

THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2006

Prepared by:
Department of Finance

Vincent J. Carfagna
Director of Finance

James B. Barclay
Director of Accounting

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ANNUAL FINANCIAL REPORT

Year Ended June 30, 2006

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INTRODUCTORY SECTION



City of Rochester



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Robert J. Duffy
Mayor

City Hall, Room 307-A
30 Church Street
Rochester, NY 14614-1284
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November 30, 2006

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, 2006. 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-two 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 2006 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



City of Rochester



Phone (585) 428-7151
FAX (585) 428-7157

Department of Finance

Office of the Director
City Hall, Room 109-A
30 Church Street
Rochester, NY 14614

November 30, 2006

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, 2006. 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, 2006. 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 of 212,481. It is divided into 66,927 real estate parcels (July 1, 2006 assessment roll), 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 System 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 service, 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 our major employers have gone through significant downsizing. Spending is still on the rise and the unemployment rate is currently 4.9%. In 2004, 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 the 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 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 2005 unemployment rate for the Rochester area was 4.7% compared to the national average of 5.1% and the State average of 5.0%

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 2005-06 that balance was \$4,051,000.

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.

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 \$971 million.

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 \$265.8 million, or 66% 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	\$ 265.8
Business development	69.4
Urban renewal completion	13.3
Planning, management, and administration	51.5
	<u>\$ 400.0</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 4,413 vacant houses through either demolition (1,919) or rehabilitation/ reoccupation programs (2,494), and created 463 new single-family homes for owner-occupants.

Since June 1994, there have been 899 affordable rental units added to the inventory and an additional 558 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 1,665,000 visitors traveled to Rochester and Monroe County in the year 2005. This represents a 2.4% 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, they spent \$261 million (including \$26.5 million in taxes) in area hotels, restaurants, museums event venues, and retail stores.

The Rochester Riverside Convention Center continues to play a vital role in encouraging the growth of tourism locally. The Convention Center was host to 399 conventions, trade shows and other events in fiscal year 2005-2006, at which attendance totaled 363,004. The estimated economic impact of this activity was \$35 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, 2005. This was the twenty-second 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.

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, appearing to read "Vincent J. Carfagna", written in a cursive style.

Vincent J. Carfagna
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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emen

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)

Benjamin L. Douglas (Northeast District)

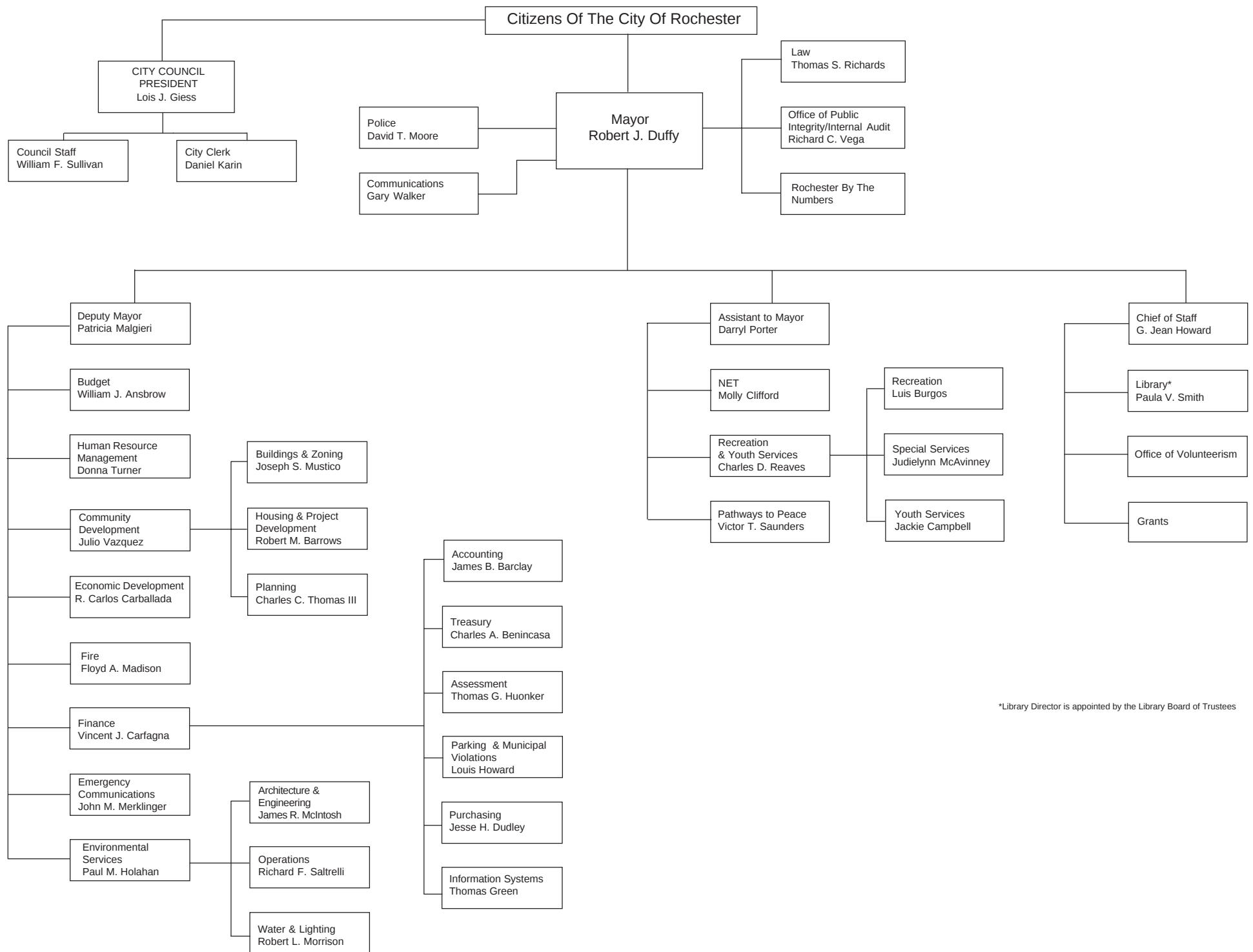
John F. Lightfoot (At-Large)

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

CITY OF ROCHESTER, NEW YORK

LIST OF CITY DEPARTMENTS AND BUREAUS

Effective October 31, 2006

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. Ansbrow
Communications	Gary Walker
Chief of Staff	G. Jean Howard
Human Resource Management	Donna Turner
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	Robert M. Barrows
Planning	Charles C. Thomas III
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	Vincent J. Carfagna
Accounting	James B. Barclay
Assessment	Thomas G. Huonker
Information Systems	Thomas Green
Parking & Municipal Violations	Louis Howard
Purchasing	Jesse H. Dudley
Treasury	Charles A. Benincasa
Fire	Floyd A. Madison
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

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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, 2006, 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 an opinion on the respective 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 for 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 respective 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 opinion.

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, 2006, and the respective changes in financial position and respective cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I. D. to the basic financial statements, during the year ended June 30, 2006, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and GASB Technical Bulletin No. 2006-01, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*.

As discussed in Note III. H. to the basic financial statements, net assets of the Rochester City School District component unit as of June 30, 2005 have been restated.

Management's discussion and analysis and the budgetary comparison on pages 16-25 and 58 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the management of the City. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's respective financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements on pages 60-64 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 92-97 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. This supplementary information is the responsibility of the City's management. 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 the 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 66-86, 104-109, and 110 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This supplementary information is the responsibility of the City's management. 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 the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2006, 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.

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

September 25, 2006

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, 2006. 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, 2006. For the management discussion and analysis for the Rochester Ferry Company, LLC please request the separately issued financial report for the year ended June 30, 2006. Contact information for both component units is contained in Note I.A.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$777,157 (net assets). Of this amount, \$22,701 (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 \$1,684, in contrast to the previous five years, when net assets increased an average of \$28,600 per year. The most notable factor contributing to this swing is the recognition of \$42,275 in post-employment healthcare costs.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$148,815, an increase of \$33,197, in comparison with the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$4,051, or 1.0% of total general fund expenditures.

The City's total outstanding debt (net of notes refinanced as bonds) increased by \$12,104 (6.8%) during the current fiscal year, mostly as a result of additional borrowing for water and parking facility improvements.

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, 2006, 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 \$777,157 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (75 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	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 327,468	\$ 279,658	\$ 45,890	\$ 29,808	\$ 373,358	\$ 309,466
Capital assets	550,918	524,602	232,266	230,271	783,184	754,873
Total assets	878,386	804,260	278,156	260,079	1,156,542	1,064,339
Long-term liabilities outstanding	208,439	131,663	94,978	77,375	303,417	209,038
Other liabilities	72,463	73,338	3,505	3,122	75,968	76,460
Total liabilities	280,902	205,001	98,483	80,497	379,385	285,498
Net assets:						
Invested in capital assets, net of related debt	449,840	421,921	144,262	155,974	594,102	577,895
Restricted	129,193	136,012	31,161	17,959	160,354	153,971
Unrestricted	18,451	41,326	4,250	5,649	22,701	46,975
Total net assets	\$ 597,484	\$ 599,259	\$ 179,673	\$ 179,582	\$ 777,157	\$ 778,841

An additional portion of the City's net assets (21 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$22,701) 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 \$1,684. This is in contrast to the previous five years, when net assets increased on average \$28,600 per year. The swing is largely due to the recognition of the liability for post employment healthcare, in compliance with Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). The net OPEB liability recognized in 2006 was \$42,275. More complete details are provided in Note IV. C. in the Notes to the Financial Statements.

Governmental activities. Governmental activities decreased the City's net assets by \$1,775, accounting for most of the reduction in total net assets. Key components of this change are summarized as follows:

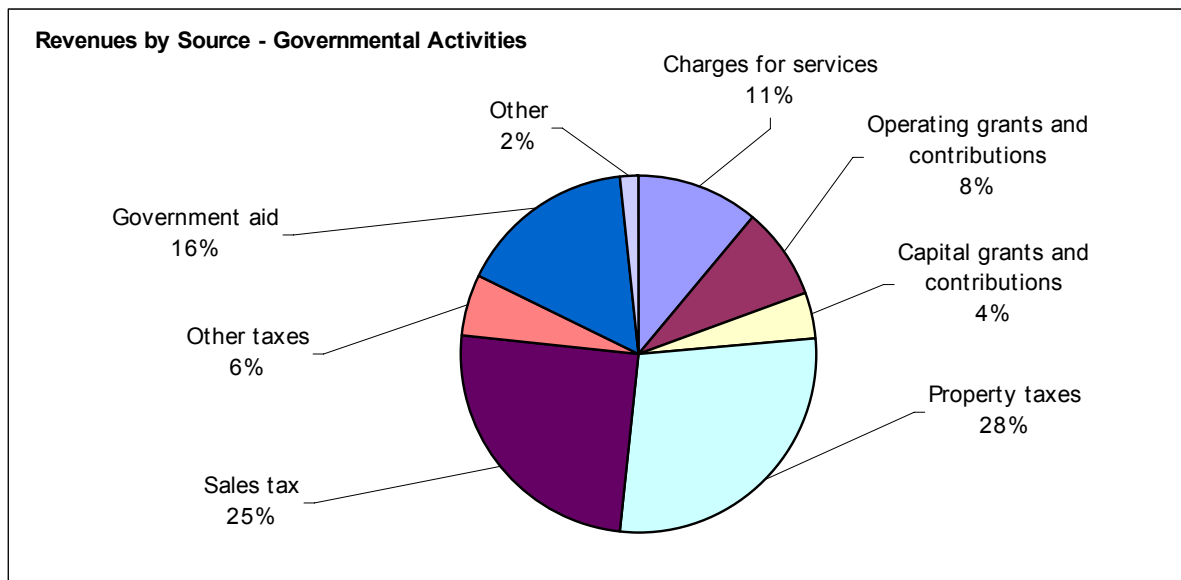
City of Rochester's Changes in Net Assets

(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 54,269	\$ 54,153	\$ 64,427	\$ 62,850	\$ 118,696	\$ 117,003
Operating grants and contributions	41,140	34,382	-	-	41,140	34,382
Capital grants and contributions	19,452	15,992	-	-	19,452	15,992
General revenues:	-	-				
Property taxes	137,278	131,917	2,024	2,024	139,302	133,941
Sales and other taxes	149,133	146,007	905	985	150,038	146,992
Government aid	79,149	77,604	-	34	79,149	77,638
Other	7,990	7,398	2,656	1,834	10,646	9,232
Total revenues	488,411	467,453	70,012	67,727	558,423	535,180
Expenses:						
General government	54,702	46,516	-	-	54,702	46,516
Police	111,195	90,509	-	-	111,195	90,509
Fire	68,391	57,330	-	-	68,391	57,330
Emergency communications	14,437	11,988	-	-	14,437	11,988
Transportation	31,630	27,618	-	-	31,630	27,618
Environmental services	21,768	21,204	-	-	21,768	21,204
Parks & recreation	21,754	20,815	-	-	21,754	20,815
Library	12,121	10,795	-	-	12,121	10,795
Community & economic development	35,265	29,907	-	-	35,265	29,907
Interest on long term debt	4,500	4,041	-	-	4,500	4,041
Allocation to school district	119,100	119,100	-	-	119,100	119,100
Water	-	-	28,797	25,654	28,797	25,654
War memorial	-	-	3,337	3,209	3,337	3,209
Parking	-	-	6,155	5,611	6,155	5,611
Cemetery	-	-	2,516	2,252	2,516	2,252
Public market	-	-	754	765	754	765
Refuse	-	-	23,685	22,252	23,685	22,252
Port	-	-	-	-	-	-
Total expenses	494,863	439,823	65,244	59,743	560,107	499,566
Excess (deficiencies) of revenues over expenses	(6,452)	27,630	4,768	7,984	(1,684)	35,614
Transfers	4,677	4,427	(4,677)	(4,427)	-	-
Increase (decrease) in net assets	(1,775)	32,057	91	3,557	(1,684)	35,614
Net assets - beginning	599,259	567,202	179,582	176,025	778,841	743,227
Net assets - ending	\$ 597,484	\$ 599,259	\$ 179,673	\$ 179,582	\$ 777,157	\$ 778,841

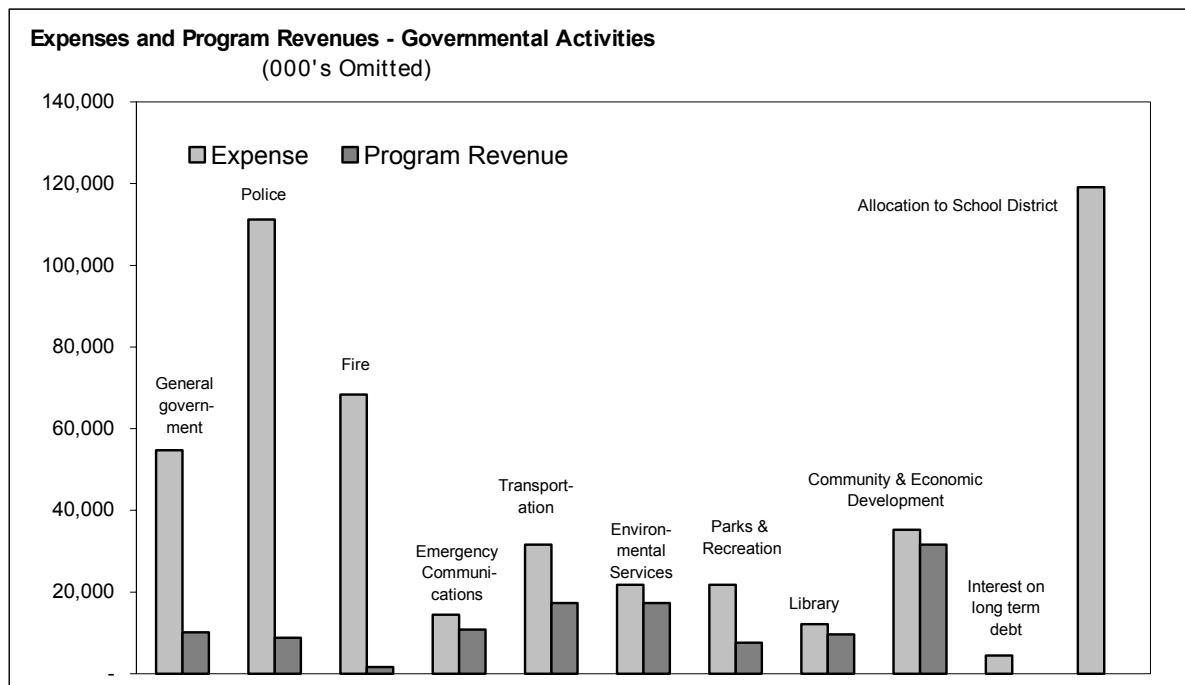
Governmental activities revenue highlights.

- Operating grants and contributions increases totaled \$6,758: The community development block grant revenues increased by \$2,578, HOME program revenues increased by \$1,202, the HUD/ACA housing program revenues increased by \$789, and the lead paint program revenues increased by \$550. Other increases in grant related revenues increased by \$1,639.
- Capital grants and contributions increased \$3,460. Revenues for transportation projects increased by \$2,884, and revenues for parks and recreation and other projects increased by \$576.
- Increased revenue from property taxes of \$5,361 is due to an increase in the levy, net of uncollected.
- An increase of \$4,240 in sales tax revenue, and \$31 in other increases, which combined with a \$1,145 decline in utility gross receipts taxes resulted in a net increase of \$3,126 in the sales and other taxes category.
- Government aid increased by \$1,545 primarily due to an overall increase of \$1,124 in state aid programs and \$421 in Medicare Part D reimbursements.



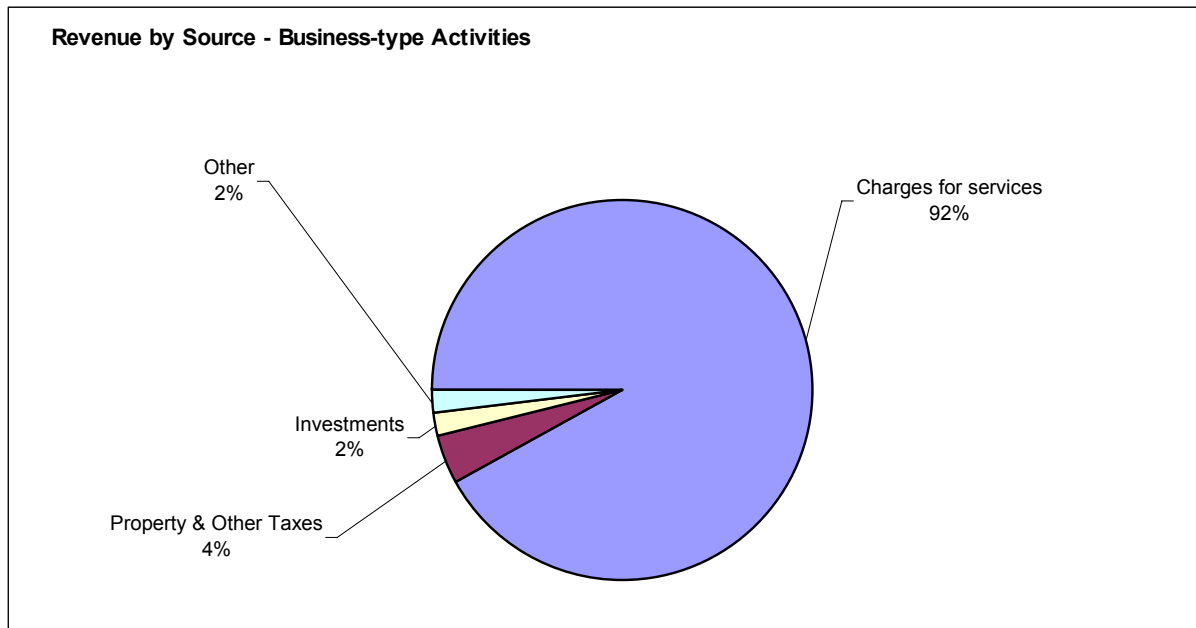
Governmental activities expense highlights.

- General government expenses increased \$8,186 primarily due to the recognition of \$4,818 in postemployment healthcare costs (OPEB) and a \$3,368 increase in personnel and other expenses.
- Police department expenses increased by \$20,686, largely due to the recognition of \$14,066 in post employment health care costs (OPEB) and \$6,620 of increases in personnel and other expenses.
- Fire department expenses increased by \$11,061, largely due to the recognition of \$9,107 in postemployment healthcare costs (OPEB) and \$1,954 of increases in personnel and other expenses.
- The cost of emergency communications increased by \$2,449, largely due to the recognition of \$1,871 in postemployment healthcare costs (OPEB) and \$578 of increases in personnel and other expenses.
- Transportation expenses increased by \$4,012 due to an increase of \$1,975 for capital projects, a prior year expense adjustment of \$723, postemployment healthcare costs (OPEB) of \$714, and other expense changes that netted to an increase of \$600.
- The library fund expenses increase by \$1,326, as a result of \$1,249 for postemployment healthcare costs (OPEB) and various other changes that netted to an increase of \$77.
- Community and economic development increased \$5,358. Much of this increase is associated with the expenditures for grant programs, which are offset by revenues. Expenditures increases for these programs were as follows: \$2,578 for community development block grant programs, \$1,202 for the HOME program, \$789 for the HUD/ACA housing program, and \$550 for lead paint program. Other increases in this category totaled \$239.



