604	97,604	-	95,053	95,053	2,551	
G0190 CSRD ELOB Eng & Mfg	0223-07-6024	84.332A	201,040	-	93,869	93,869	-	88,365	88,365	5,504	
G0191 CSRD ATLAS Franklin Global Med	0223-07-6021	84.332A	201,040	-	83,580	83,580	-	75,317	75,317	8,263	
G0192 CSRD ELOB Douglas	0223-07-6023	84.332A	110,000	-	78,014	78,014	-	81,720	81,720	(3,706)	
G0199 Title III Bilingual	0293-07-1395	84.365A	889,544	-	259,905	259,905	-	491,926	491,926	(232,021)	
G0200 Title II -No Child Left Behind	0147-07-1395	84.367A	5,499,915	-	3,582,134	3,582,134	-	4,062,041	4,062,041	(479,907)	
G0300 Title I Improvement and Choice	0011-07-2016	84.348A	800,000	-	160,000	160,000	-	110,137	110,137	49,863	
G0302 Title I Improvement and Choice	0011068016	84.348A	294,000	-	293,499	293,499	-	293,498	293,498	1	
G0310 SETRC	0C00752007	84.029	474,329	-	377,097	377,097	-	363,521	363,521	13,576	
G0338 Urban Forum	0020-07-8000	84.010A	14,775	-	2,955	2,955	-	4,740	4,740	(1,785)	
G0360 Homeless Children	0212-07-3919	84.196A	100,000	-	62,122	62,122	-	122,533	122,533	(60,411)	
G0364 Reading First	0243-07-0028	84.357A	3,750,000	-	3,084,600	3,084,600	-	3,565,091	3,565,091	(480,491)	
G0441 Harvard Principals Consortium School #9	0122063019	84.010A	4,857	-	3,262	3,262	-	4,557	4,557	(1,295)	
G0734 Rochester Works Law Prep at Marshall	RWILAW0701	84.002A	11,093	-	10,595	10,595	-	10,595	10,595	-	
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION											
G0147 Smaller Learning Communities	V215L050016	84.215L	266,660	-	266,660	266,660	-	233,122	233,122	33,538	
G0321 U of R / NIMH	URNIMHO701	93.242	175,527	-	140,684	140,684	-	171,338	171,338	(30,654)	
G0359 IMLS Laura Bush 21st Century Librarians	0106007606	45.313	13,799	-	-	-	-	2,038	2,038	(2,038)	
G0525 BOCES Mid-West Regional Support-Math	0706380BOC	84.367A	11,250	-	-	-	-	7,223	7,223	(7,223)	
PROJECTS CLOSED AS OF JUNE 30, 2007											
DIRECT FEDERAL PROJECTS											
U.S. DEPARTMENT OF EDUCATION:											
IMPACT AID											
F0820 Impact Aid	S041B-2005-3427	84.040	25,753	25,753	-	25,753	17,099	8,654	25,753	-	
OTHER DIRECT FEDERAL											
F0335 Native American Resource Center	S060A042183	84.060A	87,664	85,666	(1,141)	84,525	82,753	1,772	84,525	-	
F0320 National Endowment Arts	NEARTS0601	45.024	65,000	6,301	28,196	34,497	25,916	8,581	34,497	-	
F0477 USDE Tch Amer Hist Prj Pride	U215X040285	84.215X	260,702	191,436	69,266	260,702	260,702	-	260,702	-	
FEDERAL FLOW THROUGH PROJECTS											
ESEA TITLE I											
F0202-298 Title I	0021-06-1395	84.010A	33,029,099	22,703,236	6,460,616	29,163,852	26,844,936	2,318,916	29,163,852	-	
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES											
F0201 Title V -No Child Left Behind	0002-06-1395	84.298A	214,792	175,851	26,553	202,404	202,032	372	202,404	-	
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS											
F0450 Safe & Drug Free Schools & Communities	0180-06-1395	84.186A	531,896	245,910	229,235	475,145	375,690	99,455	475,145	-	

