

THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2004

Prepared by:
Department of Finance

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ANNUAL FINANCIAL REPORT
Year Ended June 30, 2004
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City of Rochester



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November 30, 2004

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, 2004. 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 twentieth 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 2004 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,

William A. Johnson, Jr.
Mayor





City of Rochester



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Department of Finance

Office of the Director
City Hall, Room 109-A
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November 30, 2004

**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, 2004. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Comprehensive Annual Financial Report is presented in five sections: introductory, financial, statistical, single audit, and New York State and other awards. The introductory section includes the transmittal letters, the City's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements, combining and individual fund and account group financial statements and schedules, and the independent accountants' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

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.

REPORTING ENTITY

Rochester was incorporated as a village in 1817 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. The City of Rochester also has a nine-member City Council which is responsible for the legislative affairs of the City government. Council members are elected biennially for staggered four-year terms, four by districts representing approximately one quarter of the City's area, and five by a city-wide vote. The members of the 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.

This report includes all funds and account groups that are administered by City Council. The City's major operations include police and fire protection, environmental services, recreation, community services, community development, economic development and general administrative services. In addition, the City has seven enterprise operations including: Water, Parking, War Memorial, Refuse, Cemeteries, Public Market, and Port of Rochester. The City School District is also included in the financial statements as a discretely presented component unit. Although a separately elected School Board governs the operations of the District, the District is financially dependent on the City.

EEO/ADA Employer



ECONOMIC STATUS

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 5.1%. In 2003, 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 totaled over \$11.5 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 state’s. 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. Cuts at Kodak are not new. Kodak presently provides 6% of the jobs in the Rochester region. The worst of Kodak’s downsizing is over.

Some factors that will help Rochester are:

- the Rochester area designated by the Governor as a “Center of Excellence” for optics and photonics. Forty-five million dollars of the \$75 million needed from private industry to require state aid has already been pledged. It is anticipated that the Center for Excellence could bring hundreds of millions in research dollars and creating a hub of high-tech jobs and industries.
- unemployment rate for the United States in August was 5.4% while the Rochester area was reported to be 5.1%. Low unemployment translates into more dollars for products, many supplied by Rochester companies.
- non-farm productivity rose 2.7% in the fourth quarter of 2003. If this trend continues in 2004 it will suggest stable prices on U.S.- and Rochester-made products.
- New York State has a fiscally healthier economy compared to prior years, and this may benefit Rochester.
- 2004 is likely to be a more stable year for the Rochester economy; keep in mind that Rochester has not experienced the significant dips that other areas have.
- a \$15 million economic development fund to promote job creation in the Rochester region.

YEAR 2004 ECONOMIC FORECAST

The unemployment rate held steady in Rochester during 2003, dropping slightly from the average of 2002. The average duration of unemployment is nearly 17 weeks, however, an all-time high.

One member of the committee recorded 18 reports of firm expansion while only seven firms have announced declines. As Eastman Kodak is one of the seven, however, the weight of employment announcements is on the negative side. However, Kodak’s generous severance payments enable thousands of former Kodak employees to remain in the community and continue to contribute to the economy.

The attitudes of business firms toward 2004 are generally positive. More than two-fifths of respondents to the Rochester Business Alliance survey (conducted September 18) report that they expect employment to grow in the coming year. Only 11% predict job reductions. The Federal Reserve Bank of New York’s manufacturing index and the M&T Bank survey show similar optimism. Most recently, the Manpower Employment Outlook Survey found that 60% of Rochester firms’ surveyed plan to add jobs in early 2004. Manpower’s survey includes 16,000 employers from across the country. Rochester led the nation in this poll.

Despite the abundance of promising news, announced reductions at Eastman Kodak and a mixed outlook for other major employers persuades the Business Trends Committee that significant growth will be delayed to 2005. The Committee forecasts a stable economy in 2004 with employment growth limited to 0.5%. After a surge of record breaking growth in sales levels at the end of 2003, the Committee expects residential construction and existing home sales to increase. Employment should continue to grow as the national economy expands and key sectors – information technology and telecommunications, in particular – resume their growth trajectory, pulling Rochester along with them.

Described as a “jobless” recovery, steady growth in GDP has only recently begun to have an effect on employment. Quarterly GDP growth may have encouraged economists, but most of the country depends on jobs and paychecks for satisfaction, not favorable statistics. The GDP figures are startling, however: Q3 grew at an annualized rate of 8.4%, the fastest rate of growth since 1984. Productivity growth was estimated to be 9.4%, good news in the long run, although it explains continued weakness in job markets.

The employment picture is showing signs of improvement. New claims for unemployment insurance have fallen to pre-recession levels. Total employment nationwide has expanded for four months in a row. Manufacturers are still shedding jobs, albeit more slowly than in previous months. The widely cited Institute for Supply Management composite manufacturing index has been in expansionary territory for five months and its employment index just edged above the bellwether 50 mark in November.

The tide may be turning in New York State as well. After months of decline, total employment increased at an annualized rate of 1.4% during the month of October after average employment growth of 0.3% during the third quarter (again, at an annualized rate). Of the eleven largest metro areas, five (Rochester included) are still below October 2002 levels yet six are above. While hardly time for celebration, the tide appears to have turned.

Early returns from a RBA survey of exporters are optimistic. While the final results of the survey on international trade will not be available until the first quarter of 2004, a slight majority of respondents indicate that export sales increased in 2003. Also, the number of companies planning to expand is encouraging. For regional Rochester, China continues to be “the hot” market. This bodes well since the Middle East war has caused some retrenchment with European customers.

Another bright spot is the ability of local companies to capture defense contracts. This trend is expected to positively impact export figures for 2003. The Procurement Technical Assistance Center (PTAC) has been assisting in this effort. Local companies captured over 1 million dollars in new federal contract business through the PTAC.

Some sectors demonstrating net growth still experienced retrenchment in 2003. After a burst of growth in 2001, information slid back about 3% by October 2003. Responding to shrinking revenue, Government shed 1,600 positions in 2003 after expanding employment in 2001 and 2002. Only Educational and Health Services grew consistently through the period. This sector has become far more important to the Rochester economy. While manufacturing once employed one in four workers, now this distinction has passed to Educational and Health Services.

Led by the loss of more than 5,000 manufacturing jobs, Rochester's economy shrank in 2003 for the third year running. After decades of steady expansion, the rest of the economy failed to overcome continued manufacturing losses; employment outside manufacturing declined for the second straight year.

Job losses, while most significant in manufacturing, were spread broadly across the economy. Second on the list of shrinking sectors was professional and business services – a group of firms that posted nearly 50% growth during the 1990s.

The recent recession could not have been better aimed in Rochester. The recession of the early 1990s was very different. New York State led the nation into recession during the second half of 1990, losing nearly 600,000 jobs (7%) by mid 1992. Not only was New York the first state to enter the recession, it was also the last to emerge, only regaining lost jobs by mid 1998. New York City lost nearly 11% of its employment base, only returning to pre-recession employment levels in early 1999. Rochester, however, despite losing about 10% of its employment from 1990 to 1992, added enough jobs in 1993 to surpass its pre-recession total. Rochester's strength in business services, information technology, health care and higher education kept the economy strong through the remainder of the 1990s. In addition, Rochester benefitted from its ties to national and international manufacturing. With outsourcing and supply chain management the mantra of big producers, Rochester's business services, information technology and small manufacturing firms were well-positioned to expand their markets both domestically and internationally.

What was an asset in the 1990s swiftly turned to a liability when the nation's manufacturing sector slid in recession, the dot.com bubble burst and a glut of telecommunications capacity savaged the business plans of thousands of telecommunications firms. Rochester's close ties to the manufacturing sector and its investment in IT and telecommunications left it exposed to these collapsing markets. With the international economy also faltering, Rochester firms, with successful export markets, also lost revenue and shed jobs.