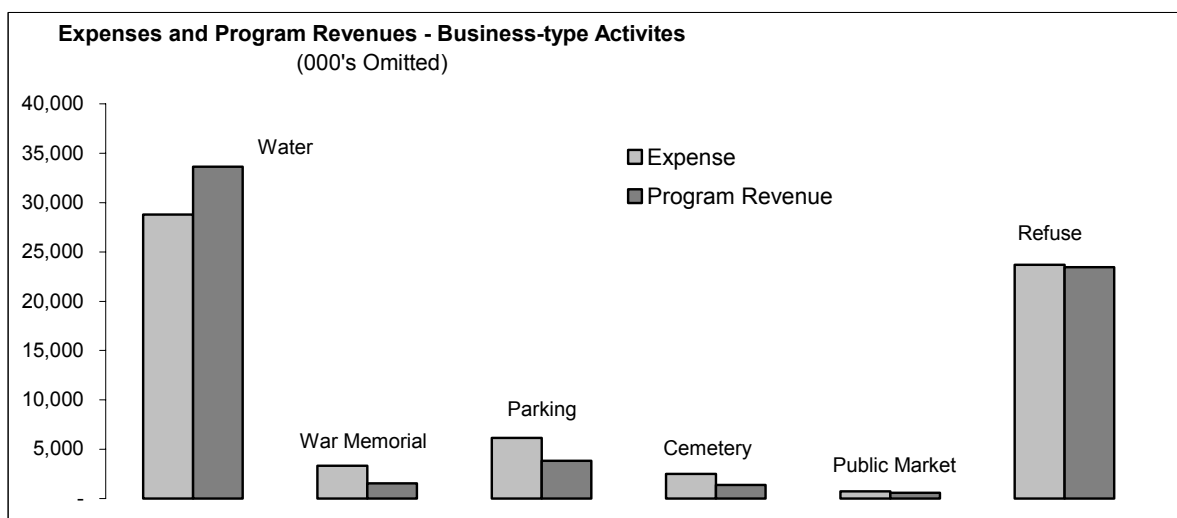
Business-type activities revenue highlights.

- Charges for services increased by \$1,577. Revenue increased by \$1,128 from higher water rates, \$930 from higher refuse rates, and \$58 from other increases. These increases were partly offset by a decline \$273 in revenue from parking and a \$266 decline in cemetery fund revenues.



Business-type activities expense highlights.

- Water fund expense increased by \$3,143 due to the recognition of \$1,515 in postemployment health care costs (OPEB), a \$445 increase for the cost of purchased water, a \$225 increase for special water purification processing, a \$198 increase in cost of temporary administrative facilities, and other expense changes that net to an increase of \$760.
- Refuse fund expense increased by \$1,433 due to the recognition of \$1,258 in postemployment health care costs (OPEB) and other expense changes that net to an increase of \$175.



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 \$148,815, an increase of \$33,197 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 — \$46,849, 2) to pay debt service — \$48,887, and 3) for a variety of other restricted purposes — \$4,072. The unreserved portion of fund balance includes: \$3,951 of general fund money designated for use in fiscal 2006-07, and \$4,051 of general fund money available for use in fiscal 2007-08, \$10,209 un designated in special revenue funds, and \$6,050 in the cemetery perpetual care fund. The result is a total unreserved fund surplus for all governmental funds of \$49,007. 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 \$8,002 while total fund balance reached \$19,728. 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 \$971 during the current fiscal.

Debt service fund. The debt service fund has a total fund balance of \$48,887, all of which is reserved for the payment of debt service. The \$5,929 decrease in fund balance during the current year in the debt service fund resulted from interfund transfers needed to finance the repayment of long-term indebtedness, which netted to (\$8,854), plus \$2,918 in interest earnings, as well as \$7 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 \$45,437, of this \$14,770 was encumbered for contracts underway, and \$30,667 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 \$6,800. This balance is the result of \$13,435 encumbered for contracts underway less the (\$6,635) 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 \$6,534 is the amount that can be encumbered for contracts underway, net of drawdowns to be made when eligible.

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 \$179,673. The change in net assets between 2005 and 2006, which totaled to a \$91 increase, were as follows: the water fund increased by \$2,179, the Parking fund decreased by \$1,942, the War Memorial fund decreased by \$414, the Refuse fund decreased by \$74, the Cemetery fund increased by \$59, and the Public Market fund increased by \$283.

Unrestricted net assets of the proprietary funds, which totaled \$4,250 at year end, breakdown as follows: Water — \$375, Parking — \$1,547, War Memorial — (\$177), Refuse — \$1,270, Cemeteries — \$1,248, and Public Market — (\$13).

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 \$19,636, an increase of \$5,229 over the prior year. The increase resulted primarily from the transfer of \$5,283 from the General fund to replenish the funds needed to pay claims. This increase was slightly offset by miscellaneous transactions that netted to \$54.

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 multi year 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 GAAP basis (i.e. fund-basis), budget-to-actual statements are presented as other supplemental information to the official 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, 2006, amounted to \$783,184 (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 3.75 percent, of which 3.49 percent was attributable to governmental activities and a .26 percent to business-type activities.

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

- The partial collapse of the South Ave. parking garage required recognition of impairment — \$5,740
- River Street waterfront improvements — \$3,032
- Genesee River Trail development — \$2,846
- Manhattan Square Park recreation facility — \$1,998
- Corn Hill Landing riverfront development — \$1,263
- Site cleanup for water administration building construction — \$987
- City Hall reroofing and other improvements — \$798
- Recognition of depreciation expense — \$33,063

City of Rochester's Capital Assets						
Net of Depreciation (000's Omitted)						
	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 23,921	\$ 21,192	\$ 10,564	\$ 10,336	\$ 34,485	\$ 31,528
Buildings	108,753	102,413	89,870	99,983	198,623	202,396
Improvements other than buildings	17,926	13,600	107,000	104,028	124,926	117,628
Machinery and equipment	28,231	27,864	8,345	8,749	36,576	36,613
Infrastructure	372,087	354,997	-	-	372,087	354,997
Construction in progress	-	4,536	16,487	7,175	16,487	11,711
Total	\$ 550,918	\$ 524,602	\$ 232,266	\$ 230,271	\$ 783,184	\$ 754,873

Long-term debt. On June 30, 2006 the City's outstanding debt net of notes refinanced as bonds was \$189,082 — an increase of \$12,104 (or 6.8%) over the prior year. This increase occurred principally in the Business-type activities, where new borrowing for water operations increased by \$9,996, and new borrowing for parking operations increased by \$5,125. Partially offsetting these increases were other changes that netted to a reduction of \$3,017.

City of Rochester's Outstanding Debt

(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 84,025	\$ 52,694	\$ 66,223	\$ 62,672	\$ 150,248	\$ 115,366
Bond anticipation notes	58,853	49,987	21,781	11,625	80,634	61,612
Total	142,878	102,681	88,004	74,297	230,882	176,978
Less: Notes refinanced as bonds which mature in the subsequent fiscal year	(41,800)	-	-	-	(41,800)	-
Net Outstanding Debt	\$ 101,078	\$ 102,681	\$ 88,004	\$ 74,297	\$ 189,082	\$ 176,978

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 AA 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 \$462 million as of the fiscal year end, an amount that was \$59 million above the combined City and school district's net indebtedness.

More detailed information on the City's capital assets and long-term debt activity is provided in the Note III. C. 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. 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 15% 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.

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BASIC FINANCIAL STATEMENTS

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2006 (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	\$ 177,345	\$ 10,887	\$ 188,232	\$ 105,388	\$ 3,014
Investments	66	-	66	-	-
Receivables (net of allowance for uncollectibles)					
Accounts	57,651	16,795	74,446	1,369	113
Taxes	17,706	-	17,706	-	-
Due from other governments	72,009	5,740	77,749	54,707	-
Due from primary government	-	-	-	817	-
Prepaid expenses	-	-	-	1,212	60
Interfund balances	2,691	(2,691)	-	-	-
Inventory, at cost	-	-	-	415	-
Restricted assets:					
Cash and cash equivalents	-	15,153	15,153	-	-
Accounts receivable	-	6	6	-	-
Capital assets (net of accumulated depreciation)					
Land	23,921	10,564	34,485	17,528	-
Buildings	108,753	89,870	198,623	288,158	-
Machinery and equipment	28,231	8,345	36,576	16,827	30,000
Improvements other than buildings	17,926	107,000	124,926	-	-
Infrastructure	372,087	-	372,087	-	-
Construction in progress	-	16,487	16,487	83,121	-
Total assets	<u>878,386</u>	<u>278,156</u>	<u>1,156,542</u>	<u>569,542</u>	<u>33,187</u>
LIABILITIES					
Accounts payable and accrued liabilities:	18,508	1,875	20,383	35,262	34
Accrued interest payable	2,125	1,565	3,690	-	-
Due to other governments	22,112	-	22,112	22,202	-
Due to component unit	817	-	817	-	-
Due to primary government	-	-	-	-	7,770
Unearned revenue	28,901	65	28,966	20,461	-
Noncurrent liabilities:					
Due within one year	91,705	30,744	122,449	65,338	-
Due within more than one year	116,734	64,234	180,968	208,699	40,000
Total liabilities	<u>280,902</u>	<u>98,483</u>	<u>379,385</u>	<u>351,962</u>	<u>47,804</u>
NET ASSETS					
Invested in capital assets, net of related debt	449,840	144,262	594,102	235,983	-
Restricted for:					
Capital projects	113,729	28,249	141,978	-	-
Debt service	2,880	2,912	5,792	-	-
Community development	6,534	-	6,534	-	-
Cemetery perpetual care non-expendable	6,050	-	6,050	-	-
Unrestricted	18,451	4,250	22,701	(18,403)	(14,617)
Total net assets	<u>\$ 597,484</u>	<u>\$ 179,673</u>	<u>\$ 777,157</u>	<u>\$ 217,580</u>	<u>\$ (14,617)</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, 2006 (000's Omitted)

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School District	Rochester Ferry Co. LLC.
Primary government:									
Governmental activities:									
General government	\$ 54,702	\$ 8,372	\$ 257	\$ 1,536	\$ (44,537)	\$ -	\$ (44,537)	\$ -	\$ -
Police	111,195	7,102	1,726	-	(102,367)	-	(102,367)	-	-
Fire	68,391	1,006	622	-	(66,763)	-	(66,763)	-	-
Emergency communications	14,437	10,789	-	-	(3,648)	-	(3,648)	-	-
Transportation	31,630	828	1,116	15,338	(14,348)	-	(14,348)	-	-
Environmental services	21,768	17,294	-	-	(4,474)	-	(4,474)	-	-
Parks & recreation	21,754	2,005	3,654	1,977	(14,118)	-	(14,118)	-	-
Library	12,121	2,579	7,067	-	(2,475)	-	(2,475)	-	-
Community & economic development	35,265	4,294	26,698	601	(3,672)	-	(3,672)	-	-
Interest on long-term debt	4,500	-	-	-	(4,500)	-	(4,500)	-	-
Allocation to school district	119,100	-	-	-	(119,100)	-	(119,100)	-	-
Total governmental activities	494,863	54,269	41,140	19,452	(380,002)	-	(380,002)	-	-
Business-type activities:									
Water	28,797	33,641	-	-	-	4,844	4,844	-	-
War memorial	3,337	1,541	-	-	-	(1,796)	(1,796)	-	-
Parking	6,155	3,835	-	-	-	(2,320)	(2,320)	-	-
Cemetery	2,516	1,399	-	-	-	(1,117)	(1,117)	-	-
Public market	754	575	-	-	-	(179)	(179)	-	-
Refuse	23,685	23,436	-	-	-	(249)	(249)	-	-
Total business-type activities	65,244	64,427	-	-	-	(817)	(817)	-	-
Total primary government	\$ 560,107	\$ 118,696	\$ 41,140	\$ 19,452	\$ (380,002)	\$ (817)	\$ (380,819)	\$ -	\$ -
Component unit:									
Public school system	\$ 577,434	\$ 16,019	\$ 127,617	\$ -	\$ -	\$ -	\$ -	\$ (433,798)	\$ -
Component unit:									
Rochester Ferry Co., LLC	\$ 16,669	\$ 4,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,588)
General revenues:									
Property taxes					\$ 137,278	\$ 2,024	\$ 139,302	\$ -	\$ -
Sales taxes					122,240	-	122,240	-	-
Other taxes					26,893	905	27,798	-	-
Governmental aid - (unrestricted)					79,149	-	79,149	300,113	-
Investment earnings					5,971	1,257	7,228	3,883	2
Allocation to school district - (unrestricted)					-	-	-	119,100	-
Miscellaneous					2,019	1,399	3,418	4,376	3
Gain on Exchange					-	-	-	-	3
Transfers					4,677	(4,677)	-	-	-
Total general revenues and transfers					378,227	908	379,135	427,472	8
Change in net assets					(1,775)	91	(1,684)	(6,326)	(12,580)
Net assets-beginning (as originally reported)					599,259	179,582	778,841	219,728	(2,037)
Adjustments (see note III.H.)					-	-	-	4,178	-
Net assets-beginning (as restated)					599,259	179,582	778,841	223,906	(2,037)
Net assets-ending					\$ 597,484	\$ 179,673	\$ 777,157	\$ 217,580	\$ (14,617)

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, 2006 (000's Omitted)

			Capital Projects		Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
	General	Debt Service	General	Trans- portation	Community Development		
ASSETS							
Cash and cash equivalents	\$ 26,031	\$ 88,732	\$ 5,150	\$ 6,979	\$ 7,652	\$ 33,238	\$ 167,782
Investments	-	-	-	-	66	-	66
Receivables (net of allowance for uncollectibles)							
Accounts	5,213	-	103	-	44,083	982	50,381
Taxes	13,031	-	-	-	-	195	13,226
Due from other governments	48,083	-	2,126	2,268	383	8,570	61,430
Due from other funds	15,777	2,772	43,699	5,942	-	923	69,113
Total assets	<u>\$ 108,135</u>	<u>\$ 91,504</u>	<u>\$ 51,078</u>	<u>\$ 15,189</u>	<u>\$ 52,184</u>	<u>\$ 43,908</u>	<u>\$ 361,998</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 18,204	\$ -	\$ 73	\$ -	\$ 284	\$ 1,433	\$ 19,994
Notes payable	-	41,800	3,785	6,462	-	6,806	58,853
Due to other funds	54,152	-	1,783	1,927	439	13,121	71,422
Due to other governments	4,913	-	-	-	16,942	257	22,112
Due to component unit	-	817	-	-	-	-	817
Deferred revenue	11,138	-	-	-	27,985	862	39,985
Total liabilities	<u>88,407</u>	<u>42,617</u>	<u>5,641</u>	<u>8,389</u>	<u>45,650</u>	<u>22,479</u>	<u>213,183</u>
Fund balances:							
Reserved for encumbrances	7,654	-	14,770	13,435	244	10,746	46,849
Reserved for noncurrent receivable	4,072	-	-	-	-	-	4,072
Reserved for debt	-	48,887	-	-	-	-	48,887
Unreserved:							
Designated for subsequent years' expenditures	3,951	-	-	-	-	-	3,951
Undesignated, reported in:							
General fund	4,051	-	-	-	-	-	4,051
Special revenue fund	-	-	-	-	-	10,209	10,209
Capital projects fund	-	-	30,667	(6,635)	6,290	(5,576)	24,746
Permanent fund	-	-	-	-	-	6,050	6,050
Total fund balances	<u>19,728</u>	<u>48,887</u>	<u>45,437</u>	<u>6,800</u>	<u>6,534</u>	<u>21,429</u>	<u>148,815</u>
Total liabilities and fund balances	<u>\$ 108,135</u>	<u>\$ 91,504</u>	<u>\$ 51,078</u>	<u>\$ 15,189</u>	<u>\$ 52,184</u>	<u>\$ 43,908</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	550,918
Accrual of property and sales taxes to qualify as financial resources	25,722
Internal service fund transferred to governmental activities	19,636
Accrual of interest on bonds and notes payable	(2,125)
Accrual of Medicare Part D revenue	421
Long-term liabilities are not reported in the funds	
Bonds payable	(84,025)
Municipal Bond Bank Agency liability	(5,889)
Compensated absences	(9,592)
Workers' compensation	(7,161)
OPEB liability	(39,236)
Net assets of governmental activities	<u>\$ 597,484</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, 2006 (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	\$ 129,932	\$ -	\$ -	\$ -	\$ -	\$ 5,819	\$ 135,751
Sales and other taxes	149,934	-	-	-	-	-	149,934
Departmental	20,878	-	-	-	-	15,530	36,408
Use of money and property	3,039	2,918	116	-	240	527	6,840
Licenses and permits	2,636	-	-	-	-	-	2,636
Federal aid	1,489	-	1,206	9,197	21,297	6,736	39,925
State aid	79,725	-	146	4,703	-	2,222	86,796
Local sources and other	13,605	7	68	1,438	2,772	10,213	28,103
Total revenues	401,238	2,925	1,536	15,338	24,309	41,047	486,393
EXPENDITURES							
Current:							
Council and clerk	1,462	-	-	-	-	-	1,462
Administration	9,492	-	-	-	-	-	9,492
Law	1,752	-	-	-	-	-	1,752
Finance	7,449	-	-	-	-	-	7,449
Community development	5,836	-	-	-	19,620	2,739	28,195
Economic development	1,530	-	-	-	-	-	1,530
Environmental services	22,114	-	-	-	-	6,873	28,987
Library	-	-	-	-	-	10,099	10,099
Police	65,469	-	-	-	-	1,803	67,272
Fire	40,297	-	-	-	-	3	40,300
Emergency communications	8,682	-	-	-	-	-	8,682
Parks, recreation and human services	14,397	-	-	-	-	2,293	16,690
Undistributed	77,720	-	-	-	-	5,800	83,520
Allocation to school district	119,100	-	-	-	-	-	119,100
Capital projects	-	-	22,035	21,798	-	10,332	54,165
Debt service:							
Principal	11,698	-	-	-	-	814	12,512
Interest	3,817	-	-	-	-	102	3,919
Total expenditures	390,815	-	22,035	21,798	19,620	40,858	495,126
Excess (deficiency) of revenues over expenditures	10,423	2,925	(20,499)	(6,460)	4,689	189	(8,733)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	28,421	3,976	23,305	5,705	-	4,525	65,932
Transfers (to) other funds	(37,873)	(12,830)	(150)	(3,061)	(4,060)	(8,564)	(66,538)
Proceeds of general obligation debt	-	-	1,703	22,340	-	18,493	42,536
Total other financing sources (uses)	(9,452)	(8,854)	24,858	24,984	(4,060)	14,454	41,930
Net change in fund balances	971	(5,929)	4,359	18,524	629	14,643	33,197
Fund Balances - beginning of year	18,757	54,816	41,078	(11,724)	5,905	6,786	115,618
Fund Balances - end of year	\$ 19,728	\$ 48,887	\$ 45,437	\$ 6,800	\$ 6,534	\$ 21,429	\$ 148,815

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, 2006 (000's Omitted)

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

Net change in fund balances-total governmental funds:	\$ 33,197
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	26,316
Revenues in the statement of activities that do not provide current financial resource: and are not reported as revenues in the funds	2,018
Change in accrual of interest payable on notes and bonds payable	(581)
Change in net assets of the internal service fund reported in governmental activities	5,229
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 resource of governmental funds. Neither transaction has an effect on net assets	
Debt service principal payments	12,512
Proceeds of general obligation debt	(42,536)
OPEB expense is not reported in the governmental funds.	(39,236)
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:	93
Workers' compensation:	1,213
Change in net assets of governmental activities	<u>\$ (1,775)</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, 2006 (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	\$ 1,801	\$ 929	\$ 293	\$ 7,319	\$ 477	\$ 68	\$ 10,887	\$ 9,563
Receivables (net of allowance for uncollectibles)	12,756	315	87	2,132	1,505	-	16,795	7,270
Due from other governments	-	5,740	-	-	-	-	5,740	-
Due from other funds	144	413	117	852	124	89	1,739	5,000
Cash and cash equivalents - restricted	10,221	4,878	40	-	-	14	15,153	-
Accounts receivable - restricted	6	-	-	-	-	-	6	-
Total current assets	24,928	12,275	537	10,303	2,106	171	50,320	21,833
Noncurrent assets:								
Capital assets:								
Land	453	9,077	165	30	131	708	10,564	-
Buildings	29,840	100,205	44,211	500	1,215	1,783	177,754	-
Improvements other than buildings	193,240	1,447	60	378	1,174	2,095	198,394	-
Equipment	5,778	1,209	5,354	13,725	1,055	53	27,174	-
Construction in progress	13,904	2,410	80	61	4	28	16,487	-
Less accumulated depreciation	(105,076)	(62,308)	(15,963)	(11,540)	(2,041)	(1,179)	(198,107)	-
Total noncurrent assets (net of accumulated depreciation)	138,139	52,040	33,907	3,154	1,538	3,488	232,266	-
Total assets	163,067	64,315	34,444	13,457	3,644	3,659	282,586	21,833
LIABILITIES								
Current liabilities:								
Accounts payable and accrued liabilities	1,647	144	114	3,400	133	26	5,464	2,197
Accrued interest payable	842	460	257	-	-	6	1,565	-
Notes payable	15,415	6,236	-	-	-	130	21,781	-
Bonds payable	4,642	1,145	995	-	-	40	6,822	-
Due to other funds	3,941	12	-	84	371	22	4,430	-
Due to other governments	163	9	1	156	14	3	346	-
Deferred revenue	-	47	-	-	18	-	65	-
Total current liabilities	26,650	8,053	1,367	3,640	536	227	40,473	2,197
Noncurrent liabilities:								
Bonds payable	22,996	18,190	18,030	-	-	185	59,401	-
OPEB liability	1,515	104	11	1,258	133	18	3,039	-
Total noncurrent liabilities	24,511	18,294	18,041	1,258	133	203	62,440	-
Total liabilities	51,161	26,347	19,408	4,898	669	430	102,913	2,197
NET ASSETS								
Invested in capital assets, net of related debt	95,086	26,469	14,882	3,154	1,538	3,133	144,262	-
Restricted for debt service	2,567	295	36	-	-	14	2,912	-
Restricted for capital projects	13,878	9,657	295	4,135	189	95	28,249	-
Unrestricted	375	1,547	(177)	1,270	1,248	(13)	4,250	19,636
Total net assets	\$ 111,906	\$ 37,968	\$ 15,036	\$ 8,559	\$ 2,975	\$ 3,229	\$ 179,673	\$ 19,636