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
F 0305 Support Services Handicapped	0032-06-0370	84.027A	\$ 9,964,298	\$ 8,300,476	\$ 1,613,585	\$ 9,914,061	\$ 9,501,440	\$ 412,621	\$ 9,914,061	\$ -
F 0310 SETRC	C007559	84.027A	462,760	280,692	144,615	425,307	420,862	4,445	425,307	-
F 0340 Pre-School Handicapped	0033-06-0370	84.173A	526,457	376,869	6,472	383,341	290,942	92,399	383,341	-
F 0362 Special Education Quality Assurance Implementation	0031-06-2855	84.027A	115,000	85,074	27,493	112,567	113,601	(1,034)	112,567	-
F 0390 Pre-School Administration	0232-06-0370	84.173A	101,840	87,232	14,608	101,840	100,332	1,508	101,840	-
F 0586 Medicaid Grant	0031-06-4016	84.027A	54,000	45,992	7,660	53,652	53,077	575	53,652	-
VOCATIONAL EDUCATION										
F 0707 VATEA / Secondary Formula	8000-06-0024	84.048A	774,727	424,950	332,801	757,751	774,898	(17,147)	757,751	-
F 0754 VATEA / Adult Formula	8000-06-9020	84.048A	200,588	169,709	27,324	197,033	196,593	440	197,033	-
F 0767 Perkins 3 Tech Prep Planning	8080-06-3002	84.243A	180,000	142,607	37,393	180,000	181,448	(1,448)	180,000	-
WORKFORCE INVESTMENT ACT										
F 0701 WIA, Title II, Incarcerated & Institutionalized	0138-06-0015	84.002A	57,817	21,026	36,424	57,450	53,611	3,839	57,450	-
F 0722 WIA, Title II, Adult Education & Literacy	2338-06-1053	84.002A	392,676	353,798	32,760	386,558	392,733	(6,175)	386,558	-
F 0748 WIA - One Stop Center	2338-06-3105	84.002A	85,064	65,599	19,465	85,064	84,921	143	85,064	-
F 0768 WIA-Family Literacy	2338-06-5011	84.002A	159,495	133,114	26,000	159,114	158,531	583	159,114	-
OTHER FEDERAL FLOW THROUGH STATE										
F 0120 Title II-D - Technology	0292-06-1395	84.318X	585,433	418,761	49,690	468,451	416,036	52,415	468,451	-
F 0155 Comprehensive School Reform CO/School Imp	0223-06-4155	84.332A	105,000	50,275	43,462	93,737	74,269	19,468	93,737	-
F 0156 Comprehensive School Reform Program @ # 22	0223-06-4122	84.332A	135,000	121,500	8,176	129,676	127,842	1,834	129,676	-
F 0158 Comprehensive School Reform Program @ # 35	0223-06-4135	84.332A	110,000	98,538	9,085	107,623	105,939	1,684	107,623	-
F 0159 Comprehensive School Reform Program @ # 39	0223-06-4139	84.332A	110,000	99,000	833	99,833	91,455	8,378	99,833	-
F 0160 Comprehensive School Reform Program @ # 42	0223-06-4142	84.332A	110,000	93,333	9,868	103,201	92,153	11,048	103,201	-
F 0161 Comprehensive School Reform Program @ # 43	0223-06-4143	84.332A	110,000	99,000	3,069	102,069	94,480	7,589	102,069	-
F 0162 Comprehensive School Reform Program @ # 50	0223-06-4150	84.332A	110,000	86,487	18,217	104,704	83,591	21,113	104,704	-
F 0163 Comprehensive School Reform Program @ # 52	0223-06-4152	84.332A	110,000	93,333	11,660	104,993	85,021	19,972	104,993	-
F 0164 Comprehensive School Reform Program @ # 57	0223-06-4157	84.332A	85,000	76,500	4,072	80,572	75,592	4,980	80,572	-
F 0179 Comprehensive School Reform Program @ Marshall	0223-06-4174	84.332A	110,000	99,000	1,969	100,969	92,090	8,879	100,969	-
F 0181 Comprehensive School Reform Program @ SWW	0223-06-4181	84.332A	110,000	22,000	88,000	110,000	86,258	23,742	110,000	-
F 0189 CSRD ATLAS No 46	0223-06-6022	84.332A	110,000	81,608	4,975	86,583	78,208	8,375	86,583	-
F 0190 CSRD ELOB Eng & Mfg	0223-06-6024	84.332A	110,000	22,000	56,680	78,680	78,326	354	78,680	-
F 0191 CSRD ATLAS Franklin Global Med	0223-06-6021	84.332A	110,000	84,462	6,146	90,608	83,689	6,919	90,608	-
F 0192 CSRD ELOB Douglas	0223-06-6023	84.332A	110,000	22,000	69,741	91,741	75,777	15,964	91,741	-
F 0199 Title III Bilingual	0293-06-1395	84.365A	562,647	300,800	213,301	514,101	404,380	109,721	514,101	-
F 0200 Title II -No Child Left Behind	0147-06-1395	84.367A	6,064,729	5,009,053	585,954	5,595,007	4,927,635	667,372	5,595,007	-
F 0300 Title I Improvement and Choice	0011-06-2016	84.348A	945,000	195,100	746,637	941,737	332,137	609,600	941,737	-
F 0301 Districts IN Corrective Action	0011-06-0016	84.010A	72,245	18,003	6,028	24,031	21,822	2,209	24,031	-
F 0311 IDEA State Improvement Grant	0031-06-5305	84.029	55,000	10,508	28,375	38,883	38,882	1	38,883	-
F 0336 Learn & Serve America @ #36	0270-06-0040	94.004	18,000	6,383	9,048	15,431	15,425	6	15,431	-
F 0338 Urban Forum	0020-06-8000	84.010A	25,105	6,333	6,322	12,655	12,655	-	12,655	-
F 0360 Homeless Children	0212-06-3919	84.196A	100,000	24,087	75,913	100,000	89,503	10,497	100,000	-
F 0364 Reading First	0243-06-0028	84.357A	1,400,000	713,683	641,052	1,354,735	871,094	483,641	1,354,735	-
F 0442 Harvard Prins Consortium #8	0122-05-3021	84.010A	4,515	4,477	-	4,477	4,477	-	4,477	-
F 0443 Harvard Prins Consortium #1	0122-05-3020	84.010A	4,515	4,333	-	4,333	4,333	-	4,333	-
F 0444 Harvard Prins Consortium #14	0122-05-3019	84.010A	4,515	4,515	-	4,515	4,515	-	4,515	-
F 0719 EDGE Welfare To Work	C011381	93.558	324,892	293,080	31,744	324,824	254,855	69,969	324,824	-
FEDERAL EMERGENCY ASSISTANCE										
F 0821 Hurricane Katrina Relief	0080-06-1013	84.938C	126,750	15,750	119,595	135,345	98,537	36,808	135,345	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