2004 ECONOMIC FORECAST:
*Rochester Business Alliance, The Chamber &
Industrial Management Council Business Trends Committee,
January 2004.*

	2002 Annual <u>Average</u>	2003 Jan- Oct. Average <u>(annualized)</u>	2002-03 Percent <u>Change</u>	2004 <u>Forecast</u>	Forecast Rate of <u>Change</u>
RMSA Nonagricultural employment (000)*	534.2	526.8	-1.4	529.0	0.5
Manufacturing (000)*	90.8	85.4	-6.0	84.0	-1.4
Nonmanufacturing (000)*	443.4	441.5	-0.4	445.0	0.9
Monroe County Unemployment Rate*	5.7	5.6	-0.1	5.5	-0.1
Existing Home Sales (closings GRAR region) (000)*	11.0	10.9	-1.0	11.5	5.6
Single Family Building Permits	1,486	1,379	-7.2	1,500	8.8
RMSA Payroll (\$2002 billion)	\$18.1	\$17.7	-1.8	\$18.0	1.6
New Car Sales (1,000)*	41.1	40.5	-1.3	40.5	0.0

*Denotes seasonally adjusted data.

Sources: NYS Department of Labor, Greater Rochester Association of Realtors (GRAR), Rochester Home Builders' Association, Rochester Automobile Dealers Association, CGR.

MAJOR INITIATIVES

Central Business District

Rochester's Center City is continuing its growth and development as the hub of business, government, cultural, sports, entertainment, and educational activities for the entire region.

This development follows the vision of an award winning Center City Master Plan, adopted in 2003, that presents a new way of thinking about a downtown that extends beyond the traditional Inner Loop expressway barrier and focuses on development objectives and design guidelines for its streets, neighborhoods and districts.

The development objectives and design guidelines were a key part of the New Zoning Ordinance adopted for Center City that eliminated complex use regulations that were viewed as unfriendly to development. Economic incentives were put in place such as Empire Zone designation for key properties and a new Commercial Urban Exemption Program that provides tax incentives for those redeveloping the older buildings in Center City.

The private market and public investment has responded with more than \$190 million of new investments in Center City being initiated in the last two years, not mentioning the \$190 million estimated cost of the Renaissance Square project. These investments range from the Capron South Lofts and Corn Hill Landing new housing units in the Riverfront District; the Sagamore on East, Gibbs Street and two East End housing developments in the East End District; the Michaels Stern and Temple Building housing conversions in the Main Street District; Xerox Square and Andrews Street office renovation in the Main Street and Tower Districts; Culture and entertainment investments at the Strong Museum, Eastman Theater and Soccer Stadium; and the reconstruction of the I-490 Bridge as a dynamic suspension bridge symbolizing the Highway and Waterway gateway to Center City.

Demand for new market-rate residential units in Downtown is strong. The success of such projects is the upper-income Symphony Terrace Townhomes, the 77-unit Chevy Place, and a work-live loft in the Cascade District has spurred a renaissance in downtown living. The Temple Building, located in the core downtown area, continues conversion of vacant upper floor Class B offices into high-end loft units. The units are leased as soon as they are introduced on the market. The Temple Building has decided to convert additional vacant floors to accommodate the demand. Almost half of the 23 luxury condominiums units at the Sagamore on East, located in the heart of the Cultural District, were sold before construction on the building ever began. Several of the units have sold for more than \$600,000. Numerous other residential projects have met with similar success and the numbers of new projects being proposed continue to grow.

Additional cultural, entertainment, educational, and recreational improvements include completion of renovation and expansion of the War Memorial Auditorium, home of the Rochester Americans professional hockey, and Knighthawks Indoor Lacrosse teams, Frontier Field, home of the Rochester Red Wings professional baseball team as well as the interim home for the Rochester Raging Rhinos professional soccer team who recently broke ground for a new stadium to be built near Frontier Field. Additional improvements include a new Rochester Public Library, continuing expansion for GeVa, a professional theater company, renovation and expansion of the Little Theater from two screens to five screens, and major expansion of the Strong Museum (a major children/family attraction).

Working in cooperation with several major Rochester businesses, the City continues to grow a major entertainment district around the 90-foot High Falls of the Genesee River. The area is near Frontier Field, and features specialty restaurants including the Center at High Falls nightclub, and the Triphammer Grill, as well as an Urban Cultural Park Interpretive Center, and a public plaza area that serves as the City's festival site. Attendance at High Falls attractions continues to increase. This area, along with the East End and St. Paul Quarter entertainment districts, is making the Center City a premier entertainment destination.

The continued strong investment in the Center City of Rochester being made by major corporations such as Eastman Kodak, Xerox, Bausch & Lomb, Frontier Corporation, Chase Bank, HSBC Bank, IBM, Blue Cross and Blue Shield, and many other firms, indicates that the business community believes that downtown Rochester is the best place to conduct business in the Rochester region.

Industrial Development

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:

1. The 27 acre Cumberland Industrial Park is 90% developed with one site available. To date, the project has generated new investment of nearly \$13 million and the creation or retention of 790 jobs.
2. The remaining parcels in the High Falls Business Park are being sold to the Rochester Rhinos, a professional soccer team. They will construct a new stadium resulting in 80 new jobs and an investment of over \$20 million.
3. The 38 acre Rochester Science Park is a high technology, campus-style office and research facility located in southeast Rochester. The City constructed the access road and utilities, and 56% of the park is occupied. To date Rochester Science Park has created or retained 391 permanent jobs. Private investment in land purchase, plant facilities, machinery and equipment is estimated at approximately \$18.7 million.
4. The 40 acre Holleder Technology Park is fully occupied by six companies: Advent Tool & Mold Company, Inc., Apollo Tool & Die, Inc., Mercury Print Production, Inc., Monro Muffler Brake, Electronic Media Solutions, and AJL Manufacturing. Total investment in plant and equipment for the Holleder Technology Park is in excess of \$31 million and with 893 jobs created or retained.
5. Four parcels have been sold and now house 42,000 square feet of facilities in the 14621 Industrial Park. Total investment is approximately \$2.3 million with 80 jobs created or retained.
6. The Outer Loop Industrial Park is now fully occupied with the last two parcels being sold. The first, a 12.5 acre parcel, will house a 135,000 square foot steel processing facility. The second will house a 32,000 manufacturing facility. Total impact of these projects is over \$15 million and 200 jobs.

Since January 1, 1994, the City of Rochester's Economic Development Department has arranged for over \$57 million in financing for small, medium and large sized firms. Total investment in industrial and commercial projects in this period is over \$595 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 \$246.9 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 06/30/05
Residential neighborhoods	\$246.9
Business development	64.6
Urban renewal completion	12.6
Planning, management and administration	<u>48.2</u>
TOTAL	<u>\$372.3</u>

Rochester's Consolidated Community Development Program, which began in July, 1975, is a major source of funds for the City's revitalization efforts. The original Community Development Program was established as a result of the Federal Housing and Community Development Act of 1974 and revised in 1995 to incorporate all housing related plans and programs in a Consolidated Community Development Program. The amount of the annual grant is determined by a statutory formula that uses several objective measures of community need.

The 2004-05 Program is based on the "Neighbors Building Neighborhoods" and the "Rochester 2010 - Renaissance Plan" planning processes. As a result of these planning processes, and many community meetings, a vision for Rochester in the 21st Century was developed envisioning the City as experiencing a "Renaissance of Responsibility, Opportunity and Community."

The goals of the 2004-05 Program focus on the provision of decent housing, a suitable living environment and expanded economic opportunities for all our citizens.