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, 2006 (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	\$ 33,641	\$ 3,835	\$ 1,541	\$ 23,436	\$ 1,399	\$ 575	\$ 64,427	\$ -
Operating Expenses								
Personal services	6,272	390	86	6,007	1,056	162	13,973	-
Supplies and materials	11,369	1,158	948	10,761	863	355	25,454	-
Employee benefits	4,783	288	40	5,265	448	60	10,884	-
Depreciation	4,811	3,115	1,279	1,652	149	160	11,166	-
Claims settlement	-	-	-	-	-	-	-	571
Total operating expenses	27,235	4,951	2,353	23,685	2,516	737	61,477	571
Operating income (loss)	6,406	(1,116)	(812)	(249)	(1,117)	(162)	2,950	(571)
Nonoperating revenues (expenses)								
Real property taxes	-	175	473	-	918	458	2,024	-
Sales and use taxes	-	-	905	-	-	-	905	-
Interest and penalties	1,398	-	-	-	1	-	1,399	-
Interest on investments	615	203	4	175	257	3	1,257	517
Interest expense	(1,562)	(1,204)	(984)	-	-	(17)	(3,767)	-
State grant	-	5,740	-	-	-	-	5,740	-
Asset impairment loss	-	(5,740)	-	-	-	-	(5,740)	-
Total nonoperating revenues (expenses)	451	(826)	398	175	1,176	444	1,818	517
Income (loss) before operating transfers	6,857	(1,942)	(414)	(74)	59	282	4,768	(54)
Transfers in	-	-	-	-	-	1	1	5,283
Transfers out	(4,678)	-	-	-	-	-	(4,678)	-
Change in net assets	2,179	(1,942)	(414)	(74)	59	283	91	5,229
Total net assets-beginning	109,727	39,910	15,450	8,633	2,916	2,946	179,582	14,407
Total net assets-ending	\$ 111,906	\$ 37,968	\$ 15,036	\$ 8,559	\$ 2,975	\$ 3,229	\$ 179,673	\$ 19,636

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, 2006 (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	\$ 35,306	\$ 3,822	\$ 1,471	\$ 23,308	\$ 1,587	\$ 575	\$ 66,069	\$ (7,270)
Payments to suppliers	(14,194)	(1,315)	(914)	(14,582)	(1,146)	(418)	(32,569)	(2,366)
Payments to employees	(6,257)	(387)	(80)	(5,984)	(1,069)	(160)	(13,937)	-
Net cash provided (used) by operating activities	14,855	2,120	477	2,742	(628)	(3)	19,563	(9,636)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Real property taxes	-	175	473	-	918	458	2,024	-
Operating grants	-	-	905	-	-	-	905	-
Transfers (to) from other funds	(3,805)	(166)	(69)	(626)	(250)	164	(4,752)	3,283
Net cash provided (used) by noncapital financing activities	(3,805)	9	1,309	(626)	668	622	(1,823)	3,283
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sales of bonds and notes	15,360	6,236	-	-	-	-	21,596	-
Principal paid on bonds and notes	(5,364)	(1,111)	(995)	(30)	(2)	(387)	(7,889)	-
Interest expense paid on bonds and notes	(1,188)	(1,083)	(997)	(1)	-	(24)	(3,293)	-
Payments to contractors	(15,483)	(2,384)	(69)	(701)	(37)	(245)	(18,919)	-
Proceeds from sale of capital assets	-	-	-	16	2	-	18	-
Net cash provided (used) by capital and related financing activities	(6,675)	1,658	(2,061)	(716)	(37)	(656)	(8,487)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received	615	203	4	175	257	3	1,257	517
Net increase (decrease) in cash and cash equivalents	4,990	3,990	(271)	1,575	260	(34)	10,510	(5,836)
Cash and cash equivalents at beginning of year	7,032	1,817	604	5,744	217	116	15,530	15,399
Cash and cash equivalents at end of year	\$ 12,022	\$ 5,807	\$ 333	\$ 7,319	\$ 477	\$ 82	\$ 26,040	\$ 9,563
Reconciliation of operating income (loss) to net cash provided by operating activities:								
Operating income (loss)	\$ 6,406	\$ (1,116)	\$ (812)	\$ (249)	\$ (1,117)	\$ (162)	\$ 2,950	\$ (571)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	4,811	3,115	1,279	1,652	149	160	11,166	-
(Increase) decrease in accounts receivable	267	(13)	(70)	(128)	187	-	243	(7,270)
Increase (decrease) in accounts payable	483	36	55	237	(2)	(19)	790	(1,795)
Increase (decrease) in intergovernmental payables	(25)	(3)	14	(28)	3	-	(39)	-
Increase in OPEB liability	1,515	104	11	1,258	133	18	3,039	-
Increase (decrease) in deferred revenue	-	(3)	-	-	18	-	15	-
Interest and penalties	1,398	-	-	-	1	-	1,399	-
Total adjustments	8,449	3,236	1,289	2,991	489	159	16,613	(9,065)
Net cash provided (used) by operating activities	\$ 14,855	\$ 2,120	\$ 477	\$ 2,742	\$ (628)	\$ (3)	\$ 19,563	\$ (9,636)

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, 2006 (000's Omitted)

	<u>Private Grants</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ 791	\$ 10,713
Investments	610	-
Receivables (net of allowance for uncollectibles)	-	210
Total assets	<u>1,401</u>	<u>10,923</u>
LIABILITIES		
Accounts payable and accrued liabilities	-	10,923
Total liabilities	<u>-</u>	<u>10,923</u>
NET ASSETS		
Held in trust and other purposes	<u>\$ 1,401</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, 2006 (000's Omitted)

	Private Grants
ADDITIONS	
Use of money and property	\$ 34
Local sources and other	215
Total additions	<u>249</u>
DEDUCTIONS	
Community services	<u>158</u>
Change in net assets	91
Net assets-beginning of year	1,310
Net assets-end of year	<u><u>\$ 1,401</u></u>

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

Notes to the Financial Statements

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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 Executive of Business Services, 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 March 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. Annual financial statements for the year ended June 30, 2006 may be requested from the Rochester Ferry Company, LLC, 30 Church St., 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

Effective with this financial report for the fiscal year ending June 30, 2006, the City has adopted the following Statements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement requires that the value of fixed assets be reduced to the extent that there is significant impairment.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for reporting the liability for non-pension postemployment benefits, chiefly the health care premiums for retirees.

GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement requires that the portion of net assets that is subject to external legal restrictions be more clearly identified.

GASB Technical Bulletin No. 2006-01. This authoritative interpretation clarifies that Medicare Part D reimbursement for employee and retiree prescription drug premiums are recognized as revenue.

In May 2005, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 154, *Accounting Changes and Error Corrections*. This Statement establishes retrospective application as the required method for reporting a change in accounting principle and gives guidance in the reporting of a correction of an error by restating previously issued financial statements. The City will adopt this Statement for the fiscal year ending June 30, 2007, as required.

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, 2006, the City had a legal margin of \$12,514,345.

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, 2006 were \$36,420,000. This was composed of \$14,770,000 in general government projects, \$13,435,000 in transportation projects, as well as \$8,215,000 in nonmajor governmental fund capital projects. In addition, \$244,000 was encumbered in the Special Revenue fund for Community Development projects.

In enterprise funds, commitments outstanding at the year-end are included in Unrestricted Net Assets. Total commitments for construction and other enterprise fund capital projects as of June 30, 2006 were \$15,251,000. This was composed of \$9,718,000 for Water Fund projects, \$470,000 for Refuse Fund projects, \$4,983,000 for Parking Fund projects, \$7,000 for War Memorial projects, \$64,000 for Cemetery projects, and \$9,000 for Public Market projects.

At year-end the School District had total encumbrances of \$12,922,500 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 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 increased total appropriations for operating budgets by \$2,598,000: estimated revenues increased by \$9,747,000, transfers to other funds increased by \$9,009,000, and transfers from other funds increased by \$1,081,000.

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 (\$1,224,000), and Sewers (\$160,000).

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 \$119,622,600 and the bank balance was \$170,920,200. Of this bank balance, \$500,000 is FDIC insured. The uninsured portion was collateralized at 102% with U.S. Governments 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 \$2,799,000 and the bank balance was \$16,482,500. 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 \$3,014,000.

2. Cash Equivalents

At year-end, the City had cash equivalents of \$95,269,500 as follows: \$42,874,900 in money market accounts, \$41,800,000 in U.S. Treasuries, \$10,025,000 (fair value) in repurchase agreements, and \$569,600 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 \$102,589,000. The fair value of money market accounts was \$85,112,400 and the fair value of repurchase agreements was \$17,476,600. 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	\$ 197
	Equities	413
Development Partnership		66
		<u>\$ 676</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 \$674,319 for fiscal year 2006, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$249,693 for fiscal year 2006, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

B. RECEIVABLES AND PAYABLES

The Primary Government had \$74,446,000 in accounts receivables at year-end. The major Governmental activities receivable was \$44,083,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major Business-type receivables were \$12,756,000 in the Water Fund, \$2,132,000 in the Refuse Fund, and \$1,505,000 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 (\$1,748,600), Water Fund (\$4,108,200), and Refuse Fund (\$1,710,600).

The amount due from other governments to the City, as presented in the fund level statements as of June 30, 2006, was \$67,170,000. This was comprised of the following items: \$20,307,000 from New York State, \$37,226,000 from Monroe County, \$8,739,000 from the Federal Government, and \$898,000 from others.

The amount due from other governments to the School District as of June 30, 2006 was \$54,706,900. This was comprised of the following items: \$43,510,500 from New York State, \$8,104,700 from the Federal Government, and \$3,091,700 from other sources.

As of June 30, 2006 the Rochester Ferry Company, LLC had a receivable of \$113,000, which was principally composed of fuel tax rebates.

The Primary Government had \$20,383,000 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 \$35,262,000 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 Rochester Ferry Company, LLC Component Unit had an accounts payable balance of \$34,000.

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

Class	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	\$ 21,192	\$ 2,729	\$ -	\$ 23,921
Construction in progress	4,536	8,623	13,159	-
Total capital assets, not being depreciated	<u>\$ 25,728</u>	<u>\$ 11,352</u>	<u>\$ 13,159</u>	<u>\$ 23,921</u>
Capital assets, being depreciated:				
Buildings	\$ 159,661	\$ 13,552	\$ 2,932	\$ 170,281
Improvements Other Than Buildings	21,514	5,261	87	26,688
Machinery and Equipment	69,854	7,603	5,904	71,553
Infrastructure	446,579	25,031	-	471,610
Total capital assets being depreciated	<u>697,608</u>	<u>51,447</u>	<u>8,923</u>	<u>740,132</u>
Less accumulated depreciation for:				
Buildings	57,248	4,280	-	61,528
Improvements Other Than Buildings	7,914	848	-	8,762
Machinery and Equipment	41,990	6,088	4,756	43,322
Infrastructure	91,582	7,941	-	99,523
Total accumulated depreciation	<u>198,734</u>	<u>19,157</u>	<u>4,756</u>	<u>213,135</u>
Total capital assets, being depreciated, net:	<u>498,874</u>	<u>32,290</u>	<u>4,167</u>	<u>526,997</u>
Governmental activities capital assets, net:	<u>\$ 524,602</u>	<u>\$ 43,642</u>	<u>\$ 17,326</u>	<u>\$ 550,918</u>

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

Class	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	\$ 10,336	\$ 240	\$ 12	\$ 10,564
Construction in progress	7,175	10,893	1,581	16,487
Total capital assets, not being depreciated	<u>\$ 17,511</u>	<u>\$ 11,133</u>	<u>\$ 1,593</u>	<u>\$ 27,051</u>
Capital assets, being depreciated:				
Buildings	\$ 177,438	\$ 316	\$ -	\$ 177,754
Improvements Other Than Buildings	192,366	7,143	1,115	198,394
Machinery and Equipment	29,554	2,322	4,702	27,174
Total capital assets being depreciated	<u>399,358</u>	<u>9,781</u>	<u>5,817</u>	<u>403,322</u>
Less accumulated depreciation for:				
Buildings	77,455	10,429	-	87,884
Improvements Other Than Buildings	88,338	3,871	815	91,394
Machinery and Equipment	20,805	2,606	4,582	18,829
Total accumulated depreciation	<u>186,598</u>	<u>16,906</u>	<u>5,397</u>	<u>198,107</u>
Total capital assets, being depreciated, net:	<u>212,760</u>	<u>(7,125)</u>	<u>420</u>	<u>205,215</u>
Business-type activities capital assets, net:	<u>\$ 230,271</u>	<u>\$ 4,008</u>	<u>\$ 2,013</u>	<u>\$ 232,266</u>

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

Governmental activities:	
General government	\$ 2,432
Police	1,634
Fire	1,193
Emergency communications	200
Transportation	7,941
Environmental services	2,570
Parks & recreation	1,637
Library	773
Community development	777
Total depreciation expense - governmental activities	<u>\$ 19,157</u>
Business-type activities:	
Water	\$ 4,811
Parking	3,115
War Memorial	1,279
Refuse	1,652
Cemetery	149
Public market	160
Subtotal	<u>11,166</u>
Parking - impairment of asset	<u>5,740</u>
Total depreciation expense - business type activities	<u>\$ 16,906</u>

Impairment Of Capital Assets. The South Avenue Ramp Garage, which has a capacity for parking 1,700 vehicles, was taken out of service after the collapse of the down-ramp in April of 2006. The resulting impairment loss, which is estimated to be \$5,780,000, includes the cost of responding to the collapse (\$1,200,000), design of a replacement (\$580,000), and the construction or reconstruction of a replacement (\$4,000,000).

In compliance with GASB 42, the City has recognized this impairment as an expense in the Parking Fund. Since the amount of impairment recognition is limited to the undepreciated value of the asset, the actual expense was \$5,740,000. Offsetting this, the City has also recognized a matching amount of revenue, which represents grants from New York State that are equivalent to a full insurance recovery of the damages.

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

Class	Balance June 30, 2005 (As restated - See Note III. H.)	Additions	Deductions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	\$ 17,528	\$ -	\$ -	\$ 17,528
Construction in progress	79,158	31,854	27,892	83,120
Total capital assets, not being depreciated	<u>\$ 96,686</u>	<u>\$ 31,854</u>	<u>\$ 27,892</u>	<u>\$ 100,648</u>
Capital assets, being depreciated:				
Buildings	\$ 397,081	\$ 27,919	\$ -	\$ 425,000
Machinery and equipment	41,119	5,208	10,272	36,055
Total capital assets being depreciated	<u>438,200</u>	<u>33,127</u>	<u>10,272</u>	<u>461,055</u>
Less accumulated depreciation for:				
Buildings	124,796	12,046	-	136,842
Machinery and equipment	25,462	2,996	9,231	19,227
Total accumulated depreciation	<u>150,258</u>	<u>15,042</u>	<u>9,231</u>	<u>156,069</u>
Total capital assets, being depreciated, net:	<u>287,942</u>	<u>18,085</u>	<u>1,041</u>	<u>304,986</u>
School District capital assets, net:	<u>\$ 384,628</u>	<u>\$ 49,939</u>	<u>\$ 28,933</u>	<u>\$ 405,634</u>

The only capital asset of the Rochester Ferry Company, LLC is the vessel. Since this asset is now being held for sale, an impairment of \$3,365,000 was recognized in 2006. The resulting book value as of June 30, 2006 was \$30,000,000.

D. LONG-TERM AND NONCURRENT AND DEBT RELATED LIABILITIES

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2006:

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

	Balance June 30, 2005	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2006	Due Within One Year
General Obligation Bonds						
Public improvement	\$ 44,564	\$ -	\$ 41,181	\$ 9,295	\$ 76,450	\$ 12,532
Sewer	5,690	-	1,355	1,095	5,950	1,160
Library	2,432	-	-	807	1,625	795
Local works	8	-	-	8	-	-
Total General Obligation Bonds	52,694	-	42,536	11,205	84,025	14,487
Other Noncurrent liabilities:						
Municipal Bond Bank Agency Liability	7,197	-	-	1,308	5,889	1,390
Compensated absences	9,685	9,592	-	9,685	9,592	9,592
Workers' compensation	8,374	2,966	-	4,179	7,161	4,631
OPEB liability	-	55,346	-	16,110	39,236	-
Total Other Noncurrent liabilities	25,256	67,904	-	31,282	61,878	15,613
TOTAL NONCURRENT LIABILITIES	\$ 77,950	\$ 67,904	\$ 42,536	\$ 42,487	\$ 145,903	\$ 30,100

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

	Balance June 30, 2005	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2006	Due Within One Year
General Obligation Bonds						
Water	\$ 22,208	\$ -	\$ 10,437	\$ 5,007	\$ 27,638	\$ 4,642
War Memorial	20,020	-	-	995	19,025	995
Parking	20,146	-	300	1,111	19,335	1,145
Cemeteries	2	-	-	2	-	-
Public Market	266	-	-	41	225	40
Refuse	30	-	-	30	-	-
Total General Obligation Bonds	62,672	-	10,737	7,186	66,223	6,822
Other Noncurrent liabilities:						
Compensated absences	948	955	-	948	955	477
Workers' compensation	1,723	2,320	-	1,410	2,633	1,317
OPEB liability	-	3,904	-	865	3,039	-
Total Other Noncurrent liabilities	2,671	7,179	-	3,223	6,627	1,794
TOTAL NONCURRENT LIABILITIES	\$ 65,343	\$ 7,179	\$ 10,737	\$ 10,409	\$ 72,850	\$ 8,616

The following tables summarize changes in the City's noncurrent and debt related liabilities for the year ended June 30, 2006:

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

	Balance June 30, 2005	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2006	Due Within One Year
Bond Anticipation Notes						
Public improvement	\$ 48,306	\$ 14,209	\$ (41,181)	\$ 4,832	\$ 16,502	\$ 16,502
Sewer	1,681	364	(1,355)	139	551	551
Total Capital Projects Funds	49,987	14,573	(42,536)	4,971	17,053	17,053
Debt service fund	-	41,800	-	-	41,800	41,800
Total Bond Anticipation Notes	<u>\$ 49,987</u>	<u>\$ 56,373</u>	<u>\$ (42,536)</u>	<u>\$ 4,971</u>	<u>\$ 58,853</u>	<u>\$ 58,853</u>

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

	Balance June 30, 2005	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2006	Due Within One Year
Bond Anticipation Notes						
Water	\$ 10,849	\$ 15,360	\$ (10,437)	\$ 357	\$ 15,415	\$ 15,415
Parking	300	6,236	(300)	-	6,236	6,236
Public Market	476	-	-	346	130	130
Total Bond Anticipation Notes	<u>\$ 11,625</u>	<u>\$ 21,596</u>	<u>\$ (10,737)</u>	<u>\$ 703</u>	<u>\$ 21,781</u>	<u>\$ 21,781</u>

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 long-term and debt-related liabilities for the year ended June 30, 2006:

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

	Balance June 30, 2005	New Issues/ Additions	Notes Converted to Bonds	Maturities And/or Payments	Balance June 30, 2006	Due Within One Year
General Obligation Bonds						
General Fund	\$ 114,227	\$ -	\$ 46,847	\$ 13,552	\$ 147,522	\$ 13,051
Bond Anticipation Notes						
Capital Projects Fund	48,542	24,296	(46,847)	1,695	24,296	24,296
Other Noncurrent Liabilities						
OPEB liability	-	28,324	-	8,867	19,457	19,457
Municipal Bond Bank Agency	7,220	-	-	1,312	5,908	1,395
NYS Education Department (EPE)	12,774	-	-	-	12,774	2,129
NYS Special Purpose Bonds - 2003	10,607	-	-	1,625	8,982	1,137
NYS Lottery advance	20,000	-	-	667	19,333	667
Claims payable	8,838	10,025	-	7,272	11,591	-
Compensated absences	3,014	1,789	-	3,014	1,789	1,073
Installment purchase debt	22,280	1,281	-	1,176	22,385	2,133
Total Other Noncurrent Liabilities	<u>84,733</u>	<u>41,419</u>	<u>-</u>	<u>23,933</u>	<u>102,219</u>	<u>27,991</u>
Total Noncurrent Liabilities	<u>\$ 247,502</u>	<u>\$ 65,715</u>	<u>\$ -</u>	<u>\$ 39,180</u>	<u>\$ 274,037</u>	<u>\$ 65,338</u>

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 ranging from 4.0% to 4.5% have maturities that extend through March 2007.