			REVENUES				EXPENDITURES			Net (Accrued) Deferred Revenue	
Grant Number	CFDA Number	Budget	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007			
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION											
F 0147 Smaller Learning Communities	V215L050016	84.215L	\$ 152,381	\$ 228,284	\$ (75,903)	\$ 152,381	\$ 152,381	\$ -	\$ 152,381	\$ -	
F 0321 U of R / NIMH	URNIMHO601	93.242	174,798	137,405	37,393	174,798	201,859	(27,061)	174,798	-	
F 0447 U of R Dierdre Bonnell Grant	----	93.113	70,488	-	70,488	70,488	63,726	6,762	70,488	-	
F 0452 El Yucayeque Professional Learning Circle	----	84.365A	4,445	4,445	(2,630)	1,815	1,815	0	1,815	-	
F 0723 TANF-Summer Youth Empl	----	93.558	23,325	23,325	-	23,325	24,924	(1,599)	23,325	-	
F 0744 Edison Tech Summer Youth Development	----	93.558	64,397	56,549	(0)	56,549	57,003	(454)	56,549	-	
SCHOOL FOOD SERVICE FUND:											
U.S. DEPARTMENT OF AGRICULTURE	---	10.555	11,976,132	-	11,976,132	11,976,132	-	11,976,132	11,976,132	-	
TOTAL SCHOOL DISTRICT GRANTS			131,779,549	42,545,201	67,047,667	109,592,868	49,454,801	65,292,245	114,747,046	(5,154,178)	
TOTAL CITY GRANTS			334,534,756	271,926,464	33,421,396	305,347,860	271,153,227	32,618,433	303,771,660	1,576,200	
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS			\$ 466,314,305	\$ 314,471,665	\$ 100,469,063	\$ 414,940,728	\$ 320,608,028	\$ 97,910,678	\$ 418,518,706	\$ (3,577,978)	

See "Notes to Schedule of Expenditures of Federal Awards."

(concluded)

CITY OF ROCHESTER, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2007

1. **General** — The accompanying schedule of expenditures of federal awards represents the activity of all federal programs of the City of Rochester, New York (the “City”). The City’s reporting entity is defined in Note 1 to the City’s basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.
2. **Basis of Accounting** — The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1.C. to the City’s basic financial statements.
3. **Relationship to Federal Financial Reports** — Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports.
4. **Other** — In the accompanying schedule of expenditures of federal awards for the School Food Service Fund, \$883,363 for commodities has been received from the U.S. Department of Agriculture and is included in the current year revenues and expenditures.

Negative revenues are a result of program closeout or a reduction in the reserve for encumbrances.

5. **Asset Control Area Agreement (“ACA”)** — Participating in this program (CFDA# 14.311), the City purchased houses from the Department of Housing and Urban Development at a discount. In turn, to revitalize the City’s housing stock, these units are rehabilitated and resold to low and moderate-income families. The value of these discounts was \$1,367,487 and \$2,047,488 in the 2007 and 2006 program years, respectively. While the cost of the property purchases and the revenue from sales are reported in the City’s basic financial statements, the expenses for rehabilitation are reported in the schedule of expenditures of federal awards under the CDBG Program (CFDA# 14.218) and the Home Program (CFDA# 14.239). The combined acquisition and rehabilitation costs of these properties exceed the final sale prices.

* * * * *

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

PART I — SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:			Unqualified
Internal control over financial reporting:			
1. Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
2. Significant deficiency(ies) identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> N/A	
3. Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	

Federal Awards:

Internal control over major programs:			
4. Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No	
5. Significant deficiency(ies) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> X </u> N/A	
Type of auditors' report issued on compliance for major programs:			Unqualified
6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))?	<u> </u> Yes	<u> X </u> No	
7. The City's major programs were:			

Name of Federal Program or Cluster	CFDA Number
HOME Program	14.239
NYS Department of Transportation (pass through)	20.205
Reading First	84.357A
Title 1	84.010A
8. Dollar threshold used to distinguish between Type A and Type B programs?	<u>\$ 2,937,320</u>
9. Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

PART II — FINANCIAL STATEMENT FINDINGS SECTION

Reference Number	Findings	Questioned Costs
2007-1	Significant Deficiency - Overall Risk Assessment	Not Applicable

Condition — The City and the Rochester City School District (the “District”) currently have not performed an enterprise-wide risk assessment of risks facing the City and the District. Such an assessment should include a fraud risk assessment.

Criteria — The enterprise risk management framework of the Committee of Sponsoring Organizations of the Treadway Committee (COSO) includes five interrelated components of internal control, one of which is risk assessment. A formal risk assessment is the cornerstone to an effective internal control program and provides the framework by which internal controls can be designed, implemented, and evaluated for effectiveness. As part of a risk assessment process, the consideration of the risk of fraud is essential to evaluating whether or not the appropriate controls are in place.

Cause — We understand that various departments within the City and the District have identified certain risks that the City and the District face, however the City and the District have not yet developed a formally documented risk assessment which would systematically identify and mitigate risk factors.

Effect — Reduces the City’s and the District’s ability to design and implement effective controls relating to fraud risks.

Recommendation — We recommend that the City’s and the District’s risk assessment process include formal documentation of the risk related to fraud at the entity level. Implementing this formal process will further assist management in determining whether or not they have designed the appropriate controls related to the areas of the City and the District that are most susceptible to risk, including fraud. This risk assessment process will also provide an objective view of the City’s and the District’s level of controls compared to the level of risk and may provide opportunities for the City and the District to develop a more efficient and effective control structure. It is important that this process specifically addresses the risks related to fraud in the financial statements to the entire City and District to assess if controls are in place to effectively mitigate risks related to fraud.

Management’s Views — The management of the City considers it an essential responsibility to maintain financial controls that would help avoid material misstatements in financial reports, including those that would result from fraud. In response to new audit requirements under the Statement of Auditing Standards No. 112, the City will formalize its entity-wide risk assessment process to assure that a comprehensive review occurs annually and is fully documented.

It is the opinion of management of the District that the entity’s control environment must be properly set at the top of the organization and should be independently evaluated. It is also imperative that individuals

responsible for the assessment have knowledge of the components of the COSO internal control structure. The Board of Education Audit Committee recognized this need and charged the Office of the Auditor General (OAG) with the task of establishing a comprehensive risk assessment for the District. The controls included in the assessment were related to prevention, identification, and detection of fraud. Special attention was paid to financial reporting, evaluation of management's implementation of controls and the control environment. The OAG performed an initial risk assessment during the 2006-07 year to include not only financial reporting, but also the evaluation of fraud risk, the control environment, design and operational effectiveness of control activities, and the monitoring of these activities. The assessment model is updated and improved annually to increase comprehensiveness and value to the organization.