In support of these goals, the objectives and dollar allocations of the \$20.0 million program are:

- Support the Neighbors Building Neighborhoods process engaging citizens in renewing our community and implementing the Renaissance Plan (\$962,000).
- Promote economic stability, job creation and development by encouraging private investment in neighborhood commercial, service, manufacturing and wholesale activities and improve the accessibility of City residents to existing and newly created economic opportunities (\$3,934,000).
- Improve the housing stock and general property conditions through rehabilitation assistance and new home construction, primarily for low and moderate-income owner-occupants and renters, as well as property code enforcement and blight removal (\$11,981,000).
- Respond to general community needs by providing and leveraging resources to improve the efficiency, quality and access to existing services with a particular focus on the homeless, early childhood education, neighborhood safety and effective use of community facilities (\$2,363,000).

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 homes. Since its inception in 1993, this initiative has:

- 1) addressed 4,031 vacant houses through either demolition (1,741) or rehabilitation/reoccupation programs (2,290), and
- 2) created 444 new single-family homes for owner-occupants.

Since June 1994, there have been 796 affordable rental units added to the inventory and an additional 551 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.

Major tourism projects that have impacted the growth of jobs in the City, and will encourage the creation of new jobs in the future, include:

- Continuous development of the “High Falls, St. Paul Quarter and East End Entertainment Districts” with the opening of a micro-brewery, restaurants, coffee shops, entertainment businesses, and office buildings, new housing and community festivals adjacent to the Falls and on the streets of the East End;
- Continued waterfront development with completion of a major navigation improvement project by the U. S. Army Corps of Engineers at the Charlotte River Harbor, and over \$40 million in other area improvements including new roads, parking, and a world class passenger terminal facility;
- A fast ferry auto/passenger service between Rochester and Toronto began in June 2004 with over 25,000 passengers in its first month operation;
- Continued success of the Frontier Field outdoor sports facility adjacent to Downtown and the High Falls District hosting professional baseball, soccer, lacrosse and other events and ground breaking for a new nearby soccer stadium;
- Completion of a \$37.5 million renovation to the Blue Cross Arena at the War Memorial expanding its attractiveness to professional hockey and lacrosse as well as major touring events;
- Construction underway by the City, the State Thruway Authority, and a private developer of a \$15 million canal harbor improvement project and residential/commercial center adjacent to Downtown on the Erie Canal, known as the “Cornhill Landing” development.

An estimated 1,550,000 visitors traveled to Rochester and Monroe County in the year 2003. This indicates the strong draw of the area as a destination for corporate travel, and attendance at scheduled meetings, conventions, and tourist attractions. During their stay, they spent \$246 million in area hotels, restaurants, museums event venues, and retail stores. In recent years Rochester has hosted such events as the 2000 World Canal Conference and the American Association of Physics Teachers, NYS School Boards and NYS Nurses Associations and the NYS School of Music Association conventions. Upcoming events each expecting more than 3,000 attendees include: the Optical Society of America, New York School Music Association, National Association of College Admissions Administrators and New York State United Teachers Conference. The community continues its highly regarded reputation as a key professional golf tournament stop with a yearly LPGA stop, the Wegmans Rochester International, and the 2003 PGA championship which drew over 56,000 spectators.

The Rochester Riverside Convention Center continues to play a vital role in encouraging the growth of tourism locally. The Convention Center was host to 385 conventions, trade shows and other events in fiscal year 2003-2004 with an estimated economic impact of \$31 million. Following is a breakdown of the type of event and attendance.

ROCHESTER RIVERSIDE CONVENTION CENTER

<u>Event Type</u>	<u>Number Held</u>	<u>Attendance</u>
Public shows	26	81,278
Conventions	12	39,138
Meetings	62	19,472
Conventions with Trade Shows	12	53,940
Trade shows	5	4,879
Miscellaneous	<u>268</u>	<u>113,973</u>
	<u>385</u>	<u>312,680</u>

Future Plans

The City of Rochester's Comprehensive Plan – Rochester 2010: The Renaissance Plan – was adopted by City Council on April 13, 1999. It is the product of a community-based planning process and is structured around eleven integrated "Renaissance Campaigns" which are: 1. Involved Citizens, 2. Educational Excellence, 3. Health, Safety, and Responsibility, 4. Environmental Stewardship, 5. Regional Partnership, 6. Economic Vitality, 7. Quality Service, 8. Tourism Destination, 9. Healthy Urban Neighborhoods, 10. Center City, and 11. Arts & Culture. Through strategies and priorities updated every twenty-four months, the Renaissance 2010 Plan guides the direction of the City's budget and development activities with over \$2 Billion invested in the plans initiated to date. (More information on the Renaissance 2010 Plan is available on the City's web site at www.cityofrochester.gov)

Major initiatives outlined in the Renaissance Plan Campaign for the next two years include:

- Continuing expansion of market rate new housing development opportunities in the Center City and neighborhoods.
- Collaboration with the Housing Authority on the upgrading of obsolete and vacant public housing sites.
- Expanding the City's waterfront revitalization plan and development opportunities to include the South River Corridor and Erie Canal.
- Collaborating with the University of Rochester to capture new business development opportunities emerging from their world class research facilities.
- Expanding collaborative partnerships with adjoining municipalities to market/promote shared assets and to share municipal services.
- Collaboration with the business community in a major campaign to market and promote the Region (and City) is a desirable place for living and business.
- Collaboration with citizen and business groups and the Community Design Center to establish revitalization plans for neighborhood village centers throughout the City.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City's financial management believes its internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. An evaluation of the internal accounting controls during the City's annual independent audit disclosed no material weakness in the internal control structure.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual budget adopted by City Council. A total expenditure budget is appropriated based on projected revenues, and all non-capital appropriations lapse at fiscal year end. The budget is adopted on a departmental basis and expenditures may not exceed appropriations on a departmental level. Budgetary control is maintained by the encumbrance of funds prior to the release of purchase orders to vendors.

Financial Position

The *Management Discussion and Analysis* section included as part of the Financial Section of this report provides a narrative introduction, overview, and analysis of the June 30, 2004 financial statements of the City of Rochester. The information provided includes a discussion of the basic financial statements, condensed comparative data, overall analysis, fund analysis, highlights of major revenue and expense variances, a summary of capital assets and long-term debt activity, and infrastructure data.

Debt Administration

The City of Rochester 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.

As of June 30, 2004, the City and the School District had \$269,381,000 of authorized, outstanding general obligation bonds and \$74,735,000 of outstanding bond anticipation notes (net of bond proceeds available to redeem notes). The City's authorized but unissued general obligation bonds amounted to \$24.1 million.

The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the City's debt position. As of June 30, 2004, the City had \$247,203,207 of net bonded debt. The ratio of net bonded debt to assessed value was 5.22%, and the net bonded debt per capital equaled \$1,125.

The City has maintained its A2 rating on general obligation bond issues from Moody's Investors Service, Inc. and AA from Standard and Poor's Corporation.

Cash Management

The City of Rochester's investment policy is to maximize earnings from idle cash not immediately needed for expenditure, while ensuring liquidity and safety of investments. Types of investments are restricted by New York State law, and include time deposits, certificates of deposit, obligations of the U.S. Government and its agencies, and New York State and its municipalities. Earnings potential is enhanced by clearing all checks through a zero balance checking account, taking full advantage of the float on outstanding checks. The City also uses an on-line bank account reporting system to track the status of the City bank accounts.

Earnings on all investments of City and School District funds decreased from \$3.4 million in fiscal 2003 to \$3.1 million in fiscal 2004, primarily due to the decline in interest rates. The average yield on investments decreased from 1.57% in 2003 to 1.06% in 2004.

Risk Management

The City has been fully self-insured for all workers' compensation and general liability for over twenty-five years. Workers' compensation claims are funded from a liability reserve in the General Fund. General liability claims are funded from yearly contributions made to a Claims Settlement Internal Service Fund. The amount available in the Claims Settlement Fund as of June 30, 2004 was \$14,654,000. Insurance companies administering the programs determine the estimates of future reserves for both workers' compensation and general liability claims.