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 \$11,796,000, as of June 30, 2006, will be repaid by the City and School District. In fiscal year 2006, the City made interest payments of \$372,029, and the School District made interest payments of \$373,222. Annual principal and interest payments by the City and the School District are approximately \$3,500,000 through fiscal year 2011.

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.

In March 2005, the Rochester Ferry Company, LLC purchased an Australian-built ferry for \$32,000,000, in order to establish service between the Port of Rochester and the Port of Toronto. The purchase price of the ferry, plus up to \$8,000,000 in startup costs, are financed by the Australian Export Finance Insurance Corp. (EFIC). This loan will be repaid by the Rochester Ferry Company, LLC. In the event that the Rochester Ferry Company, LLC. is unable to service the debt, repayment is guaranteed by the City of Rochester. At year-end this debt outstanding totaled \$40,000,000. The interest rate, which is variable, is based on the 3-month LIBOR, plus one percent. Interest only payments will be paid quarterly through February 2007, followed by quarterly principal and interest payments through 2020.

After two seasons 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. As a result, the City and EFIC have a signed agreement as to the repayment schedule of the loan balance due. Under the terms of the agreement, the City has a right of prepayment. Based on an expected \$30 million sale price, it is estimated that approximately \$20 million (the net proceeds from the sale) will be used to pay down the debt. The remaining balance will be amortized and repaid yearly through 2021 by the City.

In compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds, the City remitted \$113,854 and the School District remitted \$10,046 to the Internal Revenue Service in fiscal year 2006 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		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 14,487	\$ 3,117	\$ 6,821	\$ 3,039	\$ 16,351	\$ 5,608	\$ 49,423
2008	13,058	2,441	5,512	2,717	14,650	4,994	43,372
2009	10,920	1,989	5,110	2,480	10,645	4,527	35,671
2010	9,630	1,594	4,920	2,256	9,256	4,149	31,805
2011	7,255	1,264	4,680	2,041	8,530	3,816	27,586
2012-2016	16,290	3,739	18,705	7,407	39,839	14,465	100,445
2017-2021	5,545	1,922	11,885	3,740	35,726	6,800	65,618
2022-2026	3,350	1,063	7,595	1,188	12,525	1,063	26,784
2027-2032	3,490	397	995	39	-	-	4,921
	<u>\$ 84,025</u>	<u>\$ 17,526</u>	<u>\$ 66,223</u>	<u>\$ 24,907</u>	<u>\$ 147,522</u>	<u>\$ 45,422</u>	<u>\$ 385,625</u>

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

Outstanding Bond Issues - June 30, 2006

Issue	Interest Rates	Amount	Final Maturity
General Obligation Serial Bonds-1980	7.500%	\$ 780,000	August 1, 2009
General Obligation Serial Bonds-1982	8.900%	1,220,000	October 1, 2011
General Obligation-1992, Series A	5.700%	795,000	August 15, 2006
General Obligation-1993, Series A	4.700%	960,512	August 15, 2006
General Obligation-1994, Series A	4.625%	7,832,053	August 15, 2022
General Obligation-1994, Series B (Taxable)	6.500%	950,000	August 15, 2007
General Obligation-1996, Series A	4.500%	4,495,041	September 15, 2023
General Obligation-1996, Series B (Taxable)	6.700%	6,130,000	September 15, 2024
General Obligation Serial Bonds-1997	5.000%	12,000,114	October 1, 2025
General Obligation Serial Bonds-1999	5.250%	25,691,040	October 1, 2026
General Obligation Serial Bonds-2001, Series A	4.000%	10,480,000	October 15, 2027
General Obligation Serial Bonds-2001, Series B	4.000%	8,017,586	February 15, 2028
Dormitory Authority 2002	3.000%	25,194,000	February 15, 2025
General Obligation Serial Bonds-2003, Series I	2.875%	6,800,000	August 15, 2007
General Obligation Serial Bonds-2004, Series A	2.750%	39,745,000	October 15, 1931
General Obligation Serial Bonds-2004, Series B	3.000%	46,560,000	February 15, 1931
General Obligation Serial Bonds-2006, Series A	3.500%	58,320,000	February 15, 2025
General Obligation Serial Bonds-2006, Series B	3.250%	41,800,000	October 15, 2024
		<u>\$ 297,770,346</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, 2006, amounted to \$19,546,000. The debt-contracting margin of the City as of June 30, 2006, was \$145,477,800.

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 \$11,138,000 in the General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$27,985,000 in the Community Development Special Revenue Fund relates to long-term receivable balances from various community development programs.

Deferred revenue of \$460,600 for the School District represents cash received in advance of expenditure. Of this, \$426,500 is related to Special Aid Fund projects and \$34,100 to project funding provided by the City.

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 2006, these debt service costs amounted to \$1,594,000 of which \$656,300 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.

H. COMPONENT UNIT'S RESTATEMENT OF CAPITAL ASSET BALANCES, NET ASSETS INVESTED IN CAPITAL ASSETS

Subsequent to the issuance of the Component Unit's June 30, 2005 financial statements, the School District discovered that \$4,178,000 of costs incurred primarily from fiscal years 2003, 2004, and 2005 for software, equipment and building renovations had inadvertently been expensed rather than capitalized. As a result, capital asset balances and net assets invested in capital assets in the entity-wide statements have been restated from the amounts previously reported to appropriately capitalize these costs. Capital assets (net of accumulated depreciation) as previously reported at June 30, 2005 were \$380,450,000 and as restated were \$384,628,000. Beginning net assets as previously reported at June 30, 2005 were \$219,728,000 and as restated were \$223,906,000. Changes in net assets as previously reported at June 30, 2005 were \$15,924,000 and as restated were \$17,804,000.

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, 2006, the amount of these liabilities was \$12,922,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2004 resulted from the following (000's Omitted):

	Workers' Compensation	General Liability	Total
Estimated claims June 30, 2004	\$ 8,355	\$ 2,502	\$ 10,857
Claims incurred 2004-05	6,654	5,243	11,897
Payments 2004-05	(3,901)	(3,753)	(7,654)
Estimated claims June 30, 2005	<u>\$ 11,108</u>	<u>\$ 3,992</u>	<u>\$ 15,100</u>
Claims incurred 2005-06	3,389	571	3,960
Payments 2005-06	(3,772)	(2,366)	(6,138)
Estimated claims June 30, 2006	<u>\$ 10,725</u>	<u>\$ 2,197</u>	<u>\$ 12,922</u>

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, 2004 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, 2004	\$ 8,798	\$ 265	\$ 9,063
Claims incurred 2004-05	12,046	3,239	15,285
Payments 2004-05	(8,722)	(3,205)	(11,927)
Estimated claims June 30, 2005	<u>\$ 12,122</u>	<u>\$ 299</u>	<u>\$ 12,421</u>
Claims incurred 2005-06	12,677	3,065	15,742
Payments 2005-06	(9,744)	(3,064)	(12,808)
Estimated claims June 30, 2006	<u>\$ 15,055</u>	<u>\$ 300</u>	<u>\$ 15,355</u>

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 HEALTH CARE BENEFITS

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.

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 was as follows:

	City	School District	Total
Active employees	2,690	6,081	8,771
Retired employees	1,802	2,679	4,481
Spouses of retired employees	1,189	1,063	2,252
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, 2006, the City's annual OPEB cost (expense) of \$59,250,259 was equal to the Annual Required Contribution. The payment of current health insurance premiums, which totaled \$16,975,327 for retirees and their beneficiaries, resulted in a Net OPEB cost of \$42,274,932 for the year ended June 30, 2006.

For the fiscal year ended June 30, 2006, the District's annual OPEB cost (expense) of \$28,324,289 was equal to the Annual Required Contribution. The payment of current health insurance premiums, which totaled \$8,867,509, resulted in a Net OPEB cost of \$19,456,780 for the year ended June 30, 2006.

Benefit Obligations and Normal Cost

	City	School District	Total
Actuarial Accrued Liability (AAL)			
Retired employees	\$ 290,576,814	\$ 110,357,148	\$ 400,933,962
Active employees	306,827,434	140,646,692	447,474,126
Total	<u>\$ 597,404,248</u>	<u>\$ 251,003,840</u>	<u>\$ 848,408,088</u>
Unfunded actuarial accrued liability (UAAL)	597,404,248	251,003,840	848,408,088
Normal cost at beginning of year	23,752,223	13,277,608	37,029,831
Amortization factor based on 30 years	17.9837	17.9837	17.9837

Level Dollar Amortization

Calculation of ARC under Projected Unit Credit Method

	City	School District	Total
Amortization of UAAL over 30 years with interest to end of year	\$ 34,547,947	\$ 14,515,577	\$ 49,063,524
Normal cost with interest to end of year	24,702,312	13,808,712	38,511,024
Annual Required Contribution	<u>\$ 59,250,259</u>	<u>\$ 28,324,289</u>	<u>\$ 87,574,548</u>

Annual OPEB Cost Contribution

	City	School District	Total
Contribution for fiscal year ended June 30, 2006	\$ 16,975,327	\$ 8,867,509	\$ 25,842,836
Contribution as a percentage of required contribution	28.65%	31.31%	29.51%

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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2006, 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 2006-07, 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 \$842,000 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, 48 retirees qualified to have a medical reimbursement account. During fiscal year 2005-06 the District paid MRA claims totaling \$83,902.

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 2006 was \$179,257,000 of which \$79,027,200 represented payroll costs for employees covered by ERS, \$86,563,400 by PFRS, and \$13,666,400 for nonparticipating employees. Average contribution rates for fiscal year 2006 were 10.7% for ERS and 17.3% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2006 was \$300,122,100 of which \$220,961,300 represented payroll costs for employees covered by TRS, \$57,648,800 by ERS, and \$21,512,000 for nonparticipating employees. Average contribution rates for fiscal 2006 were 5.3% for TRS and 9.7% 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, 2006 were made in three monthly installments starting in September of 2005.

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
2004	\$ 3,869	\$ 5,294	\$ 9,163
2005	9,831	14,683	24,514
2006	8,448	14,936	23,384

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
2004	\$ 4,314	\$ 15,767	\$ 20,081
2005	6,560	5,205	11,765
2006	5,618	11,685	17,303

The total unbilled liability for the City and the School District as of June 30, 2006, 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	\$ 2,011	\$ 3,506	\$ -	\$ 5,517
School District	1,729	-	20,169	21,898
Total of City and School District	<u>\$ 3,740</u>	<u>\$ 3,506</u>	<u>\$ 20,169</u>	<u>\$ 27,415</u>

The total liability as of June 30, 2006 includes the period of April 1 - June 30, 2006 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2005 to June 30, 2006 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, 2006, the City paid approximately \$47,700. On June 30, 2006, 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, 2006 (000's Omitted):

Receivable Fund	Payable Fund	Amount
General	Debt service	\$ 2,772
	General capital	43,695
	Transportation capital	605
	Internal service	5,000
	Nonmajor governmental	341
	Water	144
	Parking	413
	War Memorial	117
	Refuse	852
	Cemetery	124
	Public Market	89
General capital	General	1,783
Transportation capital	General	1,927
Community Development	General	439
Nonmajor governmental	General	7,219
	General capital	4
	Transportation capital	5,337
	Nonmajor governmental	561
Water	General	3,941
Parking	General	12
Refuse	General	84
Cemetery	General	371
Public Market	General	1
	Nonmajor governmental	21
		<u>\$ 75,852</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, 2006, which were routine in nature, were as follows (000's Omitted):

Transfer In:								
Transfer out:	General	Debt Service	General Capital	Transportation Capital	Nonmajor Governmental	Public Market	Internal Service	Total
General fund	\$ -	\$ 2,771	\$ 23,305	\$ 2,879	\$ 3,635	\$ -	\$ 5,283	\$ 37,873
Debt Service	12,810	-	-	-	19	1	-	12,830
General Capital	150	-	-	-	-	-	-	150
Transportation Capital	2,526	535	-	-	-	-	-	3,061
Community Development	4,060	-	-	-	-	-	-	4,060
Nonmajor governmental	4,197	670	-	2,826	871	-	-	8,564
Water	4,678	-	-	-	-	-	-	4,678
	<u>\$ 28,421</u>	<u>\$ 3,976</u>	<u>\$ 23,305</u>	<u>\$ 5,705</u>	<u>\$ 4,525</u>	<u>\$ 1</u>	<u>\$ 5,283</u>	<u>\$ 71,216</u>

The City of Rochester, New York
Required Supplemental Information

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, 2006 (000's Omitted)

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real property tax	\$ 135,490	\$ 135,490	\$ 137,775	\$ 2,285
Sales and other taxes	149,068	149,068	150,839	1,771
Charges for services	99,776	100,598	100,631	33
Use of money and property	3,062	3,063	3,761	698
Interest and penalties	1,166	1,166	1,399	233
Licenses and permits	2,347	2,347	2,636	289
Federal aid	961	1,707	1,489	(218)
State aid	75,181	83,359	85,948	2,589
Local sources and other	20,043	20,043	20,225	182
Total revenues	<u>487,094</u>	<u>496,841</u>	<u>504,703</u>	<u>7,862</u>
EXPENDITURES				
Council and clerk	1,514	1,538	1,464	74
Administration	9,848	10,070	9,646	424
Law	1,883	1,895	1,796	99
Finance	7,658	7,794	7,575	219
Community development	5,939	6,381	5,932	449
Economic development	2,687	2,694	2,487	207
Environmental services	71,118	73,124	69,579	3,545
Library	10,134	10,180	10,046	134
Police	64,926	67,492	66,996	496
Fire	39,974	40,471	40,449	22
Emergency communications	8,719	9,025	8,740	285
Parks, recreation and human services	18,002	18,603	18,626	(23)
Undistributed	92,536	95,180	89,400	5,780
Contingency	7,383	-	-	-
Debt services	32,628	33,100	32,585	515
Total expenditures	<u>374,949</u>	<u>377,547</u>	<u>365,321</u>	<u>12,226</u>
Excess of revenues over expenditures	<u>112,145</u>	<u>119,294</u>	<u>139,382</u>	<u>20,088</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	28,851	29,932	29,072	(860)
Transfers (to) other funds	(28,475)	(37,484)	(47,538)	(10,054)
Transfers (to) component unit	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(118,724)</u>	<u>(126,652)</u>	<u>(137,566)</u>	<u>(10,914)</u>
Appropriation of prior year fund balance	<u>6,579</u>	<u>6,885</u>	<u>-</u>	<u>(6,885)</u>
Excess (Deficiency) of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ 1,816</u>	<u>\$ 2,289</u>
Encumbrances included in actual			\$ 6,487	
Excess of revenues and other sources over expenditures, encumbrances and other uses			8,303	
Expenditures of prior years' encumbrances			4,315	
Excess of revenues and other sources over expenditures and other uses			3,988	
Net enterprise capital revenue			(822)	
Depreciation expense			(11,166)	
Debt service cash basis			7,415	
Contribution to reserve for capital projects			10,965	
Other post employment benefits			(3,038)	
Capital and debt service interest			746	
Capital reimbursement			205	
Asset impairment			(5,740)	
Debt reserve transfer in			(630)	
Fund equity - beginning of year			<u>201,344</u>	
Fund equity - end of year			<u>\$ 203,267</u>	
General fund			\$ 19,728	
Special revenue fund			3,866	
Enterprise fund			<u>179,673</u>	
Total			<u>\$ 203,267</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, 2006 (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	\$ 3,810	\$ 3,077	\$ 441	\$ 333	\$ 539	\$ 8,834	\$ 1,744	\$ 1,650	\$ 6,760	\$ 6,050	\$ 33,238
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)											
Accounts	-	120	-	-	-	-	-	862	-	-	982
Taxes	-	-	-	-	-	195	-	-	-	-	195
Due from other governments	1,561	2,020	-	-	3,988	-	38	963	-	-	8,570
Due from other funds	-	561	-	40	32	264	-	-	26	-	923
* Total assets	<u>\$ 5,371</u>	<u>\$ 5,778</u>	<u>\$ 441</u>	<u>\$ 373</u>	<u>\$ 4,559</u>	<u>\$ 9,293</u>	<u>\$ 1,782</u>	<u>\$ 3,475</u>	<u>\$ 6,786</u>	<u>\$ 6,050</u>	<u>\$ 43,908</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 81	\$ 775	\$ 577	\$ -	\$ -	\$ -	\$ -	\$ 1,433
Notes payable	1,219	5,036	551	-	-	-	-	-	-	-	6,806
Due to other funds	129	1,966	50	133	3,199	5,337	43	1,053	1,211	-	13,121
Due to other governments	-	-	-	21	153	83	-	-	-	-	257
Deferred revenue	-	-	-	-	-	-	-	862	-	-	862
* Total liabilities	<u>1,348</u>	<u>7,002</u>	<u>601</u>	<u>235</u>	<u>4,127</u>	<u>5,997</u>	<u>43</u>	<u>1,915</u>	<u>1,211</u>	<u>-</u>	<u>22,479</u>
Fund balances:											
Reserved for encumbrances	1,220	6,605	390	43	99	24	440	942	983	-	10,746
Unreserved:											
Undesignated, reported in:											
Special revenue fund	-	-	-	95	333	3,272	1,299	618	4,592	-	10,209
Capital projects fund	2,803	(7,829)	(550)	-	-	-	-	-	-	-	(5,576)
Permanent fund	-	-	-	-	-	-	-	-	-	6,050	6,050
Total fund balances	<u>4,023</u>	<u>(1,224)</u>	<u>(160)</u>	<u>138</u>	<u>432</u>	<u>3,296</u>	<u>1,739</u>	<u>1,560</u>	<u>5,575</u>	<u>6,050</u>	<u>21,429</u>
Total liabilities and fund balances	<u>\$ 5,371</u>	<u>\$ 5,778</u>	<u>\$ 441</u>	<u>\$ 373</u>	<u>\$ 4,559</u>	<u>\$ 9,293</u>	<u>\$ 1,782</u>	<u>\$ 3,475</u>	<u>\$ 6,786</u>	<u>\$ 6,050</u>	<u>\$ 43,908</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, 2006 (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	\$ -	\$ -	\$ -	\$ 999	\$ 4,820	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,819
Departmental	-	-	-	272	2,579	12,679	-	-	-	-	15,530
Use of money and property	-	-	-	20	-	233	73	52	149	-	527
Federal aid	(125)	1,910	-	-	-	-	343	4,608	-	-	6,736
State aid	726	67	-	-	447	36	332	614	-	-	2,222
Local sources and other	-	-	-	-	6,620	-	1,760	588	1,055	190	10,213
Total revenues	601	1,977	-	1,291	14,466	12,948	2,508	5,862	1,204	190	41,047
EXPENDITURES											
Current:											
Community development	-	-	-	-	-	-	2,035	704	-	-	2,739
Environmental services	-	-	-	-	-	6,873	-	-	-	-	6,873
Library	-	-	-	-	10,099	-	-	-	-	-	10,099
Police	-	-	-	1,043	-	-	229	528	3	-	1,803
Fire	-	-	-	-	-	-	-	3	-	-	3
Parks, recreation and human services	-	-	-	-	-	-	224	1,889	180	-	2,293
Undistributed	-	-	-	255	2,597	2,384	-	-	564	-	5,800
Capital projects	3,751	6,240	341	-	-	-	-	-	-	-	10,332
Debt service:											
Principal	-	-	-	-	807	7	-	-	-	-	814
Interest	-	-	-	-	102	-	-	-	-	-	102
Total expenditures	3,751	6,240	341	1,298	13,605	9,264	2,488	3,124	747	-	40,858
Excess (deficiency) of revenues over expenditures:	(3,150)	(4,263)	(341)	(7)	861	3,684	20	2,738	457	190	189
OTHER FINANCING SOURCES (USES)											
Transfers from other funds	1,364	976	140	-	12	8	-	-	2,025	-	4,525
Transfers (to) other funds	(670)	-	-	-	(871)	(2,826)	(547)	(2,439)	(1,211)	-	(8,564)
Proceeds of general obligation debt	16,543	595	1,355	-	-	-	-	-	-	-	18,493
Total other financing sources (uses)	17,237	1,571	1,495	-	(859)	(2,818)	(547)	(2,439)	814	-	14,454
Net change in fund balances	14,087	(2,692)	1,154	(7)	2	866	(527)	299	1,271	190	14,643
Fund Balances - beginning of year	(10,064)	1,468	(1,314)	145	430	2,430	2,266	1,261	4,304	5,860	6,786
Fund Balances - end of year	\$ 4,023	\$ (1,224)	\$ (160)	\$ 138	\$ 432	\$ 3,296	\$ 1,739	\$ 1,560	\$ 5,575	\$ 6,050	\$ 21,429