Selected District management interviews were performed by OAG to determine if controls are in place and operating effectively. Since it is the Audit Committee's responsibility to evaluate and have oversight to ensure management maintains a proper control structure, the OAG will be working with management on this continual assessment to support an effective control environment.

Reference Number	Findings	Questioned Costs
2007-2	Significant Deficiency – Disaster Recovery Plan	Not Applicable

Condition — A formal, comprehensive disaster recovery plan for the District's electronic data processing (EDP) systems does not exist. There is no plan detailing steps of how computer systems and business processes will be restored in the event of an emergency.

Criteria — An effective disaster recovery plan and procedures are required in order to ensure that critical business systems and functions can be established in a suitable time if a situation occurred rendering the current processing equipment or location inaccessible or inoperable and/or in the absence of critical systems personnel. The risk exists that the District may not be able to accurately recover processing capabilities for the PeopleSoft environment in a timely manner.

Cause — The District has not developed a formal, comprehensive disaster recovery plan.

Effect — Loss of data and/or suspension of the daily processing of transactions should any EDP function fail.

Recommendation — We recommend that management should consider developing, documenting, and routinely testing a comprehensive disaster recovery plan. A plan such as this would help reduce uncertainty during a disaster situation and allow systems to be recovered by available personnel in a timely fashion.

Management's Views — In fall of 2007, the District commenced a process to execute a comprehensive Disaster Recovery Plan for the District. We have already identified critical systems and data, established restoration priorities, and determined restoration tolerances.

We have identified systems requiring an immediate response, environmental, functional, and business process restoration, and established a detailed implementation plan. The last phase of our project will cover testing and implementation of our plan. It is our intent to complete the process by the end of the 2007-08 School Year and to have all processes and procedures in place for the start of the 2008-09 School Year.

Reference Number	Findings	Questioned Costs
2007-3	Significant Deficiency – Financial Reporting	Not Applicable

Condition — The internal controls over the financial closing and reporting process of the District do not appear to be operating effectively. We noted various errors and adjustments, some of which were required to be posted in order for the financial statements of the District to not be materially misstated. Certain of such errors and adjustments included the following:

- Accounts payable and accrued liabilities were not properly cut-off at June 30, 2007, resulting in an understatement to expenses/expenditures at June 30, 2007
- The District had applied an individual capitalization threshold to assets as opposed to groups of assets, resulting in a potential understatement of capital assets at June 30, 2007
- Depreciation expense had not been appropriately applied to assets placed in service
- Certain assets had been capitalized as capital assets twice
- Medicaid revenue was not properly accrued and was understated at June 30, 2007
- A FICA payment had been made prior to June 30, 2007 but was not properly recorded
- Within the capital project fund, revenue had been overstated for anticipated borrowings not yet received

Criteria — Management of the District is responsible for the fair presentation of the District's financial statements.

Cause — Internal controls related to the financial closing and reporting process of the District are not operating effectively. Additionally, controls related to expenditures/expenses, capital assets, and revenues are not operating effectively.

Effect — Journal entries were required to be posted in order for the financial statements of the District to not be materially misstated at June 30, 2007.

Recommendation — We recommend the District review the internal controls over the financial closing and reporting process and enhance policies and procedures to have adequate controls related to financial reporting to mitigate the risk of material misstatement of the financial statements.

Management's Views — Over the past year, the District initiated a significant upgrade to our PeopleSoft financial system to enhance and improve our control processes. Included in the upgrade was a plan for a more automated monthly close, which will be implemented during the fiscal 2007-08 reporting year.

Prior to the 2006-07 external audit, the District assessed the internal controls over the financial reporting processes. Several of the issues noted by Deloitte had previously been noted by the District. We addressed

many of these issues by making changes in the various areas to improve and enhance our control environment and assure accuracy prior to the start of the audit.

In continuation of our improvements, a “closing” checklist will be implemented to ensure that material transactions are recorded timely. We have documented the future state of the various financial departments and continue to make improvements with the full implementation of PeopleSoft.

PART III — FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

Reference Number	Findings	Questioned Costs
	No matters are reportable.	

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2007

PART II — FINANCIAL STATEMENT FINDINGS SECTION

Reference Number	Findings	Questioned Costs
2006-1	Reportable condition in internal control over financial reporting	Not Applicable

Condition — Subsequent to the issuance of the District's June 30, 2005, financial statements, management determined that capital assets and net assets of the entity-wide financial statements were understated by \$4,178,000. It was determined that capital assets acquired during the years ended June 30, 2003, 2004, and 2005 primarily for software, equipment, and building renovations had not been appropriately reported. As a result, it was necessary to restate net assets as of July 1, 2005, within the current year basic financial statements.

Status — A significant deficiency related to financial reporting was identified during the audit of the District's financial statements as of and for the year ended June 30, 2007, which is reported as finding 2007-3 in the Schedule of Findings and Questioned Costs.

PART III — FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

Reference Number	Findings	Questioned Costs
	There were no findings in the prior year.	