Workers' compensation loss control is managed by a Safety Committee comprised of City employees, and an independent contractor reporting to the Employee Safety Coordinator. An Advisory Committee of insurance industry representatives monitors the effectiveness of both the workers' compensation and general liability program. In addition, the City provides hospitalization, medical, dental, long-term disability, and life insurance through various insurance companies and these programs are administered by the Director of Human Resource Management.

INDEPENDENT AUDIT

The Charter of the City of Rochester, New York requires an independent audit of the books of accounts, records, and transactions of all administrative departments of the City by independent certified public accountants. The firm of Deloitte & Touche LLP was selected to conduct this audit. In addition, the audit was designed to meet the requirements of the Federal Single Audit Act of 1996. The report of independent accountants on the basic financial statements and combining and individual statements and schedules is included in the financial section of this report. The auditors' reports related to the single audit are included in the Single Audit Section.

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, 2003. This was the twentieth 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,



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, 2003

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



President

Executive Director

CITY OF ROCHESTER, NEW YORK
MAYOR AND CITY COUNCIL OFFICIALS

William A. Johnson, Jr., Mayor

Lois J. Giess (East District), President

Gladys Santiago (At-Large), Vice-President



Brian F. Curran (At-Large)

Benjamin L. Douglas (Northeast District)

Tim O. Mains (At-Large)

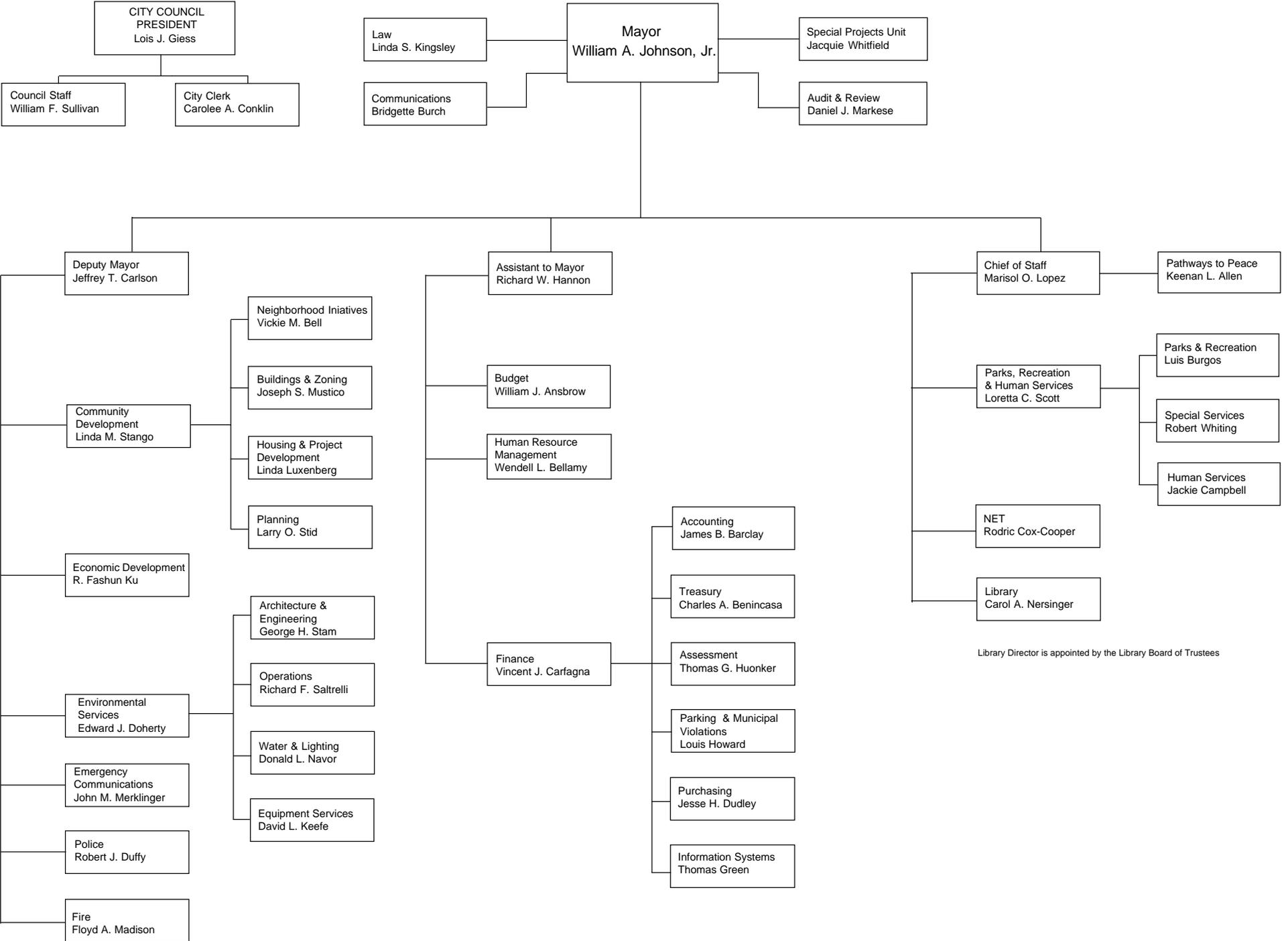
Adam C. McFadden (South District)

William F. Pritchard (At-Large)

Wade S. Norwood (At-Large)

Robert J. Stevenson (Northwest District)

MANAGEMENT CHART



Library Director is appointed by the Library Board of Trustees

CITY OF ROCHESTER, NEW YORK

LIST OF CITY DEPARTMENTS AND BUREAUS

Mayor.....	William A. Johnson, Jr.
Deputy Mayor	Jeffrey T. Carlson
Assistant to Mayor	Richard W. Hannon
City Clerk	Carolee A. Conklin
City Council Staff	William F. Sullivan
Audit and Review.....	Daniel J. Markese
Budget	William J. Ansbrow
Communications.....	Bridgette Burch
Chief of Staff.....	Marisol O. Lopez
Human Resource Management.....	Wendell L. Bellamy
Pathways to Peace.....	Keenan L. Allen
Neighborhood Empowerment Team (NET)	Rodric Cox-Cooper
Special Projects Unit	Jacquie Whitfield
Community Development	Linda M. Stango
Neighborhood Initiatives	Vickie M. Bell
Buildings and Zoning	Joseph S. Mustico
Housing & Project Development.....	Linda Luxenberg
Planning.....	Larry O. Stid
Economic Development.....	R. Fashun Ku
Environmental Services.....	Edward J. Doherty
Engineering	George H. Stam
Equipment Services.....	David L. Keefe
Operations	Richard F. Saltrelli
Water	Donald L. Navor
Finance	Vincent J. Carfagna
Accounting.....	James B. Barclay
Assessment	Thomas G. Huonker
Information Systems.....	Thomas Green
Parking Violations.....	Louis Howard
Purchasing.....	Jesse H. Dudley
Treasury	Charles A. Benincasa
Fire	Floyd A. Madison
Law	Linda S. Kingsley
Library.....	Carol A. Nersinger
Office of Emergency Communications	John M. Merklinger
Parks, Recreation, and Human Services.....	Loretta C. Scott
Human Services	Jackie Campbell
Parks & Recreation.....	Luis Burgos
Police.....	Robert J. Duffy

Financial Section

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rochester, New York, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes 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 respective financial statements referred to above present fairly, in all material respects, the respective statement of net assets or financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Rochester, New York, as of June 30, 2004, and the respective changes in financial position (and respective cash flows, where applicable) and its budgetary comparison thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis listed in the foregoing table of contents is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. This supplementary information is the responsibility of the management of the City of Rochester, New York. 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 express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements taken as a whole. The combining fund statements listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City of Rochester, New York. The accompanying schedule of expenditures of federal awards as listed in the table of contents 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. These financial statements and schedules are also the responsibility of the management of the City of Rochester, New York. Such additional information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

The statistical data, the Schedule of Expenditures of NYS and Other Awards and Summary of Financial Assistance as listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City of Rochester, New York. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2004, on our consideration of the City of Rochester's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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.