THE CITY OF ROCHESTER, NEW YORK
SUPPLEMENTAL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2006 (000's Omitted)

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
ASSETS				
Cash and cash equivalents	\$ 9,012	\$ 16,134	\$ 14,433	\$ 10,713
Receivables (net of allowance for uncollectibles)	259	334	383	210
Total assets	9,271	16,468	14,816	10,923
LIABILITIES				
Accounts payable and accrued liabilities	9,271	16,468	14,816	10,923
Total liabilities	\$ 9,271	\$ 16,468	\$ 14,816	\$ 10,923

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

The City of Rochester, New York

Other Supplemental Information

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, 2006 (000's Omitted)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
REVENUES										
Real property tax	\$ 128,001	\$ 129,932	\$ 5,942	\$ 5,819	\$ 1,547	\$ 2,024	\$ 135,490	\$ 135,490	\$ 137,775	\$ 2,285
Sales and other taxes	148,163	149,934	-	-	905	905	149,068	149,068	150,839	1,771
Charges for services	20,866	20,878	15,641	15,530	64,091	64,223	99,776	100,598	100,631	33
Use of money and property	2,434	3,039	255	211	374	511	3,062	3,063	3,761	698
Interest and penalties	-	-	-	-	1,166	1,399	1,166	1,166	1,399	233
Licenses and permits	2,347	2,636	-	-	-	-	2,347	2,347	2,636	289
Federal aid	1,707	1,489	-	-	-	-	961	1,707	1,489	(218)
State aid	78,891	79,725	483	483	3,985	5,740	75,181	83,359	85,948	2,589
Local sources and other	13,423	13,605	6,620	6,620	-	-	20,043	20,043	20,225	182
Total revenues	395,832	401,238	28,941	28,663	72,068	74,802	487,094	496,841	504,703	7,862
EXPENDITURES										
Council and clerk	1,538	1,464	-	-	-	-	1,514	1,538	1,464	74
Administration	10,070	9,646	-	-	-	-	9,848	10,070	9,646	424
Law	1,895	1,796	-	-	-	-	1,883	1,895	1,796	99
Finance	7,794	7,575	-	-	-	-	7,658	7,794	7,575	219
Community development	6,381	5,932	-	-	-	-	5,939	6,381	5,932	449
Economic development	1,639	1,564	-	-	1,055	923	2,687	2,694	2,487	207
Environmental services	24,939	23,840	8,542	6,852	39,643	38,887	71,118	73,124	69,579	3,545
Library	-	-	10,180	10,046	-	-	10,134	10,180	10,046	134
Police	66,381	65,936	1,111	1,060	-	-	64,926	67,492	66,996	496
Fire	40,471	40,449	-	-	-	-	39,974	40,471	40,449	22
Emergency communications	9,025	8,740	-	-	-	-	8,719	9,025	8,740	285
Parks, recreation and human services	15,673	15,444	-	-	2,930	3,182	18,002	18,603	18,626	(23)
Undistributed	81,324	75,856	5,705	5,268	8,151	8,276	92,536	95,180	89,400	5,780
Contingency	-	-	-	-	-	-	7,383	-	-	-
Debt services	20,529	20,487	916	916	11,655	11,182	32,628	33,100	32,585	515
Total expenditures	287,659	278,729	26,454	24,142	63,434	62,450	374,949	377,547	365,321	12,226
Excess of revenues over expenditures	108,173	122,509	2,487	4,521	8,634	12,352	112,145	119,294	139,382	20,088

continued

The City of Rochester, New York

Other Supplemental Information

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, 2006 (000's Omitted)

(continued)

	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>
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 29,281	\$ 28,421	\$ 20	\$ 20	\$ 631	\$ 631	\$ 28,851	\$ 29,932	\$ 29,072	\$ (860)
Transfers (to) other funds	(22,822)	(32,876)	(3,697)	(3,697)	(10,965)	(10,965)	(28,475)	(37,484)	(47,538)	(10,054)
Transfers (to) component unit	(119,100)	(119,100)	-	-	-	-	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(112,641)</u>	<u>(123,555)</u>	<u>(3,677)</u>	<u>(3,677)</u>	<u>(10,334)</u>	<u>(10,334)</u>	<u>(118,724)</u>	<u>(126,652)</u>	<u>(137,566)</u>	<u>(10,914)</u>
Appropriation of prior year fund balance	4,468	-	1,190	-	1,227	-	6,579	\$ 6,885	\$ -	\$ (6,885)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>(1,046)</u>	<u>\$ -</u>	<u>844</u>	<u>\$ (473)</u>	<u>2,018</u>	<u>\$ -</u>	<u>\$ (473)</u>	<u>\$ 1,816</u>	<u>\$ 2,289</u>
Encumbrances included in actual		<u>5,911</u>		<u>154</u>		<u>422</u>				
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		4,865		998		2,440				
Expenditures of prior years' encumbrances		<u>3,894</u>		<u>137</u>		<u>284</u>				
Excess (deficiency) of revenues and other sources over expenditures and other uses		971		861		2,156				
Net enterprise capital revenue		-		-		(822)				
Depreciation expense		-		-		(11,166)				
Debt service cash basis		-		-		7,415				
Contribution to reserve for capital projects		-		-		10,965				
Other post employment benefits		-		-		(3,038)				
Capital and debt service interest		-		-		746				
Capital reimbursement		-		-		205				
Asset impairment		-		-		(5,740)				
Debt reserve transfer in		-		-		(630)				
Fund equity - beginning of year		<u>18,757</u>		<u>3,005</u>		<u>179,582</u>				
Fund equity - end of year		<u>\$ 19,728</u>		<u>\$ 3,866</u>		<u>\$ 179,673</u>				

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	66
<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>	
Revenue Capacity	73
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	77
<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>	
Demographic and Economic Information	82
<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>	
Operating Information	113
<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>	

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 SIX FISCAL YEARS
(accrual basis of accounting)
(000's Omitted)

	2001	2002	2003	2004	2005	2006
Governmental activities						
Invested in capital assets, net of related debt	\$ 283,119	\$ 348,540	\$ 372,737	\$ 391,222	\$ 421,921	\$ 449,840
Restricted	106,928	131,239	122,987	124,241	136,012	129,193
Unrestricted	99,369	42,839	46,656	43,179	41,326	18,451
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>
Business-type activities						
Invested in capital assets, net of related debt	\$ 150,098	\$ 153,047	\$ 157,992	\$ 157,049	\$ 155,974	\$ 144,262
Restricted	19,315	19,001	14,851	15,871	17,959	31,161
Unrestricted	6,994	5,087	5,173	3,105	5,649	4,250
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>
Primary government						
Invested in capital assets, net of related debt	\$ 433,217	\$ 501,587	\$ 530,729	\$ 548,271	\$ 577,895	\$ 594,102
Restricted	126,243	150,240	137,838	140,112	153,971	160,354
Unrestricted	106,363	47,926	51,829	46,284	46,975	22,701
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>

Note: Prior years' information not available on accrual basis

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

Continued

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

Continued

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

Continued

	2001	2002	2003	2004	2005	2006
Business-type activities:						
Charges for services:						
Water	28,833	29,666	29,658	31,603	32,513	33,641
War memorial	1,632	1,222	1,389	1,595	1,515	1,541
Parking	6,346	5,842	4,987	4,156	4,108	3,835
Cemetery	1,336	1,634	1,522	1,573	1,665	1,399
Public market	436	527	498	533	543	575
Refuse	18,854	19,078	20,519	20,589	22,506	23,436
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
Total primary government program revenues	\$ 159,147	\$ 173,464	\$ 168,171	\$ 169,849	\$ 167,377	\$ 179,288
Net (expense)/revenue						
Governmental activities	\$ (303,936)	\$ (303,359)	\$ (320,184)	\$ (331,782)	\$ (335,296)	\$ (380,002)
Business-type activities	2,440	537	1,706	(1,131)	3,107	(817)
Total primary government net expense	\$ (301,496)	\$ (302,822)	\$ (318,478)	\$ (332,913)	\$ (332,189)	\$ (380,819)
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
Sales taxes	110,526	113,262	111,442	115,501	118,000	122,240
Other taxes	29,177	28,744	31,717	30,874	28,007	26,893
Governmental aid	57,001	60,803	61,699	62,097	77,604	79,149
Investment earnings	8,947	4,607	2,292	2,087	3,126	5,971
Miscellaneous	3,820	3,256	2,223	1,599	4,272	2,019
Transfers	4,154	4,678	4,678	5,284	4,427	4,677
Total governmental activities	340,046	336,561	339,946	348,044	367,353	378,227
Business-type activities:						
Taxes						
Property taxes	1,107	2,225	1,410	1,895	2,024	2,024
Other taxes	919	846	844	933	985	905
Governmental aid	-	-	117	31	34	-
Investment earnings	1,162	619	315	242	426	1,257
Miscellaneous	1,192	1,179	1,168	1,323	1,408	1,399
Transfers	(4,154)	(4,678)	(4,678)	(5,284)	(4,427)	(4,677)
Total business-type activities	226	191	(824)	(860)	450	908
Total primary government	\$ 340,272	\$ 336,752	\$ 339,122	\$ 347,184	\$ 367,803	\$ 379,135
Change in Net Assets						
Governmental activities	\$ 36,110	\$ 33,202	\$ 19,762	\$ 16,262	\$ 32,057	\$ (1,775)
Business-type activities	2,666	728	882	(1,991)	3,557	91
Total primary government	\$ 38,776	\$ 33,930	\$ 20,644	\$ 14,271	\$ 35,614	\$ (1,684)

Note: Prior years' information not available on accrual basis

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

	2001	2002	2003	2004	2005	2006
Property Tax	\$ 127,528	\$ 123,436	\$ 127,305	\$ 132,497	\$ 133,941	\$ 139,302
Sales Tax	110,526	113,262	111,442	115,501	118,000	122,240
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>
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>

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)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$ 7,016	\$ 6,416	\$ 7,766	\$ 8,883	\$ 9,119	\$ 9,727	\$ 10,098	\$ 10,412	\$ 10,938	\$ 11,726
Unreserved	5,843	5,947	12,493	6,227	6,531	7,036	7,361	7,605	7,819	8,002
Total general fund	<u>\$ 12,859</u>	<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>
All other governmental funds										
Reserved	N/A	N/A	N/A	N/A	\$ 105,627	\$ 106,755	\$ 102,013	\$ 92,542	\$ 117,199	\$ 88,082
Unreserved, reported in:										
Special revenue funds	N/A	N/A	N/A	N/A	2,013	11,569	9,106	6,647	1,908	10,209
Capital projects funds	N/A	N/A	N/A	N/A	880	(27,357)	(35,594)	(3,519)	(28,106)	24,746
Permanent funds	N/A	N/A	N/A	N/A	5,176	5,348	5,536	5,684	5,860	6,050
Total all other governmental funds	<u>N/A</u>	<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>
Total all governmental funds	<u>N/A</u>	<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>

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 SIX FISCAL YEARS
(modified accrual basis of accounting)
(000's Omitted)

	2001	2002	2003	2004	2005	2006
Revenues						
Real property tax	\$ 124,475	\$ 119,623	\$ 124,861	\$ 129,517	\$ 131,724	\$ 135,751
Sales and other taxes	140,142	142,694	144,022	147,213	147,468	149,934
Departmental	31,584	32,909	33,556	34,788	36,478	36,408
Use of money and property	10,540	5,990	2,974	2,536	3,633	6,840
Licenses and permits	1,567	1,588	1,569	2,069	2,269	2,636
Federal aid	30,292	39,076	34,842	40,512	32,379	39,925
State aid	68,258	68,322	76,509	69,512	85,001	86,796
Local sources and other	28,107	35,335	25,546	25,310	28,868	28,103
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>
Expenditures						
Council and clerk	1,316	1,331	1,330	1,431	1,478	1,462
Administration	8,444	8,891	9,243	9,349	9,043	9,492
Law	1,663	1,726	1,653	1,763	1,816	1,752
Finance	6,776	6,812	6,806	7,228	7,198	7,449
Community development	24,739	32,322	38,926	25,539	21,911	28,195
Economic development	1,868	1,843	1,536	1,655	1,482	1,530
Environmental services	29,810	28,125	30,531	29,373	29,670	28,987
Library	11,335	11,255	10,448	10,267	9,894	10,099
Police	56,112	58,542	59,417	62,983	63,202	67,272
Fire	34,092	35,542	37,288	37,734	39,316	40,300
Emergency communications	7,634	7,615	7,651	7,881	8,360	8,682
Parks, recreation and human services	16,096	14,935	14,439	16,375	16,031	16,690
Undistributed	43,716	49,288	50,127	60,193	77,583	83,520
Allocation to school district	127,300	127,300	126,100	126,100	119,100	119,100
Capital projects	47,867	58,222	47,788	52,344	47,769	54,165
Debt service:						
Principal	14,559	16,267	14,139	12,849	14,819	12,512
Interest	5,208	6,142	4,458	3,733	4,082	3,919
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>
Excess of revenues over (under) expenditures	(3,570)	(20,621)	(18,001)	(15,340)	(4,934)	(8,733)
Other financing sources (uses)						
Transfers in	53,642	39,543	57,531	59,029	63,068	65,932
Transfers out	(52,445)	(35,190)	(54,088)	(57,802)	(61,887)	(66,538)
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>
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>
Debt service as a percentage of noncapital expenditures	5.06%	5.49%	4.49%	4.00%	4.45%	3.73%

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)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Property Tax	\$ 136,595	\$ 133,943	\$ 127,137	\$ 125,424	\$ 124,475	\$ 119,623	\$ 142,861	\$ 129,517	\$ 131,724	\$ 135,751
Sales and Other Tax	<u>118,254</u>	<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>
Total Taxes	<u>\$ 254,849</u>	<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>

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)
1997	\$ 5,111,770	\$ 91,165	\$ 5,202,935	\$ 5,076,529	102.49%
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%

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)	
1997 Homestead	\$ 6.09	\$ 11.69	\$ 17.78	\$ 11.53	\$ 29.31
Nonhomestead	14.62	28.86	43.48	11.53	55.01
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

(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, 2006
(000's Omitted)

	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rochester Gas and Electric	\$ 486,218	1	9.61%	\$ 315,264	1	6.17%
Eastman Kodak Co.	103,064	2	2.04%	222,984	2	4.36%
Frontier Telephone Corp.	69,043	3	1.37%	55,294	3	1.08%
Samloff, Glazer	27,353	4	0.54%	12,556	10	0.25%
Chase Manhattan	21,709	5	0.43%	27,019	4	0.53%
Maguire Family Properties	18,149	6	0.36%	-	-	-
Conrail	14,317	7	0.28%	20,258	6	0.40%
Xerox	14,250	8	0.28%	19,500	7	0.38%
Landsman Development Corp.	13,877	9	0.27%	-	-	-
Midtown Rochester, LLC	13,442	10	0.27%	-	0	-
Farash, Jalynn Brighton Development	-	-	-	23,786	5	0.47%
First Federal Savings and Loan	-	-	-	15,870	8	0.31%
ITT Automotive	-	-	-	14,039	9	0.27%
Totals	<u>\$ 781,422</u>		<u>15.45%</u>	<u>\$ 726,570</u>		<u>14.22%</u>

Note:

- 1) The total taxable assessed value of \$5,057,648,000 was used for fiscal year 2005-06 taxes.
- 2) The total taxable assessed value of \$5,111,770,000 was used for fiscal year 1996-97 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, 2006	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			
1997	\$ 176,468	\$ 162,563	92.12%	\$ 9,875	\$ 172,438	97.72%	\$ 3,100	\$ 21,985	13.52%
1998	174,624	161,363	92.41%	9,240	170,603	97.70%	5,082	20,557	12.74%
1999	169,604	156,623	92.35%	8,633	165,256	97.44%	2,476	21,276	13.58%
2000	168,683	155,449	92.15%	9,092	164,541	97.54%	3,526	21,406	13.77%
2001	163,894	149,749	91.37%	9,848	159,597	97.38%	5,631	21,912	14.63%
2002	160,732	146,155	90.93%	9,589	155,744	96.90%	3,769	22,906	15.67%
2003	166,991	152,270	91.18%	9,778	162,048	97.04%	4,171	23,507	15.44%
2004	173,145	158,479	91.53%	9,878	168,357	97.23%	5,465	22,968	14.49%
2005	178,380	163,293	91.54%	6,459	169,752	95.16%	4,742	23,004	14.09%
2006	184,086	168,297	91.42%	N/A	168,297	91.42%	5,009	24,102	14.32%

Notes:

- (1) Tax exempt properties with an assessed value of \$360,336,933 made payments in-lieu of taxes amounting to \$10,572,647 for the fiscal year ending June 30, 2006. If these properties had been fully taxable, total revenues would have increased by \$5,042,825. 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	Bond	General	Bond			General	Bond			
	Obligation Bonds	Anticipation Notes	Obligation Bonds	Anticipation Notes			Obligation Bonds	Anticipation Notes			
1997	N/A	N/A	N/A	N/A	\$ -	\$ 211,645	\$ 98,460	\$ 61,012	\$ 371,117	5.88%	1,635
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	5.09%	1,585
2001	71,092	65,257	82,054	6,267	(29,275)	195,395	116,530	41,433	353,358	4.90%	1,579
2002	55,929	45,643	74,661	12,407	-	188,640	94,125	62,616	345,381	4.89%	1,582
2003	42,942	54,452	67,488	13,339	-	178,221	77,759	79,805	335,785	4.63%	1,540
2004	66,260	82,043	70,104	6,378	(47,000)	177,785	133,017	33,314	344,116	N/A	1,599
2005	52,694	49,987	62,672	11,625	-	176,978	114,227	48,542	339,747	N/A	1,592
2006	84,025	58,853	66,223	21,781	(41,800)	189,082	147,522	24,296	360,900	N/A	1,691

Note:

- 1) Population figures from "Survey of Buying Power" Sales and Marketing Management Magazine, current year data not available, 2005 population used for 2006.
- 2) Per Capita Personal Income figures for Monroe County from US Dept. of Commerce Bureau of Economic Analysis (www.bea.doc.gov)
- 3) 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
1997	371,117	45,256	325,861	6.37%	1,436
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%	1,301
2001	353,358	57,847	295,511	6.25%	1,320
2002	345,381	59,969	285,412	6.04%	1,307
2003	335,785	62,520	273,265	5.79%	1,254
2004	344,116	61,354	282,762	6.05%	1,314
2005	339,747	57,222	282,525	5.60%	1,324
2006	360,900	51,799	309,101	6.11%	1,448

Note:

- 1) Population figures from "Survey of Buying Power" Sales and Marketing Management Magazine, current year data unavailable, 2005 population used for 2006.

THE CITY OF ROCHESTER, NEW YORK
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2006
(000's Omitted)

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$ 360,900	100.00%	\$ 360,900
County of Monroe	439,544	15.08%	66,283
Total	<u>\$ 800,444</u>		<u>\$ 427,183</u>

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt Limit	\$ 571,486	\$ 593,260	\$ 482,083	\$ 448,240	\$ 436,660	\$ 428,504	\$ 420,086	\$ 431,025	\$ 450,269	\$ 461,655
Total net debt applicable to limit	313,011	312,395	305,454	294,923	309,800	302,985	301,442	308,620	304,616	316,237
Legal debt margin	258,475	280,865	176,629	153,317	126,860	125,519	118,644	122,405	145,653	145,418
Total net debt applicable to the limit as a percentage of debt limit	54.77%	52.66%	63.36%	65.80%	70.95%	70.71%	71.76%	71.60%	67.65%	68.50%

Legal Debt Margin Calculation for Fiscal Year 2006

Indebtedness

Borrowings (Bonds and Notes)	\$ 360,900 (1)	
Contract Liabilities	33,430 (2)	\$ 394,330
Deductions and Exclusions		
Water Bonds and Notes	43,053 (3)	
Sanitary Sewer Bonds and Notes	1,610 (3)	
Appropriation	(4)	
Cash and Cash Equivalents	33,430 (5)	78,093
Net Indebtedness		316,237
Debt Limit (9% of five-year average full valuation)		461,655
Debt Contracting Margin		<u>\$ 145,418</u>

Continued

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

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 \$2,000,000, 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**

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Population ⁽¹⁾	227,000	218,400	214,600	215,900	223,800	218,300	218,000	215,200	213,400	213,400
Total Personal Income Monroe County ⁽²⁾	\$ 20,428,575	\$ 21,355,277	\$ 21,819,665	\$ 22,904,866	\$ 23,666,671	\$ 23,987,737	\$ 24,174,983	\$ 25,375,008	N/A	N/A
Per Capita Personal Income Monroe County ⁽²⁾	\$ 27,817	\$ 29,091	\$ 29,740	\$ 31,134	\$ 32,182	\$ 32,578	\$ 32,823	\$ 34,486	N/A	N/A
School District Enrollment ⁽³⁾	37,153	37,254	38,261	37,159	35,435	35,095	34,526	33,832	33,035	33,380
Unemployment Rate ⁽⁴⁾	6.4	6.5	6.9	4.5	5.5	7.1	7.3	7.0	6.1	6.1
Employed ⁽⁴⁾	107,700	108,000	107,000	94,900	93,200	91,300	90,200	89,800	90,500	90,200

Source:

1) Population figures from "Survey of Buying Power" Sales and Marketing Management Magazine, current year data unavailable, 2005 population used for 2006.