NEW YORK STATE & OTHER AWARDS

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2007**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	Budget	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	
CITY GRANTS									
STATE OF NEW YORK:									
DIV. OF CRIMINAL JUSTICE SERVICE:									
Motor Vehicle Theft	C-016707	\$ 100,000	\$ -	\$ 2,807	\$ 2,807	\$ -	\$ 2,807	\$ 2,807	\$ -
Motor Vehicle Theft	C-016706	120,000	14,100	105,900	120,000	14,100	105,900	120,000	-
Impact III	C-068713	473,206	-	473,206	473,206	-	473,206	473,206	-
Narcotics Control	T910730	16,500	-	16,500	16,500	-	16,500	16,500	-
Rolling Thunder		20,506	-	20,185	20,185	-	20,185	20,185	-
DEPARTMENT OF TRANSPORTATION:									
Broad Street Tunnel - 4751.87	D009279	191,250	129,538	1,547	131,085	129,538	1,547	131,085	-
Court Street Bridge - 4752.13	D010724	132,600	132,308	-	132,308	132,308	-	132,308	-
Ford Street Bridge - 4752.52	D011399	1,650,000	1,505,882	227	1,506,109	1,505,882	227	1,506,109	-
Lake Avenue - 4752.49	D011414	1,719,965	1,618,340	25,745	1,644,085	1,618,340	25,745	1,644,085	-
Broad Street Bridge	D013824	66,000	3,509	663	4,172	3,509	663	4,172	-
Elmwood Bridge	D013825	431,250	371,588	353	371,941	371,588	353	371,941	-
Chili Avenue	D014967	1,153,818	523,208	571	523,779	523,208	571	523,779	-
CBD Wayfinding Signs	D017579	29,100	11,550	-	11,550	11,550	-	11,550	-
Lexington Avenue	D017499	817,035	371,578	58,323	429,901	371,578	58,323	429,901	-
West Ridge Road	D013560	5,255,400	3,564,955	955,070	4,520,025	3,564,955	955,070	4,520,025	-
Port of Rochester	D013858	1,063,975	1,063,341	(3,505)	1,059,836	1,063,341	(3,505)	1,059,836	-
Chili Avenue Legislative Initiative	M950401	275,823	275,823	-	275,823	275,823	-	275,823	-
Brooks Village/Genesee Street	A809	407,000	23,500	-	23,500	23,500	-	23,500	-
Port of Rochester	A334	1,000,000	567,000	19,066	586,066	567,000	19,066	586,066	-
Charlotte Port	A-218	1,000,000	-	-	-	-	-	-	-
South Ave./Byron-Gregory	A-741	300,000	240,812	-	240,812	240,812	-	240,812	-
Smith Street Bridge	D024554	129,000	-	109,452	109,452	-	109,452	109,452	-
West Main Street Streetscape	MA2253.30A	250,000	-	249,900	249,900	-	249,900	249,900	-
Snow & Ice Control	D005375	44,649	-	44,649	44,649	-	44,649	44,649	-
Consolidated Street & Highway Improvements		2,613,036	-	2,613,036	2,613,036	-	2,613,036	2,613,036	-
EMPIRE STATE DEVELOPMENT CORPORATION									
EDA Outer Loop Industrial Park	D540	316,200	128,325	-	128,325	128,325	-	128,325	-
Restore NY		2,000,000	-	761,028	761,028	-	761,028	761,028	-
DORMITORY AUTHORITY OF NEW YORK STATE									
South Avenue Garage	1879	4,200,000	-	3,717,979	3,717,979	-	3,717,979	3,717,979	-
OFFICE OF CHILDREN AND FAMILY SERVICES									
Adolescent Pregnancy 04-05	C008250	350,000	350,000	-	350,000	260,020	-	260,020	89,980
Adolescent Pregnancy 05-06	C008250	319,700	319,700	-	319,700	269,902	-	269,902	49,798
Adolescent Pregnancy 06-07	C008250	319,700	3,676	-	3,676	-	-	-	3,676
CRIME VICTIMS BOARD:									
Victims Assistance 05-06	C-304137	233,500	173,144	56,976	230,120	173,144	56,976	230,120	-
Victims Assistance 06-07	C-304137	245,364	-	182,625	182,625	-	182,625	182,625	-
NYS DEPARTMENT OF EDUCATION									
State Library Construction (Arnett)		32,513	-	29,261	29,261	-	29,261	29,261	-
State Library Construction (Rundel)		511,481	-	460,332	460,332	-	460,332	460,332	-
NYS OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION									
High Falls Interpretive Signs	C560118	30,000	-	17,205	17,205	-	17,205	17,205	-