September 17, 2004

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, 2004. 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, 2004.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$734,667 (*net assets*). Of this amount, \$46,284 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$14,271 primarily due to increases in governmental capital assets funded from capital projects funds, and from state and federal grants.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$119,371, an increase of \$20,851 in comparison with the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$3,868, or 1.1% of total general fund expenditures.
- The City's total outstanding debt (net of notes refinanced as bonds) increased by \$2,203 (1.2%) during the current fiscal year.

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, the public market, and a port operation at Lake Ontario.

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 for which the City of Rochester is financially accountable. Financial information for this *component unit* 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, 2004, 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 Basic 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, Public Market, and Port operations. 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, and Refuse 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. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of *combining statements* elsewhere in this report.

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 and proprietary 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 exceed liabilities by \$734,667 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	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 320,472	\$ 273,645	\$ 25,464	\$ 25,735	\$ 345,936	\$ 299,380
Capital assets	492,525	470,131	233,531	238,819	726,056	708,950
Total assets	812,997	743,776	258,995	264,554	1,071,992	1,008,330
Long-term liabilities outstanding	181,719	126,384	79,682	83,435	261,401	209,819
Other liabilities	72,636	75,012	3,288	3,103	75,924	78,115
Total liabilities	254,355	201,396	82,970	86,538	337,325	287,934
Net assets:						
Invested in capital assets, net of related debt	391,222	372,737	157,049	157,992	548,271	530,729
Restricted	124,241	122,987	15,871	14,851	140,112	137,838
Unrestricted	43,179	46,656	3,105	5,173	46,284	51,829
Total net assets	\$ 558,642	\$ 542,380	\$ 176,025	\$ 178,016	\$ 734,667	\$ 720,396

An additional portion of the City's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$46,284) 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 increased by \$14,271 primarily due to a \$17,106 increase in governmental capital assets (net of depreciation expense). The net of other changes to net assets was \$2,835.

Governmental activities. Governmental activities increased the City's net assets by \$16,262, accounting for most of the increase in total net assets. Key elements of this increase are as follows:

City of Rochester's Changes in Net Assets

(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 50,647	\$ 48,812	\$ 60,051	\$ 58,580	\$ 110,698	\$ 107,392
Operating grants and contributions	35,116	44,557	-	-	35,116	44,557
Capital grants and contributions	24,035	16,204	-	17	24,035	16,221
General revenues:						
Property taxes	130,602	125,895	1,895	1,410	132,497	127,305
Sales and other taxes	146,375	143,159	933	844	147,308	144,003
Government aid	62,097	61,699	31	117	62,128	61,816
Other	3,686	4,515	1,565	1,483	5,251	5,998
Total revenues	452,558	444,841	64,475	62,451	517,033	507,292
Expenses:						
General government	60,241	43,950	-	-	60,241	43,950
Police	84,091	76,955	-	-	84,091	76,955
Fire	51,688	49,210	-	-	51,688	49,210
Emergency communications	10,523	9,834	-	-	10,523	9,834
Transportation	24,937	26,265	-	-	24,937	26,265
Environmental services	20,376	19,692	-	-	20,376	19,692
Parks & recreation	18,516	18,958	-	-	18,516	18,958
Library	11,148	11,356	-	-	11,148	11,356
Community & economic development	30,039	43,275	-	-	30,039	43,275
Interest on long term debt	3,921	4,162	-	-	3,921	4,162
Allocation to school district	126,100	126,100	-	-	126,100	126,100
Water	-	-	24,950	23,583	24,950	23,583
War memorial	-	-	3,455	3,426	3,455	3,426
Parking	-	-	6,450	6,821	6,450	6,821
Cemetery	-	-	2,285	2,060	2,285	2,060
Public market	-	-	618	672	618	672
Refuse	-	-	23,424	20,322	23,424	20,322
Port	-	-	-	8	-	8
Total expenses	441,580	429,757	61,182	56,892	502,762	486,649
Excess of revenues over expenses	10,978	15,084	3,293	5,559	14,271	20,643
Transfers	5,284	4,678	(5,284)	(4,678)	-	-
Increase in net assets	16,262	19,762	(1,991)	881	14,271	20,643
Net assets - beginning	542,380	522,618	178,016	177,135	720,396	699,753
Net assets - ending	\$ 558,642	\$ 542,380	\$ 176,025	\$ 178,016	\$ 734,667	\$ 720,396

Prior year expenses for capital assets have been reclassified to facilitate more meaningful year-to-year comparison.

Revenue from charges for services increased by \$1,835, primarily from a \$612 increase in the reimbursements for emergency communications services, a \$479 increase in the reimbursements for police services, a \$407 increase in property sales, and a \$378 increase in license and permit fees. These increases were in part offset by a \$41 reduction in other charges for services.

Revenue from operating grants and contributions for community and economic development projects decreased by \$9,441. Pass-through revenue of \$6,600 received for the Fast Ferry was a one-time event in fiscal 2003. There was also a reduction in revenue for the following loan programs: \$1,000 in the Home Program, \$1,000 in the 108 Loan Program, and \$1,302 in the Economic

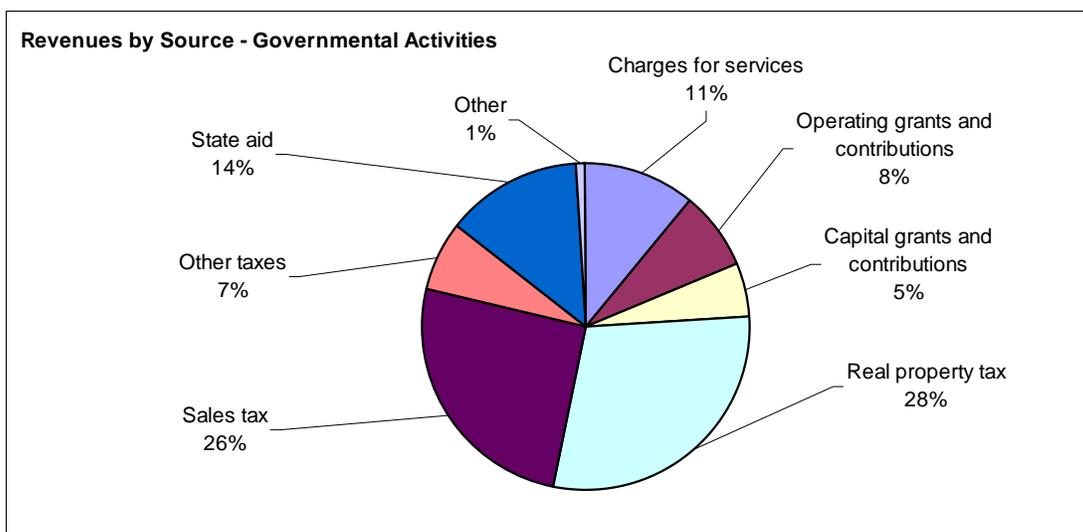
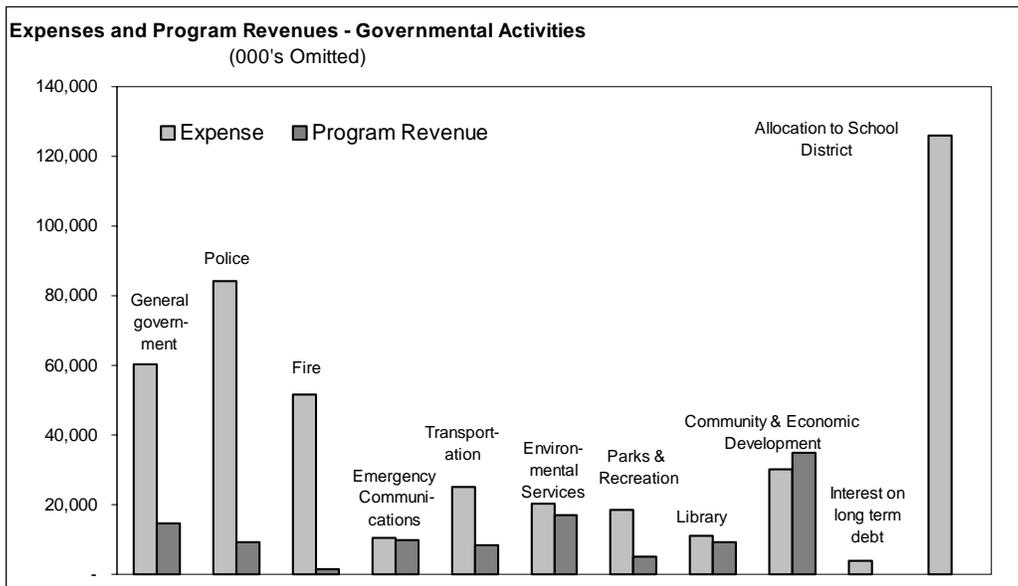
Development Initiative Program. The net of other operating grants and contributions revenue changes resulted in offsetting increases of \$461.