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

3) Rochester City School District's Department of Research and Evaluation

4) www.labor.state.ny.us (Average rates computed through September 2006)

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

	2006			1997		
	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	3.19%	8,974	3	1.61%
Wegmans Food Markets Inc.	14,461	2	2.68%	4,935	5	0.89%
Eastman Kodak Company	14,100	3	2.61%	34,400	1	6.17%
Xerox Corporation	8,100	4	1.50%	13,250	2	2.38%
ViaHealth	6,728	5	1.25%	-	-	-
Unity Health System	5,002	6	0.93%	2,430	10	0.44%
Lifetime Healthcare Cos. Inc.	4,086	7	0.76%	-	-	-
Rochester Institute of Technology	2,827	8	0.52%	-	-	-
Paychex	2,588	9	0.48%	-	-	-
Frontier, a Citizens Communications Company	1,974	10	0.37%	2,706	9	0.49%
Greater Rochester Health System	-	-	-	5,013	4	0.90%
Delphi Corporation	-	-	-	3,700	7	0.66%
ITT Automotive Electrical Systems	-	-	-	3,716	6	0.67%
Bausch & Lomb	-	-	-	3,300	8	0.59%

(1) Source: Rochester Business Journal

(2) Employment source: www.labor.state.ny.us

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
City Council and Clerk	28.3	28.2	27.5	27.4	27.3	27.3	27.3	27.2	27.2	27.2
Administration	123.3	175.2	203.8	191.8	190.6	206.2	200.4	200.9	191.1	188.8
Finance	132.9	135.1	139.3	141.7	137.4	141.1	140.3	142.2	138.3	138.8
Community Development	137.8	114.9	103.3	101.0	101.6	104.2	102.2	100.7	98.5	97.9
Economic Development	27.4	28.9	28.9	28.3	41.7	42.2	27.2	26.2	25.7	24.7
Environmental Services	745.4	751.7	759.4	754.9	751.3	765.1	758.5	749.4	733.3	731.3
Emergency Communications	185.2	182.5	186.6	191.9	189.7	186.8	182.7	181.6	182.9	186.4
Police	863.3	875.7	883.9	876.6	916.0	932.5	922.6	915.0	912.1	909.1
Fire	572.6	580.8	593.2	595.3	579.4	584.7	578.1	569.6	568.3	565.5
Library	220.3	231.4	233.0	229.5	231.7	231.6	219.4	192.4	182.0	178.3
Parks, Recreation & Human Services	298.3	310.1	335.4	349.6	337.6	335.4	313.5	301.3	295.2	295.4
Total	<u>3,334.8</u>	<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>

Full-time Employees
Last Ten Fiscal Years

City	2,981	3,033	3,082	3,096	3,121	3,151	3,100	3,054	3,003	2,984
School District	<u>5,428</u>	<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>
Total	<u>8,409</u>	<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>

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	Estimated 2006
Emergency Communications										
Calls received	1,134,381	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
Police										
Calls for service	429,655	437,081	449,552	443,307	465,568	475,341	455,290	424,851	461,855	422,930
Reported crimes	47,964	46,657	42,215	40,698	38,996	41,045	38,543	39,344	36,217	36,217
Fire										
Unit responses	36,852	41,730	47,056	43,623	43,025	43,990	45,257	45,765	45,003	45,235
Refuse										
Residential accounts	53,799	53,730	53,675	53,541	53,328	52,987	52,766	52,673	52,476	53,015
Commercial accounts	3,126	2,750	2,660	2,972	2,830	2,767	2,730	2,660	2,638	2,625
Total tonnage	109,228	111,661	115,583	118,850	117,285	116,618	117,277	120,939	116,054	116,000
Residential cost per ton	\$104.56	\$98.96	\$99.22	\$102.63	\$99.72	\$100.05	\$101.33	\$101.93	\$105.14	\$108.41
Commercial cost per ton	\$141.40	\$147.87	\$121.29	\$128.46	\$126.16	\$133.90	\$154.11	\$157.69	\$151.81	\$179.14
Water										
Millions of gallons per day										
Filtration plant production	36.34	35.58	36.50	32.93	38.59	28.27	35.64	37.35	34.50	35.58
City water demand	30.23	29.25	30.42	30.25	29.46	30.08	33.71	32.15	30.15	29.59
Library										
Total circulation	1,558,780	1,617,183	1,526,673	1,539,099	1,612,279	1,788,621	1,680,872	1,667,529	1,626,157	1,298,335
Parking										
Total parking spaces	14,192	14,131	13,855	13,838	12,695	12,695	12,589	11,948	11,953	11,743
Annual car counts	3,740,558	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
Parks and Recreation										
Convention Center attendance	275,446	307,349	269,364	280,363	275,702	260,804	279,528	312,680	325,000	290,000
War Memorial										
Total attendance	573,139	558,423	560,914	605,200	629,727	557,531	410,547	573,678	498,741	496,463

Note: Above data is from City of Rochester Budget, with the exception of Water figures which were provided by the City of Rochester Water Bureau.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Miles of streets	537	537	537	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	10,671	11,056	11,279	11,609	11,858	12,460	12,773	13,200	14,064	14,929
Fire hydrants	7,254	7,254	7,254	7,456	7,468	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 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, 2006, and have issued our report thereon dated September 25, 2006, 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 61–67 and an emphasis of a matter for the restatement of net assets of the Rochester City School District component unit in the City's entity-wide financial statements. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the consolidated financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

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*.

This report is intended solely for the information and use of management, 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.

September 25, 2006

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, 2006. 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 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, 2006.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the City Counsel, management, 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.

September 25, 2006

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
CITY GRANTS										
DEPT. OF HOUSING AND URBAN DEVELOPMENT:										
CDBG PY 1995	B-95-MC-36-0003	14.218	\$ 16,320,401	\$ 16,165,412	\$ 70,128	\$ 16,235,540	\$ 16,164,040	\$ 71,500	\$ 16,235,540	\$ -
CDBG PY 1996	B-96-MC-36-0003	14.218	18,710,449	18,322,006	83,511	18,405,517	18,322,007	83,510	18,405,517	-
CDBG PY 1997	B-97-MC-36-0003	14.218	14,209,646	14,138,977	70,672	14,209,649	14,138,839	70,806	14,209,645	4
CDBG PY 1998	B-98-MC-36-0003	14.218	12,890,500	12,668,056	(9,700)	12,658,356	12,649,766	-	12,649,766	8,590
CDBG PY 1999	B-99-MC-36-0003	14.218	14,492,265	14,444,842	47,423	14,492,265	14,444,365	47,900	14,492,265	-
CDBG PY 2000	B-00-MC-36-0003	14.218	13,651,489	13,547,101	104,388	13,651,489	13,547,232	121,055	13,668,287	(16,798)
CDBG PY 2001	B-01-MC-36-0003	14.218	13,516,000	12,478,034	922,005	13,400,039	12,478,322	904,516	13,382,838	17,201
CDBG PY 2002	B-02-MC-36-0003	14.218	13,863,000	11,643,650	1,526,468	13,170,118	11,653,842	1,527,366	13,181,208	(11,090)
CDBG PY 2003	B-03-MC-36-0003	14.218	13,968,320	11,632,895	2,335,425	13,968,320	11,441,118	2,439,881	13,880,999	87,321
CDBG PY 2004	B-04-MC-36-0003	14.218	13,707,000	7,592,807	2,474,524	10,067,331	7,582,477	2,596,902	10,179,379	(112,048)
CDBG PY 2005	B-05-MC-36-0003	14.218	13,283,899	-	7,351,452	7,351,452	-	7,398,766	7,398,766	(47,314)
Section 108 Loan Program	B-95-MC-36-0003	14.158	1,300,000	1,300,000	-	1,300,000	1,090,000	200,000	1,290,000	10,000
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	422,500	50,000	472,500	422,500	50,000	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	-
Emergency Shelter	S-02-MC-36-0005	14.146	412,000	361,096	50,904	412,000	361,096	50,904	412,000	-
Emergency Shelter	S-03-MC-36-0005	14.146	465,000	453,306	11,694	465,000	453,306	11,694	465,000	-
Emergency Shelter	S-04-MC-36-0005	14.146	431,454	385,125	46,329	431,454	381,765	49,689	431,454	-
Emergency Shelter	S-05-MC-36-0005	14.146	424,535	-	302,580	302,580	-	296,270	296,270	6,310
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	3,087,975	300	3,088,275	3,087,975	300	3,088,275	-
Home Program 1997	M-97-MC-36-0504	14.239	3,139,000	3,083,680	43,828	3,127,508	3,083,680	43,828	3,127,508	-
Home Program 1998	M-98-MC-36-0504	14.239	3,413,000	3,278,472	70,199	3,348,671	3,278,472	70,199	3,348,671	-
Home Program 1999	M-99-MC-36-0504	14.239	3,710,000	3,513,820	74,001	3,587,821	3,513,820	74,001	3,587,821	-
Home Program 2000	M-00-MC-36-0504	14.239	3,882,000	3,789,817	44,920	3,834,737	3,789,817	44,920	3,834,737	-
Home Program 2001	M-01-MC-36-0504	14.239	4,148,000	3,399,926	324,516	3,724,442	3,399,926	324,516	3,724,442	-
Home Program 2002	M-02-MC-36-0504	14.239	3,917,000	2,717,279	725,609	3,442,888	2,717,279	725,609	3,442,888	-
Home Program 2003	M-03-MC-36-0504	14.239	3,793,619	701,179	1,011,126	1,712,305	701,179	1,011,126	1,712,305	-
Home Program 2004	M-04-MC-36-0504	14.239	4,115,135	726,430	805,918	1,532,348	552,488	979,860	1,532,348	-
Home Program 2005	M-05-MC-36-0504	14.239	3,760,753	-	894,230	894,230	-	617,568	617,568	276,662
Lead Hazard Demonstration	NYLHD0003-03	14.905	2,568,248	314,315	417,261	731,576	314,315	429,805	744,120	(12,544)
Lead Hazard Control	NYLHB0240-03	14.905	2,918,423	458,380	635,243	1,093,623	458,301	638,761	1,097,062	(3,439)
Lead Hazard Demonstration II	NYLHD0025-04	14.905	2,499,310	-	187,338	187,338	-	187,581	187,581	(243)
Neighborhood Initiative Grant Program	B-01-NI-NY-RO-0007	14.227	1,000,000	999,600	400	1,000,000	999,600	400	1,000,000	-
HOPWA	NY06H02F004	14.241	597,000	548,132	54,444	602,576	548,132	54,444	602,576	-
HOPWA	NY06H02F005	14.241	585,980	-	570,100	570,100	-	570,100	570,100	-
DEPARTMENT OF COMMERCE:										
EDA Outer Loop Industrial Park	01-01-03833	11.300	877,320	615,404	-	615,404	615,404	-	615,404	-

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

				REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	CFDA Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
DEPARTMENT OF HOMELAND SECURITY										
Medical Response	282-000031	97.071	880,000	880,000	-	880,000	738,710	141,290	880,000	-
Medical Response	EMW2004GR0743	97.071	1,041,480	159,386	882,094	1,041,480	159,386	882,094	1,041,480	-
Medical Response (PASS THROUGH)	WM05-1161-D00	97.071	227,592	-	33,491	33,491	-	33,491	33,491	-
Assistance to Firefighters	EMW2004-FG00516	97-046	228,492	-	228,492	228,492	-	228,492	228,492	-
Fire Prevention and Safety	EMW2004-FP01336	97.046	52,208	-	52,208	52,208	-	52,208	52,208	-
Water -SUASP (PASS THROUGH)	C834454	97.067	500,000	-	181,543	181,543	-	181,543	181,543	-
Buffer Zone (PASS THROUGH)	C153756	97.078	150,000	-	112,227	112,227	-	112,227	112,227	-
U.S. DEPARTMENT OF EDUCATION										
PASS THROUGH (From NYS Dept. of Education)										
21st Century Grant RASA I	0187041010	84.287	5,702,587	2,265,724	1,687,616	3,953,340	2,265,724	1,765,233	4,030,957	(77,617)
21st Century Grant RASA II	0187052018	84.287	4,500,000	2,329,055	1,613,944	3,942,999	2,283,556	869,852	3,153,408	789,591
U.S. DEPARTMENT OF JUSTICE										
Law Enforcement Block Grant	03-LB-BX-2070	16.592	289,730	289,730	-	289,730	101,064	188,666	289,730	-
Law Enforcement Block Grant	04-LB-BX-2070	16.592	122,013	122,013	-	122,013	27,363	94,650	122,013	-
Justice Assistance Grant	05-DJ-BX-0524	16.592	218,034	-	76,726	76,726	-	76,726	76,726	-
Weed & Seed 06&07	01-WS-QX-0158	16.595	450,000	400,773	(12)	400,761	400,773	(12)	400,761	-
Weed & Seed 06&07	01-WS-QX-0191	16.595	450,000	401,888	(5,441)	396,447	401,888	(5,441)	396,447	-
Weed & Seed 08	2004-WS-SQ-0135	16.595	225,000	67,001	157,999	225,000	67,001	155,999	223,000	2,000
Weed & Seed 08	2004-WS-SQ-0136	16.595	225,000	68,361	156,639	225,000	68,361	154,639	223,000	2,000
Weed & Seed 09	05-WS-Q5-0226	16.595	224,998	-	72,414	72,414	-	72,414	72,414	-
Weed & Seed 09	05-WS-Q5-0233	16.595	225,000	-	95,969	95,969	-	95,969	95,969	-
Homeland Security	2003-OL-WX-0013	16.710	492,741	399,570	78,500	478,070	399,570	83,094	482,664	(4,594)
Safe Neighborhoods	2006-GP-CX-0559	16.609	250,000	150,352	99,648	250,000	150,352	99,648	250,000	-
PASS THROUGH (FROM DCJS)										
Youth Violence	C-521980	16.523	239,320	74,384	148,975	223,359	74,384	148,975	223,359	-
Juvenile Accountability	C-520637	16.523	20,109	-	14,165	14,165	-	14,165	14,165	-
JJAIBG Restorative Justice	C-520636	16.523	53,970	18,063	35,907	53,970	18,063	35,907	53,970	-
Stop Violence Against Women	C-554636	16.588	113,100	75,055	38,045	113,100	75,055	38,045	113,100	-
Stop Violence Against Women	C-554638	16.588	69,600	-	17,501	17,501	-	17,501	17,501	-
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	-
Goodman Street - 4751.98	D010694	20.205	2,800,800	2,468,688	47,495	2,516,183	2,468,688	47,495	2,516,183	-
Broad Street Tunnel - 4751.87	D009279	20.205	1,166,400	546,202	144,665	690,867	546,202	144,665	690,867	-
Court Street Bridge - 4752.13	D010724	20.205	761,600	703,949	33,783	737,732	703,949	33,783	737,732	-
Ford Street Bridge - 4752.52	D011399	20.205	8,800,000	8,416,742	1,396	8,418,138	8,416,742	1,396	8,418,138	-
Lake Avenue - 4752.49	D011414	20.205	14,069,226	9,132,104	2,085,707	11,217,811	9,132,104	2,085,707	11,217,811	-
St. Paul Street/Inner Loop - 4752.34	D010735	20.205	360,800	356,703	1,088	357,791	356,703	1,088	357,791	-
Port	D013858	20.205	18,887,000	18,189,736	33,085	18,222,821	18,189,736	33,085	18,222,821	-
West Ridge Road	D013560	20.205	20,037,600	6,684,281	7,575,542	14,259,823	6,684,281	7,575,542	14,259,823	-
Broad Street Bridge	D013824	20.205	240,000	14,387	4,324	18,711	14,387	4,324	18,711	-
CBD Signs	D017579	20.205	114,400	34,684	54,660	89,344	34,684	54,660	89,344	-
Lexington Avenue	D017499	20.205	4,115,600	2,413,771	1,654,642	4,068,413	2,413,771	1,654,642	4,068,413	-
Chili Avenue	D014967	20.205	5,887,800	5,745,707	71,795	5,817,502	5,745,707	71,795	5,817,502	-
Elmwood Avenue Bridge	D013825	20.205	2,300,000	2,115,869	184,131	2,300,000	2,115,869	184,131	2,300,000	-
Port Intel Trans System	D022323	20.205	937,500	-	2,775	2,775	-	2,775	2,775	-
Mt. Hope Ave. & E. Henrietta Road	D022408	20.205	480,000	24,135	146,460	170,595	24,135	146,460	170,595	-
Smith Street Bridge	D024554	20.205	687,200	-	332,715	332,715	-	332,715	332,715	-
PL - 2004-05	D125071	20.205	71,780	17,500	17,227	34,727	17,500	17,227	34,727	-

(continued)

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
U.S. ENVIRONMENTAL PROTECTION AGENCY										
Brownfield Grant	BF98298403	66.811	280,000	54,847	150,050	204,897	54,312	149,909	204,221	676
Brownfield Grant	BF97298603	66.811	480,000	3,010	192,643	195,653	3,010	192,643	195,653	-
U.S. DEPARTMENT OF AGRICULTURE:										
Summer Food Service	36-079500	10.555	318,202	-	318,202	318,202	-	318,202	318,202	-
SUBTOTAL CITY GRANTS			328,514,028	243,903,451	40,128,271	284,031,722	242,833,658	40,283,396	283,117,054	914,668
CITY SCHOOL DISTRICT GRANTS										
PROJECTS CLOSED AS OF JUNE 30, 2006										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
J0820 Impact Aid	00IMPACT05	84.040	15,185	15,185	-	15,185	7,904	7,281	15,185	-
OTHER DIRECT FEDERAL										
J0335 Native American Resource Center	060A042183	84.060A	71,535	64,411	5,099	69,510	69,215	295	69,510	-
J0383 Safer School Initiative - Solid Waste Management	X972883050	66.606	46,000	8,182	37,239	45,421	45,999	(578)	45,421	-
J0477 USDE Tch Amer Hist Prj Pride	215X040285	84.215X	280,075	265,209	14,866	280,075	279,796	279	280,075	-
FEDERAL FLOW THROUGH PROJECTS										
ESEA TITLE I										
J0202-298 Title I	0021-05-1395	84.010A	32,030,260	23,834,485	4,837,089	28,671,574	25,882,120	2,789,454	28,671,574	-
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES										
J0201 Title V -No Child Left Behind	0002-05-1395	84.298A	737,470	262,466	458,929	721,395	303,901	417,494	721,395	-
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS										
J0450 Safe & Drug Free Schools & Communities	0180-05-1395	84.186A	572,507	209,865	295,373	505,238	373,892	131,346	505,238	-
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
J0305 Support Services Handicapped	0032-05-0370	84.027A	11,297,324	8,342,290	2,127,682	10,469,972	10,114,672	355,300	10,469,972	-
J0310 SETRC	0C00-75-2005	84.027A	454,176	245,370	149,830	395,200	389,986	5,214	395,200	-
J0311 IDEA State Improvement Grant	0031-05-5305	84.027A	64,582	31,295	16,320	47,615	47,615	0	47,615	-
J0340 Pre-School Handicapped	0033-05-0370	84.173A	944,621	390,570	254,374	644,944	583,103	61,841	644,944	-
J0361 Special Education Quality Assurance Process	0031-05-2707	84.027A	15,000	7,551	7,449	15,000	15,700	(700)	15,000	-
J0362 Special Education Quality Assurance Implementation	0031-05-2855	84.027A	100,000	58,484	39,686	98,170	98,170	-	98,170	-
J0390 Pre-School Administration	0232-05-0370	84.173A	103,615	93,253	(3,330)	89,923	100,794	(10,871)	89,923	-
J0586 Medicaid Grant	0031-05-4016	84.027A	54,000	47,485	5,427	52,912	52,719	193	52,912	-
VOCATIONAL EDUCATION										
J0707 VATEA / Secondary Formula	8000-05-0024	84.048A	573,242	393,038	180,204	573,242	571,696	1,546	573,242	-
J0754 VATEA / Adult Formula	8000-05-9020	84.048A	285,342	256,807	28,317	285,124	284,939	185	285,124	-
J0767 Perkins 3 Tech Prep Planning	8080-05-3002	84.243A	190,000	171,000	19,000	190,000	191,321	(1,321)	190,000	-
WORKFORCE INVESTMENT ACT										
J0701 WIA, Title II, Incarcerated & Institutionalized	0138-05-0015	84.002A	57,817	48,847	8,302	57,149	57,006	143	57,149	-
J0722 WIA, Title II, Adult Education & Literacy	2338-05-1053	84.002A	391,170	352,053	39,117	391,170	391,441	(271)	391,170	-
J0777 WIA, Title II, Workplace Literacy	2338-05-4017	84.002A	50,000	45,000	4,844	49,844	49,848	(4)	49,844	-
J0748 WIA, Title II, One Stop Center	2338-05-3105	84.002A	85,064	76,557	8,072	84,629	84,401	228	84,629	-
J0768 WIA, Title II, Family Literacy	2338-05-5011	84.002A	159,495	143,545	15,950	159,495	160,192	(697)	159,495	-