(continued)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2007**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
			Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2006		
DEPARTMENT OF MOTOR VEHICLES										
Aggressive Driving	PT-2801111	\$ 15,331	\$ 5,973	\$ 9,357	\$ 15,330	\$ 5,973	\$ 9,357	\$ 15,330	\$ -	
Aggressive Driving	PT-2801112	17,972	-	8,437	8,437	-	8,437	8,437	-	
AFFORDABLE HOUSING CORP.:										
Affordable Housing	AHC-2EO7	300,000	119,061	179,116	298,177	116,831	118,313	235,144	63,033	
Affordable Housing	AHC-2C19	300,000	298,917	-	298,917	298,917	-	298,917	-	
Affordable Housing	AHC-2D21	500,000	499,978	-	499,978	499,978	-	499,978	-	
Affordable Housing	AHC-2DD08	300,000	300,000	-	300,000	259,620	40,380	300,000	-	
Affordable Housing	AHC-2EE53	300,000	-	172,950	172,950	-	199,385	199,385	(26,435)	
NYS DEPARTMENT OF HOMELAND SECURITY										
Buffer Zone Program	C-153756	150,000	-	150,000	150,000	-	150,000	150,000	-	
NYS OFFICE OF REAL PROPERTY SERVICES										
Technology Improvement Grant		110,000	-	34,000	34,000	-	34,000	34,000	-	
NYS DEPARTMENT OF STATE										
Corn Hill Improvements	C-002608	400,000	-	250,000	250,000	-	250,000	250,000	-	
MONROE COUNTY:										
MONROE COUNTY DEPARTMENT OF TRANSPORTATION										
Norton Street Improvement		192,000	-	164,179	164,179	-	164,179	164,179	-	
PUBLIC AUTHORITY:										
MONROE COUNTY WATER AUTHORITY										
Lexington Avenue		6,600	-	5,966	5,966	-	5,966	5,966	-	
SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH)		30,410,474	12,615,806	10,893,106	23,508,912	12,429,742	10,899,118	23,328,860	180,052	
CITY SCHOOL DISTRICT GRANTS										
PROJECTS CLOSED AS OF JUNE 30, 2007										
STATE OF NEW YORK:										
F 0010 Teacher Support Aid	0646-06-1395	1,076,000	958,363	117,637	1,076,000	1,076,236	(236)	1,076,000	-	
F 0020 Improving Pupil Performance	0621-06-1395	6,950,000	5,930,911	1,007,633	6,938,544	6,938,544	-	6,938,544	-	
F 0023 Universal Pre-K	0409-06-1094	7,060,000	5,108,156	1,967,112	7,075,268	7,034,854	40,414	7,075,268	-	
F 0031-035 Employee Preparation Education	SA4320	2,332,000	598,438	1,731,767	2,330,205	2,325,467	4,738	2,330,205	-	
F 0038 State Magnet School Program	0634-06-1395	11,000,000	9,209,855	1,735,115	10,944,970	10,934,479	10,491	10,944,970	-	
F 0041 Incarcerated Youth	SA81	1,877,800	750,600	948,625	1,699,225	1,700,551	(1,326)	1,699,225	-	
F 0045 Categorical Reading	0629-06-1395	5,500,000	4,770,328	702,498	5,472,826	5,473,342	(516)	5,472,826	-	
F 0050-080 Summer Program	9000	4,195,982	2,333,751	1,635,246	3,968,997	4,034,379	(65,382)	3,968,997	-	
F 0055 State Early Grade Class Size Reduction	0417-06-0092	5,254,672	4,649,006	605,666	5,254,672	5,261,282	(6,610)	5,254,672	-	
F 0085 NYS Experimental Pre-K Program	0400-06-1395	1,352,979	857,571	477,256	1,334,827	1,335,920	(1,093)	1,334,827	-	
F 0109 School #9 Books & Calculator	----	10,000	2,500	7,462	9,962	9,962	-	9,962	-	
F 0124 Learn Tech Monroe Spec Ed	0647-06-0012	49,995	22,564	27,398	49,962	49,960	2	49,962	-	
F 0125 Secondary Math Continuation	0647-06-0051	50,000	12,500	22,174	34,674	34,575	99	34,674	-	
F 0126 Learning Technology - SWW	0647-06-0009	50,000	12,500	28,778	41,278	41,096	182	41,278	-	