The increase of \$7,831 in governmental activities capital grants and contributions reflect an overall growth in infrastructure improvement projects. The major component of this increase was the \$7,444 investment in the Port of Rochester and the Fast Ferry terminal.

The increase of \$4,707 in governmental activities property taxes is due to an increase in the levy, net of uncollected.

An increase of \$3,936 in sales tax was partly offset by a \$380 decline in revenue from utility gross receipts and a \$334 decline in supplemental property tax. These changes, combined with \$6 of other reductions, resulted in the overall increase of \$3,216 in the sales and other taxes category.

Other revenues declined by \$829 principally due to a \$320 decline in workers' compensation refunds, a \$205 decline in interest earnings, and declines in other miscellaneous categories that accumulated to \$304.



General government expenses increased by \$16,291 resulting principally from \$6,126 in uncapitalized equipment purchases, a \$3,530 rise in payouts from the general liability insurance fund, a \$2,204 increase in pension liability, and a \$1,553 increase in workers' compensation expenses. Other miscellaneous cost increases totaled \$2,878.

Expenses for the Police Department increased \$7,136, primarily as a result of a \$3,634 rise in fringe benefit costs, and a \$1,656 increase in overtime costs. Other changes, including a 3% rise in police officer wage rates, netted to an increase of \$1,846.

Expenses for the Fire Department increased \$2,478, chiefly due to a \$2,087 rise in fringe benefit costs, a \$928 in wage settlement, and \$528 in additional overtime costs. These increases were partially offset by \$599 in savings from vacancies and personnel reductions, and training costs that were lower by \$354. Other expense changes netted to a reduction of \$112.

Expenses for Transportation decreased by \$1,328, due to reduced wage and contract costs for snow and ice control.

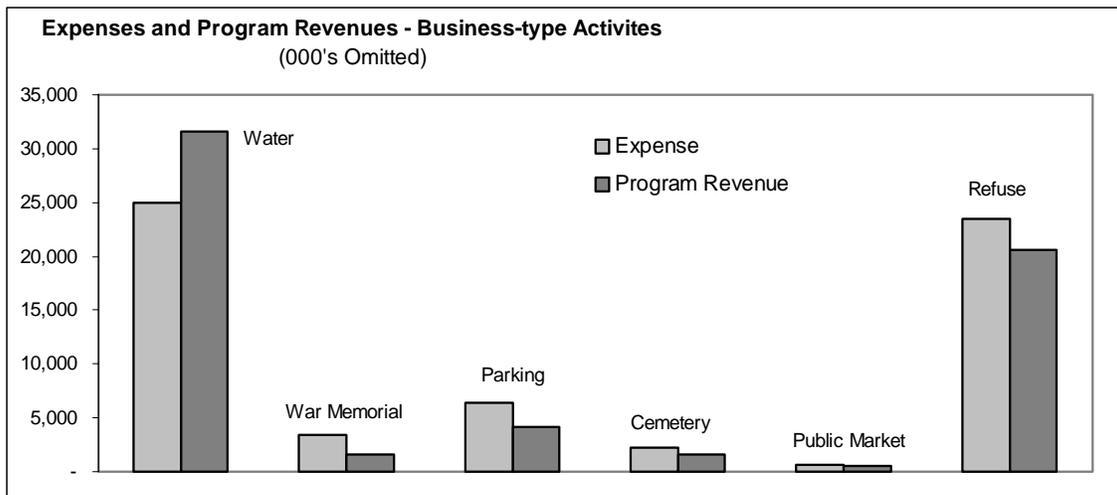
The decrease of \$13,236 in community and economic development expenses is mainly due to one-time events in fiscal 2003, which included a \$5,000 loan to the High Falls Brewery, and \$6,600 pass-through loan for the Fast Ferry. Also, with disbursements for the HUD ACA home purchase program temporarily on hold, federal project expenditures were down \$2,425. Other expense changes in this category netted to slightly offsetting increases of \$789.

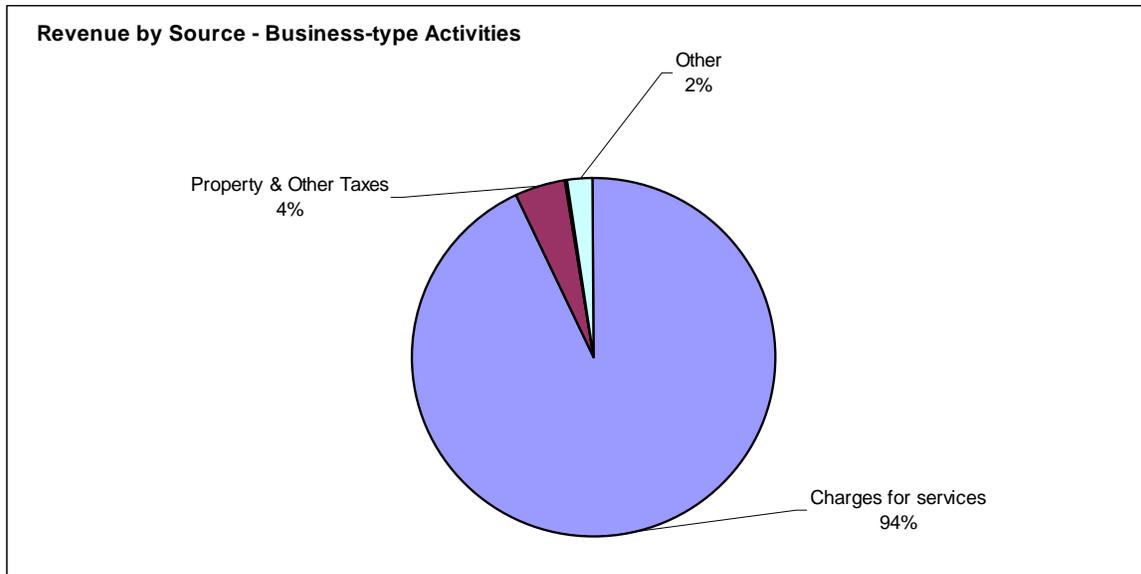
Business-type activities. Business-type activities decreased the City's net assets by \$1,991, chiefly due to a \$2,266 drop in excess of revenues over expense.

Revenue for all Business-type activities increased by \$2,024: charges for services increased by \$1,471 and property tax subsidies increased \$485. Other business-type revenue changes netted to a \$68 increase.

Expenses for Water increased by \$1,367, due to a \$794 increase for materials and supplies, a \$193 increase in depreciation expense, as well as increases in wage and employee benefit costs.

The \$3,102 increase of refuse collection was a result of \$1,725 spent for the replacement of toters, a \$322 increase in equipment maintenance costs, and increases in wage rates and employee benefit costs.