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THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

				REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
	Grant Number	CFDA Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006		
OTHER FEDERAL FLOW THROUGH STATE											
J 0120	Title II-D - Technology	0292-05-1395	84.318X	775,707	602,954	102,398	705,352	626,121	79,231	705,352	-
J 0155	Comprehensive School Reform Program CO/Schoo	0223-05-4155	84.332A	80,000	64,844	15,156	80,000	68,518	11,482	80,000	-
J 0156	Comprehensive School Reform Program @ #22	0223-05-4122	84.332A	135,000	115,746	7,234	122,980	91,447	31,533	122,980	-
J 0158	Comprehensive School Reform Program @ #35	0223-05-4135	84.332A	110,000	99,000	4,427	103,427	96,716	6,711	103,427	-
J 0159	Comprehensive School Reform Program @ #39	0223-05-4139	84.332A	110,000	99,000	4,759	103,759	98,052	5,707	103,759	-
J 0160	Comprehensive School Reform Program @ #42	0223-05-4142	84.332A	110,000	99,000	11,000	110,000	108,777	1,223	110,000	-
J 0161	Comprehensive School Reform Program @ #43	0223-05-4143	84.332A	110,000	99,000	8,421	107,421	95,422	11,999	107,421	-
J 0162	Comprehensive School Reform Program @ #50	0223-05-4150	84.332A	110,000	89,519	14,161	103,680	82,591	21,089	103,680	-
J 0163	Comprehensive School Reform Program @ #52	0223-05-4152	84.332A	110,000	99,000	5,085	104,085	90,779	13,306	104,085	-
J 0164	Comprehensive School Reform Program @ #57	0223-05-4157	84.332A	85,000	76,500	2,070	78,570	77,326	1,244	78,570	-
J 0179	Comprehensive School Reform Program @ Marsha	0223-05-4174	84.332A	110,000	98,400	9,754	108,154	103,974	4,180	108,154	-
J 0181	Comprehensive School Reform Program @ SWW	0223-05-4181	84.332A	110,000	22,000	83,090	105,090	80,327	24,763	105,090	-
J 0182	CSRD America's Choice No. 34	0223-05-5025	84.332A	148,750	119,252	8,084	127,336	106,824	20,512	127,336	-
J 0184	CSRD America's Choice Jeffersn	0223-05-5026	84.332A	148,750	132,033	14,526	146,559	125,059	21,500	146,559	-
J 0185	CSRD America's Choice No. 30	0223-05-5027	84.332A	148,750	120,267	2,729	122,996	117,325	5,671	122,996	-
J 0186	CSRD America's Choice No. 16	0223-05-5028	84.332A	148,750	132,975	(9,897)	123,078	120,184	2,894	123,078	-
J 0187	CSRD Exped Learning OB No. 58	0223-05-5029	84.332A	148,750	112,129	36,621	148,750	104,569	44,181	148,750	-
G 0188	Comprehensive School Reform Program @ # 19	0223-05-5030	84.332A	148,750	139,619	(1,125)	138,494	139,619	(1,125)	138,494	-
J 0188	CSRD America's Choice No. 19	0223-05-5030	84.332A	148,750	133,875	10,156	144,031	134,061	9,970	144,031	-
J 0199	Title III - Bilingual Education	0293-05-1395	84.365A	912,133	481,434	265,322	746,756	521,524	225,232	746,756	-
J 0200	Title II -No Child Left Behind	0147-05-1395	84.367A	5,135,490	3,843,150	1,006,434	4,849,584	4,261,849	587,735	4,849,584	-
J 0300	Title I Improvement and Choice	0011-05-2016	84.348A	1,374,223	437,534	955,730	1,393,264	636,245	757,019	1,393,264	-
J 0336	Learn & Serve America @ #36	0270-05-0040	94.004	18,000	9,942	4,438	14,380	13,572	808	14,380	-
J 0338	Urban Forum	0020-05-8000	84.010A	23,341	10,708	12,495	23,203	23,202	1	23,203	-
J 0348	LSTA-NOVEL		45.310	10,000	2,000	8,000	10,000	10,009	(9)	10,000	-
J 0360	Homeless Children	0212-05-3919	84.196A	49,000	25,390	22,710	48,100	47,980	120	48,100	-
J 0364	Reading First	0243-05-0028	84.196A	1,800,000	778,619	961,115	1,739,734	1,039,721	700,013	1,739,734	-
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION											
J 0734	JTPA-Summer Law Preparation (City of Rochester)			27,232	24,691	-	24,691	24,691	-	24,691	-
J 0761	Rochester Housing Authority - GED			13,616	12,016	1,600	13,616	9,444	4,172	13,616	-
J 0762	GED Services Healthy Start (Perinatal Network of Monroe County)			8,000	8,000	-	8,000	7,682	318	8,000	-
PROJECTS OPEN AS OF JUNE 30, 2006											
DIRECT FEDERAL PROJECTS											
U.S. DEPARTMENT OF EDUCATION:											
IMPACT AID											
F 0820	Impact Aid	S041B-2005-3427	84.040	25,753	-	25,753	25,753	-	17,099	17,099	8,654
OTHER DIRECT FEDERAL											
F 0335	Native American Resource Center	S060A042183	84.060A	87,664	-	85,666	85,666	-	82,753	82,753	2,913
F 0320	National Endowment Arts	NEARTS0601	45.024	65,000	-	6,301	6,301	-	25,916	25,916	(19,615)
J 0385	Surv. Study, Invest & Special Purpose	X897290504	66.716	16,249	6,163	6,846	13,009	2,982	13,266	16,248	(3,239)
F 0477	USDE Tch Amer Hist Prj Pride	U215X040285	84.215X	260,702	-	191,436	191,436	-	260,702	260,702	(69,266)
FEDERAL FLOW THROUGH PROJECTS											
ESEA TITLE I											
F 0202-298	Title I	0021-06-1395	84.010A	33,029,099	-	22,703,236	22,703,236	-	26,844,936	26,844,936	(4,141,700)
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES											
F 0201	Title V -No Child Left Behind	0002-06-1395	84.298A	214,792	-	175,851	175,851	-	202,032	202,032	(26,181)
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS											
F 0450	Safe & Drug Free Schools & Communities	0180-06-1395	84.186A	531,896	-	245,910	245,910	-	375,690	375,690	(129,780)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
F 0305 Support Services Handicapped	0032-06-0370	84.027A	9,964,298	-	8,300,476	8,300,476	-	9,501,440	9,501,440	(1,200,964)
F 0310 SETRC	C007559	84.027A	462,760	-	280,692	280,692	-	420,862	420,862	(140,170)
F 0311 IDEA State Improvement Grant	0031-06-5305	84.027A	55,000	-	10,508	10,508	-	38,882	38,882	(28,374)
F 0340 Pre-School Handicapped	0033-06-0370	84.173A	526,457	-	376,869	376,869	-	290,942	290,942	85,927
F 0362 Special Education Quality Assurance Implementatic	0031-06-2855	84.027A	115,000	-	85,074	85,074	-	113,601	113,601	(28,527)
F 0390 Pre-School Administration	0232-06-0370	84.173A	101,840	-	87,232	87,232	-	100,332	100,332	(13,100)
F 0586 Medicaid Grant	0031-06-4016	84.027A	54,000	-	45,992	45,992	-	53,077	53,077	(7,085)
VOCATIONAL EDUCATION										
F 0707 VATEA / Secondary Formula	8000-06-0024	84.048A	774,727	-	424,950	424,950	-	774,898	774,898	(349,948)
F 0754 VATEA / Adult Formula	8000-06-9020	84.048A	200,588	-	169,709	169,709	-	196,593	196,593	(26,884)
F 0767 Perkins 3 Tech Prep Planning	8080-06-3002	84.243A	180,000	-	142,607	142,607	-	181,448	181,448	(38,841)
WORKFORCE INVESTMENT ACT										
F 0701 WIA, Title II, Incarcerated & Institutionalized	0138-06-0015	84.002A	57,817	-	21,026	21,026	-	53,611	53,611	(32,585)
F 0722 WIA, Title II, Adult Education & Literacy	2338-06-1053	84.002A	392,676	-	353,798	353,798	-	392,733	392,733	(38,935)
F 0748 WIA - One Stop Center	2338-06-3105	84.002A	85,064	-	65,599	65,599	-	84,921	84,921	(19,322)
F 0768 WIA-Family Literacy	2338-06-5011	84.002A	159,495	-	133,114	133,114	-	158,531	158,531	(25,417)
OTHER FEDERAL FLOW THROUGH STATE										
F 0120 Title II-D - Technology	0292-06-1395	84.318X	585,433	-	418,761	418,761	-	416,036	416,036	2,725
F 0155 Comprehensive School Reform CO/School Imp	0223-06-4155	84.332A	105,000	-	50,275	50,275	-	74,269	74,269	(23,994)
F 0156 Comprehensive School Reform Program @ # 22	0223-06-4122	84.332A	135,000	-	121,500	121,500	-	127,842	127,842	(6,342)
F 0158 Comprehensive School Reform Program @ # 35	0223-06-4135	84.332A	110,000	-	98,538	98,538	-	105,939	105,939	(7,401)
F 0159 Comprehensive School Reform Program @ # 39	0223-06-4139	84.332A	110,000	-	99,000	99,000	-	91,455	91,455	7,545
F 0160 Comprehensive School Reform Program @ # 42	0223-06-4142	84.332A	110,000	-	93,333	93,333	-	92,153	92,153	1,180
F 0161 Comprehensive School Reform Program @ # 43	0223-06-4143	84.332A	110,000	-	99,000	99,000	-	94,480	94,480	4,520
F 0162 Comprehensive School Reform Program @ # 50	0223-06-4150	84.332A	110,000	-	86,487	86,487	-	83,591	83,591	2,896
F 0163 Comprehensive School Reform Program @ # 52	0223-06-4152	84.332A	110,000	-	93,333	93,333	-	85,021	85,021	8,312
F 0164 Comprehensive School Reform Program @ # 57	0223-06-4157	84.332A	85,000	-	76,500	76,500	-	75,592	75,592	908
F 0179 Comprehensive School Reform Program @ Marsha	0223-06-4174	84.332A	110,000	-	99,000	99,000	-	92,090	92,090	6,910
F 0181 Comprehensive School Reform Program @ SWW	0223-06-4181	84.332A	110,000	-	22,000	22,000	-	86,258	86,258	(64,258)
F 0189 CSRD ATLAS No 46	0223-06-6022	84.332A	110,000	-	81,608	81,608	-	78,208	78,208	3,400
F 0190 CSRD ELOB Eng & Mfg	0223-06-6024	84.332A	110,000	-	22,000	22,000	-	78,326	78,326	(56,326)
F 0191 CSRD ATLAS Franklin Global Med	0223-06-6021	84.332A	110,000	-	84,462	84,462	-	83,689	83,689	773
F 0192 CSRD ELOB Douglas	0223-06-6023	84.332A	110,000	-	22,000	22,000	-	75,777	75,777	(53,777)
F 0199 Title III Bilingual	0293-06-1395	84.365A	562,647	-	300,800	300,800	-	404,380	404,380	(103,580)
F 0200 Title II -No Child Left Behind	0147-06-1395	84.367A	6,064,729	-	5,009,053	5,009,053	-	4,927,635	4,927,635	81,418
F 0300 Title I Improvement and Choice	0011-06-2016	84.348A	945,000	-	195,100	195,100	-	332,137	332,137	(137,037)
F 0301 Districts IN Corrective Action	0011-06-0016	84.010A	72,245	-	18,003	18,003	-	21,822	21,822	(3,819)
F 0336 Learn & Serve America @ #36	0270-06-0040	94.004	18,000	-	6,383	6,383	-	15,425	15,425	(9,042)
F 0338 Urban Forum	0020-06-8000	84.010A	25,105	-	6,333	6,333	-	12,655	12,655	(6,322)
F 0360 Homeless Children	0212-06-3919	84.196A	100,000	-	24,087	24,087	-	89,503	89,503	(65,416)
F 0364 Reading First	0243-06-0028	84.357A	1,400,000	-	713,683	713,683	-	871,094	871,094	(157,411)
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	144,055	-	126,375	126,375	-	70,470	70,470	55,905
J 0719 EDGE Welfare To Work	C009756050	93.558	166,705	-	166,705	166,705	113,506	70,879	184,385	(17,680)
F 0821 Hurricane Katrina Relief	0080-06-1013	84.938C	126,750	-	15,750	15,750	-	98,537	98,537	(82,787)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION										
F 0147 Smaller Learning Communities	V215L050016	84.215L	152,381	-	228,284	228,284	-	152,381	152,381	75,903
F 0321 U of R / NIMH	URNIMHO601		174,798	-	137,405	137,405	-	201,859	201,859	(64,454)
F 0723 TANF-Summer Youth Empl	----		23,325	-	23,325	23,325	-	24,924	24,924	(1,599)
OTHER INDIRECT FEDERAL										
F 0749 New Citizenship Initiative (Oswego County BOCES)	---		35,400	-	-	-	-	35,307	35,307	(35,307)
SCHOOL FOOD SERVICE FUND:										
U.S. DEPARTMENT OF AGRICULTURE	---	10.555	12,010,383	-	12,010,383	12,010,383	-	12,010,383	12,010,383	-
TOTAL SCHOOL DISTRICT GRANTS			132,572,850	43,457,708	66,617,768	110,075,476	49,336,528	67,625,544	116,962,072	(6,886,596)
TOTAL CITY GRANTS			328,514,028	243,903,451	40,128,271	284,031,722	242,833,658	40,283,396	283,117,054	914,668
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS			<u>\$461,086,878</u>	<u>\$287,361,159</u>	<u>\$106,746,039</u>	<u>\$394,107,198</u>	<u>\$292,170,186</u>	<u>\$107,908,940</u>	<u>\$400,079,126</u>	<u>\$ (5,971,928)</u>

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, 2006

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**—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 \$2,047,488 and \$1,517,989 in the 2006 and 2005 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.

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CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2006

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. Reportable condition(s) 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. Reportable condition(s) 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

Community Development Block Grant	14.218
NYS Department of Transportation (pass through)	20.205
Title II-A—Improving Teacher Quality State Grants	84.367A
National School Lunch Program	10.555

- | | |
|---|-----------------------------------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | <u> \$ 3,000,000 </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, 2006

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 Rochester City School District’s (the “District”) 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, 2006, within the current year basic financial statements.

Cause—Weaknesses were identified in the District’s internal controls over recording of capital assets and maintenance of the capital assets master file, including:

- 1) Certain building projects completed in the last month of fiscal year 2005 were not reported properly. Such assets should have been reported as buildings and depreciated during 2006. These assets had been reported within construction-in-progress at June 30, 2005.
- 2) Certain copiers were omitted from capital assets records when the District completed a system conversion from an Access database to PeopleSoft software during 2005.
- 3) Upon completion of an inventory of vehicle insurance in 2006, the District noted that certain vehicles had not been recorded in the capital assets database or the general ledger in the year purchased.
- 4) During 2006, the District determined that certain expenses incurred in 2005 related to the purchase of new software and other upgrades should have been capitalized in accordance with GASB No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*.
- 5) A group of copiers purchased through installment purchase agreements during 2003, 2004, and 2005 were not appropriately capitalized in such years.
- 6) During 2006, the District performed a physical inventory of major categories of capital assets in the capital assets master file at June 30, 2006. The District could not determine the year of disposal for certain assets that were identified as disposed of. This meant that some of the assets may have been taken out of use in prior years.

Recommendation—We recommend that the School District evaluate the internal control over capital assets and enhance such procedures as deemed necessary to meet the requirements of financial reporting in accordance with generally accepted accounting principles in the United States of America. The School District should also regularly review the capital asset master file for accuracy and ongoing pertinence.

Management's Corrective Action Plan—The District concurs with the recommendation. Enhanced system functionality and reporting will be achieved through implementation of the PeopleSoft 8.9 upgrade due to be completed by June 1, 2006. The District has created a position that will be dedicated to Capital Projects and Fixed Asset management. A reconciliation process will be implemented to review the capital asset master file on a routine basis. Management will monitor this issue regularly during the year to ensure compliance.

Projects and Fixed Asset Management—A reconciliation process will be implemented to review the capital asset master file on a routine basis. Management will monitor this issue regularly during the year to ensure compliance.

PART III—FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

Reference Number	Findings	Questioned Costs
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	No matters are reportable.	
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CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2006