(continued)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2007**

			REVENUES			EXPENDITURES			Net
	Grant Number	Budget	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2006	(Accrued) Deferred Revenue
PRIVATE PROJECTS (continued)									
F 0770 UAQ Local 1097 Reg 9 Delphi	---	110,000	\$ 70,808	\$ 24,655	\$ 95,463	\$ 102,827	\$ (7,364)	\$ 95,463	\$ -
F 0775 Rochester Industries / Workplace Literacy	---	50,000	6,431	3,975	10,406	2,723	7,683	10,406	-
F 0776 U of R Strong Memorial Workplace Literacy	---	153,312	54,825	102,463	157,288	68,171	89,117	157,288	-
F 0797 Good Grades Pay	---	140,724	-	125,728	125,728	8,101	117,627	125,728	-
F 0798 City of Roch Summer of Opportunity	---	142,300	-	133,149	133,149	-	133,149	133,149	-
F 0875 American Lung Association	---	7,000	7,000	-	7,000	6,697	303	7,000	-
PROJECTS OPEN AS OF JUNE 30, 2006									
STATE OF NEW YORK:									
G 0010 Teacher Support Aid	0646-07-1395	1,076,000	-	968,400	968,400	-	1,075,997	1,075,997	(107,597)
G 0020 Improving Pupil Performance	0621-07-1395	6,950,000	-	6,255,000	6,255,000	-	6,923,144	6,923,144	(668,144)
G 0023 Universal Pre-K	0409-07-1094	7,060,000	-	5,469,650	5,469,650	-	7,210,276	7,210,276	(1,740,626)
G 0024 UPK Supplemental Grant	0415074118	732,000	-	366,000	366,000	-	718,918	718,918	(352,918)
G 0031-032 Employee Preparation Education	SA4320	2,271,722	-	589,993	589,993	-	2,296,995	2,296,995	(1,707,002)
G 0038 State Magnet School Program	0634-07-1395	11,000,000	-	9,466,704	9,466,704	-	10,882,855	10,882,855	(1,416,151)
G 0041 Incarcerated Youth	SA81	1,888,300	-	791,049	791,049	-	1,923,698	1,923,698	(1,132,649)
G 0045 Categorical Reading	0629-07-1395	5,500,000	-	4,950,000	4,950,000	-	5,420,629	5,420,629	(470,629)
G 0050-080 Summer Program	9000	4,296,659	-	1,286,963	1,286,963	-	4,291,592	4,291,592	(3,004,629)
G 0055 State Early Grade Class Size Reduction	0417-07-0092	5,254,672	-	4,729,204	4,729,204	-	5,255,198	5,255,198	(525,994)
G 0085 NYS Experimental Pre-K Program	0400-07-1395	1,352,979	-	823,318	823,318	-	1,351,859	1,351,859	(528,541)
G 0100 School Health Services	0432070002	6,292,705	-	4,380,927	4,380,927	-	6,238,044	6,238,044	(1,857,117)
G 0101 RCZ Community Planning	0800060020	75,000	-	18,750	18,750	-	72,185	72,185	(53,435)
G 0122 Computer Lab Set Aside School #22	7066070001	29,500	-	26,550	26,550	-	28,210	28,210	(1,660)
G 0123 Learning Technology - No. 1	0647070053	49,997	-	14,007	14,007	-	22,211	22,211	(8,204)
G 0124 Learning Technology - Monroe County Special Educ	0647-07-0012	50,000	-	21,814	21,814	-	49,878	49,878	(28,064)
G 0125 Learn Tech Monroe Marshall Wil	0647-07-0051	49,915	-	12,478	12,478	-	48,267	48,267	(35,789)
G 0126 Learn Tech Douglass SWW Jeffer	0647-07-0009	49,915	-	12,478	12,478	-	47,379	47,379	(34,901)
G 0127 Learning Technology Grant - East	0647070055	49,999	-	12,499	12,499	-	37,455	37,455	(24,956)
G 0128 Learning Technology Grant - East, Charlotte	0647070057	50,000	-	12,500	12,500	-	34,752	34,752	(22,252)
G 0150 East High Fence	7241070001	35,000	-	8,750	8,750	-	35,000	35,000	(26,250)
G 0198 Refugee School Impact Grant	C020183071	205,174	-	70,335	70,335	-	9,398	9,398	60,936
G 0339 SURR New and Former	0436070012	24,642	-	6,160	6,160	-	6,054	6,054	106
G 0345 Rochester Teacher Center	0425-07-0083	537,000	-	275,380	275,380	-	527,595	527,595	(252,215)
G 0347 Mentor Teacher Internship Program	0663-07-0006	272,500	-	244,607	244,607	-	266,810	266,810	(22,203)
G 0349 LSTA Better Records	0070080016	10,000	-	2,000	2,000	-	689	689	1,311
G 0350 Rochester School Library Systems	0365070046	117,755	-	117,754	117,754	-	113,814	113,814	3,940
G 0351 Extended School Day & Violence Prevention	0640-07-1395	739,865	-	526,539	526,539	-	720,629	720,629	(194,090)
G 0352 School Library System Aid for Automation	0364-07-0046	9,880	-	9,880	9,880	-	6,494	6,494	3,386
G 0353 School Library System Categorical Aid - Rollover	----	2,687	-	2,687	2,687	-	2,539	2,539	148
G 0419 NYS Health Rochester Community Coalition	UOFROC0705	7,009	-	6,529	6,529	-	6,783	6,783	(254)
G 0420 Child Abduction Prevention Grant	0544077059	9,999	-	2,499	2,499	-	9,441	9,441	(6,942)
G 0449 Persistently Dangerous Schools	0189071001	200,000	-	40,000	40,000	-	7,389	7,389	32,611
G 0587 Medicaid Grant	C008806MED	74,250	-	-	-	-	10,068	10,068	(10,068)
G 0720 Welfare Education	2396-07-1053	36,058	-	36,058	36,058	-	36,889	36,889	(831)
G 0721 WEP-Welfare Education Program	2396071105	150,000	-	131,584	131,584	-	144,721	144,721	(13,137)
G 0755 SURR Lofton/Thomas/Douglass	0436-07-0005	50,004	-	33,275	33,275	-	42,152	42,152	(8,877)
G 0764 ARSIP / Apprenticeship	0140-07-0024	89,957	-	-	-	-	75,424	75,424	(75,424)
G 0825 Teachers of Tomorrow	0644-07-0012	1,507,500	-	753,750	753,750	-	1,303,948	1,303,948	(550,198)