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 \$119,371, an increase of \$20,851 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 — \$43,741, 2) to pay debt service — \$56,032, and 3) for a variety of other restricted purposes — \$3,181. The unreserved portion of fund balance includes: \$3,737 of general fund money designated for use in fiscal 2004-05, and \$3,868 of general fund money available for use in fiscal 2005-06, \$9,200 designated in special revenue funds, and \$5,684 in the cemetery perpetual care fund. However, these balances are offset by greater deficit balances in the capital projects funds, which are short-term in nature and will be eliminated when bond anticipation notes are converted to bonds. The result is a total unreserved fund surplus for all governmental funds — \$16,417.

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 \$7,605 while total fund balance reached \$18,017. 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 \$558 during the current fiscal.

Debt service fund. The debt service fund has a total fund balance of \$56,032, all of which is reserved for the payment of debt service. The \$2,107 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 (\$3,359), plus \$1,109 in interest earnings, as well as \$143 in other revenues.

General capital projects. The 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 \$35,916, of this \$13,906 was encumbered for contracts underway, and \$22,010 was designated for subsequent years' expenditures.

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 (\$6,991). This negative fund balance is the result of \$8,128 encumbered for contracts underway less the (\$15,119) 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 \$5,755 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 \$176,025. The change in net assets between 2003 and 2004, which totaled to a \$1,991 decrease, were as follows: the water fund increased by \$3,447, the parking fund decreased by \$2,274, the war memorial fund decreased by \$141, the refuse fund decreased by \$2,804, and the nonmajor enterprise funds decreased by \$219.

Unrestricted net assets of the Major and Nonmajor enterprise funds at the end of the year totaled \$3,105 and breakdown as follows: Water — \$2,093, Parking — (\$274), War Memorial — \$25, Refuse — \$731, and Nonmajor Funds — \$530.

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 \$14,654. This represents a decrease of \$508, resulting from the settlement of claims against the City.

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, 2004, amounted to \$726,056 (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 total increase in the City's investment in capital assets for the current fiscal year was 2.4 percent (a 4.7 percent increase for governmental activities and a 2.2 percent decrease for business-type activities).

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

- The project for the planning and implementing reconstruction of the Fast Ferry Terminal Facilities continued with construction in progress costs of \$10,923
- The project for the planning and implementing reconstruction of the Erie Harbor-East River Retaining Wall continued with construction in progress costs of \$5,345,
- Several projects for the construction and reconstruction of certain streets and water mains were begun during the past fiscal year, and
- Recognition of \$27,813 depreciation expense.

City of Rochester's Capital Assets							
Net of Depreciation (000's Omitted)							
	Governmental activities		Business-type activities		Total		
	2004	2003	2004	2003	2004	2003	
Land	\$ 20,881	\$ 20,367	\$ 10,336	\$ 10,814	\$ 31,217	\$ 31,181	
Buildings	79,251	76,045	103,502	107,853	182,753	183,898	
Improvements other than buildings	5,136	3,444	101,855	98,508	106,991	101,952	
Machinery and equipment	21,725	22,689	10,060	10,410	31,785	33,099	
Infrastructure	339,440	323,720	-	-	339,440	323,720	
Construction in progress	26,092	23,866	7,778	11,234	33,870	35,100	
Total	\$ 492,525	\$ 470,131	\$ 233,531	\$ 238,819	\$ 726,056	\$ 708,950	

Long-term debt. The City's outstanding debt (net of notes refinanced as bonds, which will mature in the subsequent fiscal year) on June 30, 2004 was \$180,424, an increase of \$2,203 (or 1.25 percent) over the prior year. This measure of debt increased in governmental activities by \$15,945 while it declined in Business-type activities by \$13,742.

City of Rochester's Outstanding Debt							
(000's Omitted)							
	Governmental activities		Business-type activities		Total		
	2004	2003	2004	2003	2004	2003	
General obligation bonds	\$ 66,260	\$ 42,942	\$ 70,104	\$ 67,488	\$ 136,364	\$ 110,430	
Bond anticipation notes	82,043	54,452	6,378	13,339	88,421	67,791	
Total	148,303	97,394	76,482	80,827	224,785	178,221	
Less: Notes refinanced as bonds which mature in the subsequent fiscal year	34,964	-	9,397	-	44,361	-	
Outstanding debt, net of notes that have been refinanced	\$ 113,339	\$ 97,394	\$ 67,085	\$ 80,827	\$ 180,424	\$ 178,221	

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 as of fiscal year end was \$431 million, which was \$122.4 million above the City's net indebtedness.

More detailed information on the City's capital assets and long-term debt activity is provided 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 21% of total nonagricultural employment in the Rochester Metropolitan Area, as compared to the national level of 18%. 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, 109A City Hall, 30 Church Street, Rochester, NY 14614.

Basic Financial Statements

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2004 (000's Omitted)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School District
ASSETS				
Cash and cash equivalents	\$ 172,596	\$ 2,861	\$ 175,457	\$ 67,899
Investments	66	-	66	-
Receivables (net of allowance for uncollectibles):				
Accounts	54,777	16,240	71,017	2,850
Taxes	16,476	-	16,476	-
Due from other governments	78,713	360	79,073	48,841
Prepaid expenditures	-	-	-	2,476
Interfund balances	(2,156)	2,156	-	-
Inventory, at cost	-	-	-	325
Restricted assets:				
Cash and cash equivalents	-	3,847	3,847	-
Capital assets (net of accumulated depreciation):				
Land	20,881	10,336	31,217	17,471
Buildings	79,251	103,502	182,753	266,715
Machinery and equipment	21,725	10,060	31,785	8,551
Improvements other than buildings	5,136	101,855	106,991	-
Infrastructure	339,440	-	339,440	-
Construction in progress	26,092	7,778	33,870	70,251
Total assets	<u>812,997</u>	<u>258,995</u>	<u>1,071,992</u>	<u>485,379</u>
LIABILITIES				
Accounts payable and accrued liabilities	19,477	2,090	21,567	26,133
Accrued interest payable	1,585	1,153	2,738	-
Due to other governments	25,901	-	25,901	7,130
Due to component unit	747	-	747	-
Deferred revenue	24,926	45	24,971	23,382
Noncurrent liabilities:				
Due within one year	118,668	15,615	134,283	60,894
Due within more than one year	63,051	64,067	127,118	164,036
Total liabilities	<u>254,355</u>	<u>82,970</u>	<u>337,325</u>	<u>281,575</u>
NET ASSETS				
Invested in capital assets, net of related debt	391,222	157,049	548,271	210,731
Restricted for:				
Capital projects	56,770	13,254	70,024	-
Debt service	56,032	2,617	58,649	-
Community development	5,755	-	5,755	-
Cemetery perpetual care	5,684	-	5,684	-
Unrestricted	43,179	3,105	46,284	(6,927)
Total net assets	<u>\$ 558,642</u>	<u>\$ 176,025</u>	<u>\$ 734,667</u>	<u>\$ 203,804</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, 2004 (000's Omitted)**