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, 2006

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
Grant Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006		
CITY GRANTS									
STATE OF NEW YORK:									
DIV. OF CRIMINAL JUSTICE SERVICE:									
Motor Vehicle Theft	C-016705	\$ 90,000	\$ -	\$ 82,908	\$ 82,908	\$ -	\$ 82,908	\$ 82,908	\$ -
Motor Vehicle Theft	C-016706	120,000	-	14,100	14,100	-	14,100	14,100	-
DEPARTMENT OF TRANSPORTATION:									
Goodman Street - 4751.98	D010694	525,150	462,504	-	462,504	462,503	1	462,504	-
Broad Street Tunnel - 4751.87	D009279	191,250	102,412	27,126	129,538	102,412	27,126	129,538	-
Court Street Bridge - 4752.13	D010724	132,600	131,897	411	132,308	131,897	411	132,308	-
Ford Street Bridge - 4752.52	D011399	1,650,000	1,586,314	(80,432)	1,505,882	1,586,314	(80,432)	1,505,882	-
Lake Avenue - 4752.49	D011414	1,719,965	1,608,153	10,187	1,618,340	1,608,153	10,187	1,618,340	-
Plymouth Avenue - 4942.G2	D011368	3,157,500	3,013,044	-	3,013,044	3,013,044	-	3,013,044	-
St. Paul Street/ Inner Loop - 4752.34	D010735	67,650	50,640	-	50,640	50,640	-	50,640	-
Dewey Avenue	D011509	252,000	231,617	-	231,617	231,763	(146)	231,617	-
Broad Street Bridge	D013824	66,000	2,698	811	3,509	2,698	811	3,509	-
Elmwood Bridge	D013825	431,250	369,200	2,388	371,588	369,200	2,388	371,588	-
Chili Avenue	D014967	1,153,818	509,746	13,462	523,208	509,746	13,462	523,208	-
CBD Wayfinding Signs	D017579	29,100	11,550	-	11,550	11,550	-	11,550	-
Lexington Avenue	D017499	817,035	65,250	306,328	371,578	65,250	306,328	371,578	-
West Ridge Road	D013560	5,255,400	1,671,071	1,893,884	3,564,955	1,671,071	1,893,884	3,564,955	-
Port of Rochester	D013858	1,063,975	1,063,341	-	1,063,341	1,063,341	-	1,063,341	-
Chili Avenue Legislative Initiative	M950401	275,823	-	124,201	124,201	-	124,201	124,201	-
Brooks Village/Genesee Street	A809	407,000	-	23,500	23,500	-	23,500	23,500	-
Port of Rochester	A334	1,000,000	567,000	-	567,000	567,000	-	567,000	-
Charlotte Port	A-218	1,000,000	-	-	-	-	-	-	-
South Ave./Byron-Gregory	A-741	300,000	189,873	50,939	240,812	189,873	50,939	240,812	-
Snow & Ice Control	D005375	34,738	-	34,738	34,738	-	34,738	34,738	-
Consolidated Street & Highway Improvements		2,404,400	-	2,404,333	2,404,333	-	2,404,333	2,404,333	-
DEPARTMENT OF STATE:									
Port/Riverfront Promenade	C006148	65,000	65,000	-	65,000	65,000	-	65,000	-
Port/Beach Gateway	C006149	50,000	50,000	-	50,000	50,000	-	50,000	-
Trail Signage III	C006349	50,000	7,033	37,627	44,660	7,033	37,627	44,660	-
Riverfront Promenade	C006148	150,000	150,000	-	150,000	150,000	-	150,000	-
EMPIRE STATE DEVELOPMENT CORPORATION									
EDA Outer Loop Industrial Park	D540	316,200	128,325	-	128,325	128,325	-	128,325	-
NYS ARCHIVES AND RECORDS ADMINISTRATION									
Records Inventory		31,486	-	31,486	31,486	-	31,486	31,486	-
DEPARTMENT OF PARKS, RECREATION AND HISTORIC PRESERVATION									
Turning Point Park Canoe Launch		100,000	-	66,132	66,132	-	66,132	66,132	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2006**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
	Grant Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
OFFICE OF CHILDREN AND FAMILY SERVICES									
Adolescent Pregnancy 04-05	C008250	350,000	341,117	8,883	350,000	240,369	19,651	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 03-04	C-301137	233,500	233,500	(457)	233,043	233,043	-	233,043	-
Victims Assistance 04-05	C-304137	233,500	175,025	58,832	233,857	172,841	59,418	232,259	1,598
Victims Assistance 05-06	C-304137	233,500	175,025	173,144	348,169	172,841	166,692	339,533	8,636
DEPARTMENT OF MOTOR VEHICLES									
Seat Belt Enforcement	PT-2801101	17,521	-	16,822	16,822	-	16,822	16,822	-
Seat Belt Enforcement	PT-2801036	23,799	11,860	11,805	23,665	11,860	11,805	23,665	-
Aggressive Driving	PT-2801111	15,331	-	5,973	5,973	-	5,973	5,973	-
Aggressive Driving	PT-2801073	24,834	5,657	17,177	22,834	5,657	17,177	22,834	-
AFFORDABLE HOUSING CORP.:									
Affordable Housing	AHC-2EO7	300,000	-	119,061	119,061	-	116,831	116,831	2,230
Affordable Housing	AHC-2C19	300,000	300,000	(1,083)	298,917	258,720	40,197	298,917	-
Affordable Housing	AHC-2D21	500,000	195,000	304,978	499,978	195,000	304,978	499,978	-
Affordable Housing	AHC-2DD08	300,000	109,178	190,822	300,000	17,330	242,290	259,620	40,380
SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH)		26,078,725	13,583,030	6,273,462	19,856,492	13,344,474	6,315,720	19,660,194	196,298
CITY SCHOOL DISTRICT GRANTS									
PROJECTS OPEN AS OF JUNE 30, 2006									
STATE OF NEW YORK:									
F 0010 Teacher Support Aid	0646-06-1395	1,076,000	-	958,363	958,363	-	1,076,236	1,076,236	(117,873)
F 0020 Improving Pupil Performance	0621-06-1395	6,950,000	-	5,930,911	5,930,911	-	6,938,544	6,938,544	(1,007,633)
F 0023 Universal Pre-K	0409-06-1094	7,060,000	-	5,108,156	5,108,156	-	7,034,854	7,034,854	(1,926,698)
F 0031-035 Employee Preparation Education	SA4320	2,332,000	-	598,438	598,438	-	2,325,467	2,325,467	(1,727,029)
F 0038 State Magnet School Program	0634-06-1395	11,000,000	-	9,209,855	9,209,855	-	10,934,479	10,934,479	(1,724,624)
F 0041 Incarcerated Youth	SA81	1,877,800	-	750,600	750,600	-	1,700,551	1,700,551	(949,951)
F 0045 Categorical Reading	0629-06-1395	5,500,000	-	4,770,328	4,770,328	-	5,473,342	5,473,342	(703,014)
F 0050-080 Summer Program	9000	4,195,982	-	2,333,751	2,333,751	-	4,034,379	4,034,379	(1,700,628)
F 0055 State Early Grade Class Size Reduction	0417-06-0092	5,254,672	-	4,649,006	4,649,006	-	5,261,282	5,261,282	(612,276)
F 0085 NYS Experimental Pre-K Program	0400-06-1395	1,352,979	-	857,571	857,571	-	1,335,920	1,335,920	(478,349)
F 0124 Learn Tech Monroe Spec Ed	0647-06-0012	49,995	-	22,564	22,564	-	49,960	49,960	(27,396)
F 0125 Secondary Math Continuation	0647-06-0051	50,000	-	12,500	12,500	-	34,575	34,575	(22,075)
F 0126 Learning Technology - SWW	0647-06-0009	50,000	-	12,500	12,500	-	41,096	41,096	(28,596)
F 0345 Rochester Teacher Center	0425-06-0083	498,000	-	240,070	240,070	-	465,298	465,298	(225,228)
F 0347 Mentor Teacher Internship Program	0663-06-0006	277,500	-	237,694	237,694	-	277,304	277,304	(39,610)
F 0350 Rochester School Library Systems	0365-06-0046	98,804	-	98,804	98,804	-	97,340	97,340	1,464
F 0351 Extended School Day & Violence Prevention	0640-06-1395	739,865	-	531,297	531,297	-	728,421	728,421	(197,124)
F 0352 School Library System Aid for Automation	0364-06-0046	7,193	-	9,880	9,880	-	7,193	7,193	2,687
F 0353 School Library System Categorical Aid - Rollover	----	689	-	689	689	-	688	688	1
F 0354 School Library System Aid for Automation - Rollove	----	978	-	978	978	-	930	930	48
F 0356 RRLC RBDB Video Conversion	----	4,300	-	4,300	4,300	-	4,383	4,383	(83)

(continued)

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2006

		REVENUES				EXPENDITURES			Net (Accrued) Deferred Revenue	
	Grant Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006		
STATE OF NEW YORK (continued):										
F 0357	Library Media Prog Improvement	0122-06-5018	5,000	-	1,000	1,000	-	4,639	4,639	(3,639)
F 0391	Pre-School Administration / County	---	235,422	-	-	-	-	233,141	233,141	(233,141)
J 0528	GRSSC School Based Staff Development	---	40,630	13,714	19,916	33,630	27,704	11,121	38,825	(5,195)
J 0708	Dept of Labor TANF English Language Test	C010844	150,000	93,000	39,000	132,000	137,110	890	138,000	(6,000)
F 0720	Welfare Education	2396-06-1053	72,117	-	50,390	50,390	-	71,988	71,988	(21,598)
J 0749	New Citizenship Initiative	---	31,378	-	38,860	38,860	20,326	6,467	26,793	12,067
F 0755	SURR Lofton/Thomas/Douglass	0436-06-0005	50,000	-	19,452	19,452	-	49,616	49,616	(30,164)
F 0764	ARSIP / Apprenticeship	0140-06-0024	84,547	-	-	-	-	83,549	83,549	(83,549)
F 0825	Teachers of Tomorrow	0644-06-0012	1,515,000	-	757,500	757,500	-	790,980	790,980	(33,480)
COUNTY PROJECTS:										
F 0154	OASAS	10455	26,991	-	11,154	11,154	-	16,018	16,018	(4,864)
F 0317	Pre-School Integrated / Handicapped	9165	1,052,268	-	287,394	287,394	-	875,672	875,672	(588,278)
F 0322	Roch After School Academy	CITYRO0602	13,800	-	13,735	13,735	-	13,800	13,800	(65)
F 0370	Community Pre-School Related Services	9200	468,088	-	143,675	143,675	-	397,651	397,651	(253,976)
F 0375	Special Education / Itinerant Teachers	9135	132,611	-	35,618	35,618	-	101,937	101,937	(66,319)
PRIVATE PROJECTS:										
F 0109	School #9 Books & Calculator	---	10,000	-	2,500	2,500	-	9,962	9,962	(7,462)
F 0130	Quad A For Kids #30	---	2,033	-	2,033	2,033	-	1,759	1,759	274
F 0134	Quad A For Kids #34	---	42,596	-	42,595	42,595	-	37,105	37,105	5,490
F 0145	Jeff Consortium for Entrep Ed	---	3,000	-	3,000	3,000	-	2,956	2,956	44
F 0153	Smoking Cessation @ East High	---	4,779	-	1,199	1,199	-	3,530	3,530	(2,331)
F 0304	Rochester Early Enhancement Program	---	191,580	-	143,685	143,685	-	192,073	192,073	(48,388)
F 0313	School #12 United Way	---	34,005	-	16,263	16,263	-	34,470	34,470	(18,207)
F 0323	GCCS Professional Development	---	15,581	-	2,880	2,880	-	3,737	3,737	(857)
F 0371	Gates Foundation @ Franklin Career Center - Rollo	---	58,881	-	58,881	58,881	-	44,128	44,128	14,753
F 0372	Arts & Cultural Council	---	4,000	-	3,000	3,000	-	4,000	4,000	(1,000)
F 0377	BOCES Teacher Sub Reimbursement	---	1,637	-	1,637	1,637	-	327	327	1,310
F 0445	Teachers As Learners	---	10,000	-	10,000	10,000	-	-	-	10,000
F 0446	Teachers as Leaders Quality Project	---	7,098	-	7,098	7,098	-	3,572	3,572	3,526
F 0447	U of R Dierdre Bonnell Grant	---	70,488	-	-	-	-	63,726	63,726	(63,726)
F 0452	El Yucayeque Professional Learning Circle for Biling	---	4,445	-	4,445	4,445	-	1,815	1,815	2,630
F 0479	MON CO YOUTH & FAMILY PARTNERS	---	3,000	-	3,000	3,000	-	2,857	2,857	143
F 0513	Primary Mental Health Project / #43 & 44	---	55,500	-	39,965	39,965	-	84,271	84,271	(44,306)
F 0514	PMHP Expansion / #25 & 29	---	45,282	-	19,292	19,292	-	29,561	29,561	(10,269)
F 0515	PMHP Grant - 2006	---	32,569	-	-	-	-	23,801	23,801	(23,801)
J 0542	RACF - RCSD Fathers Initiative	---	5,557	5,558	(1)	5,557	3,804	1,306	5,110	447
F 0575	Douglas Alternative Suspension	---	21,900	-	21,900	21,900	-	8,687	8,687	13,213
F 0700	Virtual Enterprise - Membership	---	23,500	-	23,300	23,300	-	22,967	22,967	333
F 0703	Rochester General Hospital Foundation	---	162,000	-	-	-	-	61,038	61,038	(61,038)
J 0730	Chase Active Learning	---	3,703	5,000	-	5,000	3,148	555	3,703	1,297
F 0732	NCFL-UPS Family Literacy Vol Acad	---	14,450	-	9,184	9,184	-	11,711	11,711	(2,527)
F 0739	Good Grades - Summer Law Prep	---	11,519	-	11,519	11,519	-	11,597	11,597	(78)
F 0743	MCC Stage	---	41,767	-	23,739	23,739	-	41,635	41,635	(17,896)
F 0744	Edison Tech Summer Youth Development	---	64,397	-	56,549	56,549	-	57,003	57,003	(454)
F 0761	Rochester Housing Authority - GED	---	13,616	-	12,016	12,016	-	9,652	9,652	2,364
F 0769	ESL Progressive Student Intern	---	1,800	-	1,982	1,982	-	1,982	1,982	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2006**

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
Grant Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006			
PRIVATE PROJECTS (continued)										
F 0770	UAW Local 1097 Reg 9 Delphi	110,000	-	70,808	70,808	-	102,827	102,827	(32,019)	
F 0775	Rochester Industries / Workplace Literacy	50,000	-	6,431	6,431	-	2,723	2,723	3,708	
J 0775	Rochester Industries / Workplace Literacy	50,000	9,242	6,978	16,220	27,889	(10,110)	17,779	(1,559)	
F 0776	U of R Strong Memorial Workplace Literacy	75,000	-	54,825	54,825	-	68,171	68,171	(13,346)	
F 0797	Good Grades Pay	140,724	-	-	-	-	8,101	8,101	(8,101)	
J 0797	Good Grades Pay	116,978	-	109,338	109,338	7,188	106,624	113,812	(4,474)	
J 0800-04	Rochester Area Community/Gates Foundation	1,850,007	-	1,316,127	1,316,127	93,633	1,745,628	1,839,261	(523,134)	
F 0875	American Lung Association	7,000	-	7,000	7,000	-	6,697	6,697	303	
PROJECTS CLOSED AS OF JUNE 30, 2006										
STATE OF NEW YORK:										
J 0010	Teacher Support Aid	0646-05-1395	1,076,000	968,400	107,600	1,076,000	1,076,149	(149)	1,076,000	-
J 0020	Improving Pupil Performance	0621-05-1395	6,950,000	6,255,000	695,000	6,950,000	6,983,936	(33,936)	6,950,000	-
J 0023	Universal Pre-K	0409-05-1094	7,060,000	5,986,963	1,073,037	7,060,000	7,043,595	16,405	7,060,000	-
J 0031-032	Employee Preparation Education	---	2,200,000	513,309	1,623,205	2,136,514	2,145,811	(9,297)	2,136,514	-
J 0038	State Magnet School Program	0634-05-1395	11,000,000	9,900,000	1,033,685	10,933,685	10,941,189	(7,504)	10,933,685	-
J 0041	Incarcerated Youth	---	1,411,260	685,801	880,347	1,566,148	1,549,885	16,263	1,566,148	-
J 0045	Categorical Reading	0629-05-1395	5,669,403	4,950,000	719,403	5,669,403	5,699,375	(29,972)	5,669,403	-
J 0050-080	Summer Program	---	4,195,982	912,958	2,610,340	3,523,298	4,119,064	(595,766)	3,523,298	-
J 0055	State Early Grade Class Size Reduction	0417-05-0092	5,254,672	4,729,205	493,691	5,222,896	5,222,896	0	5,222,896	-
J 0085	NYS Experimental Pre-K Program	0400-05-1395	1,313,622	1,182,259	131,363	1,313,622	1,313,015	607	1,313,622	-
J 0090	Minor Maintenance	---	429,419	193,824	235,595	429,419	424,160	5,259	429,419	-
J 0123	Learning Technology - No. 1	0647-05-0030	49,956	24,978	22,785	47,763	56,413	(8,650)	47,763	-
J 0124	Learning Technology - Monroe County Special Educ	0647-05-0043	49,983	24,991	23,680	48,671	39,294	9,377	48,671	-
J 0345	Rochester Teacher Center	0425-05-0083	498,000	264,862	206,288	471,150	453,395	17,755	471,150	-
J 0347	Mentor Teacher Internship Program	0663-05-0006	298,500	248,436	48,725	297,161	296,962	199	297,161	-
J 0350	Rochester School Library Systems	0365-05-0046	93,093	93,864	(771)	93,093	92,071	1,022	93,093	-
J 0351	Extended School Day & Violence Prevention	0640-05-1395	728,410	500,096	177,854	677,950	676,764	1,186	677,950	-
J 0352	School Library System Aid for Automation	0364-05-0046	9,407	9,407	(690)	8,717	8,081	636	8,717	-
J 0353	School Library System Categorical Aid - Rollover	---	1,709	1,709	-	1,709	1,595	114	1,709	-
J 0354	School Library System Aid for Automation - Rollover	---	361	568	(207)	361	306	55	361	-
J 0709	US Dept of Labor WIA Securing Prosperity	C011035	90,000	-	20,250	20,250	81,307	(61,057)	20,250	-
J 0720	Welfare Education	2396-05-1053	72,117	57,951	14,124	72,075	71,872	203	72,075	-
J 0755	SURR Lofton/Thomas/Douglass	0436-05-0005	100,000	43,820	56,180	100,000	94,641	5,359	100,000	-
J 0764	ARSIP / Apprenticeship	0140-05-0024	79,773	-	84,547	84,547	62,141	22,406	84,547	-
J 0778	FAWL Workplace Literacy	C010304	11,650	-	32,000	32,000	3,099	28,901	32,000	-
J 0825	Teachers of Tomorrow	0644-05-0012	2,066,300	1,033,150	(310,195)	722,955	718,755	4,200	722,955	-

(continued)

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2006

		REVENUES				EXPENDITURES			Net (Accrued) Deferred Revenue	
	Grant Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006		
COUNTY PROJECTS:										
J 0154	OASAS	---	26,991	6,747	15,282	22,029	13,796	8,233	22,029	-
J 0317	Pre-School Integrated / Handicapped	---	1,052,268	217,529	236,260	453,789	893,284	(439,495)	453,789	-
J 0370	Community Pre-School Related Services	---	468,088	154,385	116,775	271,160	355,111	(83,951)	271,160	-
J 0375	Special Education / Itinerant Teachers	---	132,611	21,560	20,160	41,720	94,484	(52,764)	41,720	-
J 0391	Pre-School Administration / County	---	235,422	-	-	-	81,928	(81,928)	-	-
PRIVATE PROJECTS:										
J 0111	WC Foundation	---	15,299	15,299	-	15,299	14,439	860	15,299	-
J 0304	Rochester Early Enhancement Program	---	186,000	155,000	20,739	175,739	167,660	8,079	175,739	-
J 0313	School #12 United Way	---	34,005	26,678	7,327	34,005	35,589	(1,584)	34,005	-
J 0334	Jordan Fundamentals, Nike Foundation	---	5,000	5,000	-	5,000	4,550	450	5,000	-
J 0372	Arts & Cultural Council	---	3,725	3,488	-	3,488	3,142	346	3,488	-
J 0373	SAP Schools Arts Partnership	---	2,500	2,192	-	2,192	2,500	(308)	2,192	-
J 0382	Future Fisherman Foundation	---	5,000	5,000	-	5,000	4,743	257	5,000	-
J 0428	100 Book Challenge	---	11,100	11,100	-	11,100	2,702	8,398	11,100	-
J 0445	Teachers As Learners	---	11,500	11,500	-	11,500	-	11,500	11,500	-
J 0446	Teachers as Leaders Quality Project	---	1,941	1,940	-	1,940	1,215	725	1,940	-
J 0509	BOCES #1 Trans Mini Grant	---	2,125	3,188	(1,063)	2,125	320	1,805	2,125	-
J 0513	Primary Mental Health Project / #43 & 44	---	55,500	46,281	18,422	64,703	67,764	(3,061)	64,703	-
J 0514	PMHP Expansion / #25 & 29	---	45,282	25,355	10,943	36,298	36,298	-	36,298	-
J 0544	Wilson NCLB Parent Campaign	---	5,000	5,000	-	5,000	-	5,000	5,000	-
J 0575	Douglass Alternative Suspension	---	15,000	15,000	-	15,000	6,375	8,625	15,000	-
J 0700	Virtual Enterprise Membership	---	20,500	16,000	-	16,000	16,372	(372)	16,000	-
J 0703	Rochester General Hospital Foundation	---	186,000	38,763	78,448	117,211	47,009	70,202	117,211	-
J 0723	TANF - Summer Youth Employment	---	13,956	12,066	-	12,066	12,066	-	12,066	-
J 0732	NCFL - UPS Family Literacy Vol Acad	---	13,850	5,000	8,850	13,850	4,977	8,873	13,850	-
J 0739	Good Grades - Summer Law Prep	---	7,000	6,850	-	6,850	6,850	-	6,850	-
J 0743	MCC Stage	---	38,285	19,233	15,986	35,219	35,219	-	35,219	-
J 0770	UAW Local 1097 Reg 9 Delphi	---	105,415	66,732	21,322	88,054	84,802	3,252	88,054	-
J 0774	Workplace Literacy	---	89,500	2,200	-	2,200	4,972	(2,772)	2,200	-
J 0776	U of R Strong Memorial Workplace Literacy	---	61,000	33,397	24,245	57,642	60,333	(2,691)	57,642	-

(continued)

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2006

			REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
Grant Number	Budget	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006		
SCHOOL FOOD SERVICE FUND:									
N.Y.S. EDUCATION DEPARTMENT	---	538,556	-	538,556	538,556	-	538,556	538,556	-
CITY OF ROCHESTER	---	275,679	-	275,679	275,679	-	275,679	275,679	-
TOTAL SCHOOL DISTRICT GRANTS		109,988,716	39,640,548	51,234,884	90,875,432	51,555,073	52,947,685	104,502,758	(13,627,326)
TOTAL CITY GRANTS		26,078,725	13,583,030	6,273,462	19,856,492	13,344,474	6,315,720	19,660,194	196,298
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		\$ 136,067,441	\$ 53,223,578	\$ 57,508,346	\$ 110,731,924	\$ 64,899,547	\$ 59,263,405	\$ 124,162,952	\$ (13,431,028)

Note:

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

(concluded)

**THE CITY OF ROCHESTER, NEW YORK
SUMMARY OF FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2006**

	Budget	REVENUES			EXPENSES			Net (Accrued) Deferred Revenue
		Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	Cumulative June 30, 2005	Current Year	Cumulative June 30, 2006	
CITY GRANTS								
Schedule of Expenditures of Federal Awards *	\$324,031,308	\$243,903,451	\$ 40,128,271	\$284,031,722	\$242,833,658	\$ 40,283,396	\$283,117,054	\$ 914,668
Schedule of Expenditures of NYS and Other Awards	26,078,725	13,583,030	6,273,462	19,856,492	13,344,474	6,315,720	19,660,194	196,298
Subtotal City Grants	350,110,033	257,486,481	46,401,733	303,888,214	256,178,132	46,599,116	302,777,248	1,110,966
CITY SCHOOL DISTRICT GRANTS								
Schedule of Expenditures of Federal Awards *	132,572,850	43,457,708	66,617,768	110,075,476	49,336,528	67,625,544	116,962,072	(6,886,596)
Schedule of Expenditures of NYS and Other Awards	109,988,716	39,640,548	51,234,884	90,875,432	51,555,073	52,947,685	104,502,758	(13,627,326)
Subtotal School District Grants	242,561,566	83,098,256	117,852,652	200,950,908	100,891,601	120,573,229	221,464,830	(20,513,922)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS	<u><u>\$592,671,599</u></u>	<u><u>\$340,584,737</u></u>	<u><u>\$164,254,385</u></u>	<u><u>\$504,839,122</u></u>	<u><u>\$357,069,733</u></u>	<u><u>\$167,172,345</u></u>	<u><u>\$524,242,078</u></u>	<u><u>\$(19,402,956)</u></u>

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