(continued)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2007**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
			Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2006		
COUNTY PROJECTS:										
G 0154	OASAS	---	\$ 27,747	\$ -	\$ 11,990	\$ 11,990	\$ -	\$ 12,595	\$ 12,595	\$ (604)
G 0317	Pre-School Integrated / Handicapped	---	1,052,268	-	72,235	72,235	-	856,436	856,436	(784,201)
G 0370	Community Pre-School Related Services	---	468,088	-	9,300	9,300	-	469,426	469,426	(460,126)
G 0375	Special Education / Itinerant Teachers	---	132,611	-	14,608	14,608	-	126,066	126,066	(111,458)
G 0391	Pre-School Administration / County	---	235,422	-	-	-	-	235,909	235,909	(235,909)
PRIVATE PROJECTS:										
G 0111	Group Workcamp	GROUPW0701	30,597	-	28,397	28,397	-	29,513	29,513	(1,115)
G 0112	Adolescent Literacy Initiative Study	JOHNHOPK07	58,056	-	-	-	-	58,793	58,793	(58,793)
G 0113	Adolescent Literacy Initiative Study	JOHNHOP071	3,010	-	-	-	-	3,009	3,009	(3,009)
G 0130	Quad A For Kids #30	---	4,200	-	2,350	2,350	-	3,003	3,003	(653)
G 0134	Quad A For Kids #34	---	48,813	-	-	-	-	38,595	38,595	(38,595)
G 0143	Hydroponics Study	TOSHIB0701	4,620	-	4,620	4,620	-	4,103	4,103	517
G 0144	Ewing Marion Kaufmann Foundation @ Jefferson	KAUFMA0701	101,260	-	101,260	101,260	-	82,245	82,245	19,015
G 0304	Rochester Early Enhancement Program	CHILDR0701	162,016	-	135,010	135,010	-	165,405	165,405	(30,395)
G 0313	School #12 United Way	UNITWY0701	158,833	-	125,012	125,012	-	154,740	154,740	(29,728)
G 0337	Smithsonian Native American Program	SMITHS0701	9,900	-	-	-	-	6,339	6,339	(6,339)
G 0372	Arts & Cultural Council	---	2,500	-	1,250	1,250	-	1,250	1,250	-
G 0378	Arts and Cultural - East	ARTSCU 702	1,600	-	1,600	1,600	-	1,600	1,600	-
G 0418	RESHAPE The Future	GRROCHEA94	111,678	-	27,920	27,920	-	44,500	44,500	(16,580)
G 0445	Teachers As Learners	NAZARE0701	10,000	-	10,000	10,000	-	-	-	10,000
G 0513	Primary Mental Health Project / #43 & 44	CHILDR0702	101,000	-	25,000	25,000	-	75,708	75,708	(50,708)
G 0515	PMHP Additional Funding	---	73,600	-	-	-	-	68,355	68,355	(68,355)
G 0700	Virtual Enterprise - Membership	VIRTUA0701	29,500	-	6,000	6,000	-	27,484	27,484	(21,484)
G 0703	Health Care Apprenticeship	ROCGEN0701	162,000	-	23,062	23,062	-	41,749	41,749	(18,687)
G 0730	Chase Active Learning	---	1,296	-	1,296	1,296	-	1,277	1,277	20
G 0743	MCC Stage	MCCSTA0701	43,667	-	31,133	31,133	-	43,667	43,667	(12,534)
G 0747	GGP - Students Write for Comm Serv	CITYRO0705	12,567	-	12,567	12,567	-	13,876	13,876	(1,309)
G 0749	New Citizenship Initiative (Oswego County BOCES)	OSWEGO0701	39,975	-	42,947	42,947	-	32,810	32,810	10,137
G 0761	RHA Family Investment Center	ROCHOU0701	8,000	-	5,300	5,300	-	7,666	7,666	(2,366)
G 0766	CCCS-Student Intern	CCCSIN0701	2,100	-	2,100	2,100	-	2,022	2,022	78
G 0769	ESL NAF Summer Intern	ESLPRO0701	9,600	-	7,229	7,229	-	5,654	5,654	1,575
G 0770	Workplace Literacy UAW	UAWGEN0701	100,080	-	78,844	78,844	-	92,660	92,660	(13,815)
G 0775	Rochester Industries / Workplace Literacy	WORKPL0701	21,462	-	10,063	10,063	-	22,005	22,005	(11,942)
G 0795	Junior Rec Leader	CITYRO0703	18,428	-	-	-	-	-	-	-
G 0796	Teens on Patrol - Police Dept (TOPS)	CITYRO0703	37,624	-	-	-	-	-	-	-
G 0797	City of Roch Summer of Opportu	---	56,436	-	-	-	-	832	832	(832)
G 0798	Community Conservation Corp (CCC)	CITYRO0703	208,446	-	-	-	-	14,594	14,594	(14,594)
G 0800-0804	Rochester Area Community/Gates Foundation	---	1,973,193	-	807,343	807,343	-	1,290,728	1,290,728	(483,385)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2007**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
			Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2006		
SCHOOL FOOD SERVICE FUND:										
N.Y.S. EDUCATION DEPARTMENT	---	\$ 514,345	\$ -	\$ 514,345	\$ 514,345	\$ -	\$ 514,345	\$ 514,345	\$ -	
CITY OF ROCHESTER	---	356,501	-	356,501	356,501	-	356,501	356,501	-	
TOTAL SCHOOL DISTRICT GRANTS		118,108,986	38,257,905	57,616,366	95,874,271	51,332,437	61,757,318	113,089,755	(17,215,484)	
TOTAL CITY GRANTS		30,410,474	12,615,806	10,893,106	23,508,912	12,429,742	10,899,118	23,328,860	180,052	
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		\$ 148,519,460	\$ 50,873,711	\$ 68,509,472	\$ 119,383,183	\$ 63,762,179	\$ 72,656,436	\$ 136,418,615	\$ (17,035,432)	

Note:

(1) See Schedule of Expenditures of Federal Awards for pass through grants.

(concluded)

SUMMARY OF FINANCIAL ASSISTANCE

**THE CITY OF ROCHESTER, NEW YORK
SUMMARY OF FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2007**

	Budget	REVENUES			EXPENSES			Net (Accrued) Deferred Revenue
		Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	Cumulative June 30, 2006	Current Year	Cumulative June 30, 2007	
CITY GRANTS								
Schedule of Expenditures of Federal Awards *	\$ 334,534,756	\$ 271,926,464	\$ 33,421,396	\$ 305,347,860	\$ 271,153,227	\$ 32,618,433	\$ 303,771,660	\$ 1,576,200
Schedule of Expenditures of NYS and Other Awards	<u>30,410,474</u>	<u>12,615,806</u>	<u>10,893,106</u>	<u>23,508,912</u>	<u>12,429,742</u>	<u>10,899,118</u>	<u>23,328,860</u>	<u>180,052</u>
Subtotal City Grants	364,945,230	284,542,270	44,314,502	328,856,772	283,582,969	43,517,551	327,100,520	1,756,252
CITY SCHOOL DISTRICT GRANTS								
Schedule of Expenditures of Federal Awards *	131,779,549	42,545,201	67,047,667	109,592,868	49,454,801	65,292,245	114,747,046	(5,154,178)
Schedule of Expenditures of NYS and Other Awards	<u>118,108,986</u>	<u>38,257,905</u>	<u>57,616,366</u>	<u>95,874,271</u>	<u>51,332,437</u>	<u>61,757,318</u>	<u>113,089,755</u>	<u>(17,215,484)</u>
Subtotal School District Grants	249,888,535	80,803,106	124,664,033	205,467,139	100,787,238	127,049,563	227,836,801	(22,369,662)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS	<u>\$ 614,833,765</u>	<u>\$ 365,345,376</u>	<u>\$ 168,978,535</u>	<u>\$ 534,323,911</u>	<u>\$ 384,370,207</u>	<u>\$ 170,567,114</u>	<u>\$ 554,937,321</u>	<u>\$ (20,613,410)</u>

* Includes federal pass through grants received through New York State.