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit School District
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 60,241	\$ 7,248	\$ 155	\$ 7,282	\$ (45,556)	\$ -	\$ (45,556)	\$ -
Police	84,091	6,829	2,328	-	(74,934)	-	(74,934)	-
Fire	51,688	888	598	-	(50,202)	-	(50,202)	-
Emergency communications	10,523	9,902	-	-	(621)	-	(621)	-
Transportation	24,937	844	-	7,566	(16,527)	-	(16,527)	-
Environmental services	20,376	16,989	-	-	(3,387)	-	(3,387)	-
Parks & recreation	18,516	2,117	2,946	-	(13,453)	-	(13,453)	-
Library	11,148	2,207	7,036	-	(1,905)	-	(1,905)	-
Community & economic development	30,039	3,623	22,053	9,187	4,824	-	4,824	-
Interest on long-term debt	3,921	-	-	-	(3,921)	-	(3,921)	-
Allocation to school district	126,100	-	-	-	(126,100)	-	(126,100)	-
Total governmental activities	441,580	50,647	35,116	24,035	(331,782)	-	(331,782)	-
Business-type activities:								
Water	24,950	31,603	-	-	-	6,653	6,653	-
War memorial	3,455	1,595	-	-	-	(1,860)	(1,860)	-
Parking	6,450	4,156	-	-	-	(2,294)	(2,294)	-
Cemetery	2,285	1,573	-	-	-	(712)	(712)	-
Public market	618	533	-	-	-	(85)	(85)	-
Refuse	23,424	20,589	-	-	-	(2,835)	(2,835)	-
Port of Rochester	-	2	-	-	-	2	2	-
Total business-type activities	61,182	60,051	-	-	-	(1,131)	(1,131)	-
Total primary government	\$ 502,762	\$ 110,698	\$ 35,116	\$ 24,035	\$ (331,782)	\$ (1,131)	\$ (332,913)	\$ -
Component unit:								
Public school system	\$ 520,598	\$ 14,808	\$ 121,460	\$ -	\$ -	\$ -	\$ -	\$ (384,330)
General revenues:								
Property taxes					\$ 130,602	\$ 1,895	\$ 132,497	\$ -
Sales taxes					115,501	-	115,501	-
Other taxes					30,874	933	31,807	-
Governmental aid					62,097	31	62,128	278,108
Investment earnings					2,087	242	2,329	1,955
Allocation to school district					-	-	-	126,100
Miscellaneous					1,599	1,323	2,922	2,956
Transfers					5,284	(5,284)	-	-
Total general revenues and transfers					348,044	(860)	347,184	409,119
Change in net assets					16,262	(1,991)	14,271	24,789
Net assets-beginning					542,380	178,016	720,396	179,015
Net assets-ending					\$ 558,642	\$ 176,025	\$ 734,667	\$ 203,804

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, 2004 (000's Omitted)**

			Capital Projects		Special Revenue	Nonmajor	Total
	General	Debt Service	General	Trans- portation	Community Development	Governmental Funds	Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 20,012	\$ 96,612	\$ 4,336	\$ 6,987	\$ 7,127	\$ 23,366	\$ 158,440
Investments	-	-	-	-	66	-	66
Receivables (net of allowance for uncollectibles):							
Accounts	3,861	-	176	-	41,449	9,166	54,652
Taxes	11,769	-	-	-	-	190	11,959
Due from other governments	47,579	-	7,198	2,943	101	11,292	69,113
Due from other funds	23,742	7,167	33,590	3,639	-	4,043	72,181
Total assets	<u>\$ 106,963</u>	<u>\$ 103,779</u>	<u>\$ 45,300</u>	<u>\$ 13,569</u>	<u>\$ 48,743</u>	<u>\$ 48,057</u>	<u>\$ 366,411</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 23,590	\$ -	\$ 107	\$ -	\$ 5	\$ 2,133	\$ 25,835
Notes payable	-	47,000	1,686	18,204	-	15,153	82,043
Due to other funds	54,970	-	7,591	2,356	1,010	11,285	77,212
Due to other governments	-	-	-	-	19,258	6,643	25,901
Due to component unit	-	747	-	-	-	-	747
Deferred revenue	10,386	-	-	-	22,715	2,201	35,302
Total liabilities	<u>88,946</u>	<u>47,747</u>	<u>9,384</u>	<u>20,560</u>	<u>42,988</u>	<u>37,415</u>	<u>247,040</u>
Fund balances:							
Reserved for encumbrances	7,231	-	13,906	8,128	8,308	6,168	43,741
Reserved for noncurrent receivable	3,181	-	-	-	-	-	3,181
Reserved for debt	-	56,032	-	-	-	-	56,032
Unreserved:							
Designated for subsequent years' expenditures, reported in:							
General fund	3,737	-	-	-	-	-	3,737
Special revenue fund	-	-	-	-	(2,553)	-	(2,553)
Capital projects fund	-	-	22,010	(15,119)	-	407	7,298
Undesignated, reported in:							
General fund	3,868	-	-	-	-	-	3,868
Special revenue fund	-	-	-	-	-	9,200	9,200
Capital projects fund	-	-	-	-	-	(10,817)	(10,817)
Permanent fund	-	-	-	-	-	5,684	5,684
Total fund balances	<u>18,017</u>	<u>56,032</u>	<u>35,916</u>	<u>(6,991)</u>	<u>5,755</u>	<u>10,642</u>	<u>119,371</u>
Total liabilities and fund balances	<u>\$ 106,963</u>	<u>\$ 103,779</u>	<u>\$ 45,300</u>	<u>\$ 13,569</u>	<u>\$ 48,743</u>	<u>\$ 48,057</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	492,525
Accrual of property and sales taxes to qualify as financial resources	24,493
Internal service fund transferred to governmental activities	14,654
Accrual of interest on bonds and notes payable	(1,585)
Long-term liabilities are not reported in the funds:	
Bonds payable	(66,260)
Municipal Bond Bank Agency liability	(8,450)
Compensated absences	(7,489)
Pension Liability	(5,781)
Workers' compensation	(2,836)
Net assets of governmental activities	<u>\$ 558,642</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, 2004 (000's Omitted)**

	Debt		Capital Projects		Special Revenue	Nonmajor Govern-mental Funds	Total Govern-mental Funds
	General	Service	General	Trans- portation	Community Development		
REVENUES							
Real property tax	\$ 123,884	\$ -	\$ -	\$ -	\$ -	\$ 5,633	\$ 129,517
Sales and other taxes	147,213	-	-	-	-	-	147,213
Departmental	19,400	-	-	-	-	15,388	34,788
Use of money and property	1,098	1,109	21	-	103	205	2,536
Licenses and permits	2,069	-	-	-	-	-	2,069
Federal aid	1,088	-	5,471	4,369	17,099	12,485	40,512
State aid	63,077	-	1,576	3,105	-	1,754	69,512
Local sources and other	11,937	143	214	92	3,514	9,410	25,310
Total revenues	369,766	1,252	7,282	7,566	20,716	44,875	451,457
EXPENDITURES							
Current:							
Council and clerk	1,431	-	-	-	-	-	1,431
Administration	9,349	-	-	-	-	-	9,349
Law	1,763	-	-	-	-	-	1,763
Finance	7,228	-	-	-	-	-	7,228
Community development	5,544	-	-	-	17,467	2,528	25,539
Economic development	1,655	-	-	-	-	-	1,655
Environmental services	22,138	-	-	-	-	7,235	29,373
Library	-	-	-	-	-	10,267	10,267
Police	61,031	-	-	-	-	1,952	62,983
Fire	37,667	-	-	-	-	67	37,734
Emergency communications	7,881	-	-	-	-	-	7,881
Parks, recreation and human services	13,834	-	-	-	-	2,541	16,375
Undistributed	56,007	-	-	-	-	4,186	60,193
Allocation to school district	126,100	-	-	-	-	-	126,100
Capital projects	-	-	24,566	11,573	-	16,205	52,344
Debt service:							
Principal	12,025	-	-	-	-	824	12,849
Interest	3,548	-	-	-	-	185	3,733
Total expenditures	367,201	-	24,566	11,573	17,467	45,990	466,797
Excess (deficiency) of revenues over expenditures	2,565	1,252	(17,284)	(4,007)	3,249	(1,115)	(15,340)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	28,099	9,074	15,403	3,633	-	2,820	59,029
Transfers (to) other funds	(30,106)	(12,433)	(495)	(3,531)	(4,769)	(6,468)	(57,802)
Proceeds of general obligation debt	-	-	17,995	7,508	-	9,461	34,964
Total other financing sources (uses)	(2,007)	(3,359)	32,903	7,610	(4,769)	5,813	36,191
Net change in fund balances	558	(2,107)	15,619	3,603	(1,520)	4,698	20,851
Fund Balances - beginning of year	17,459	58,139	20,297	(10,594)	7,275	5,944	98,520
Fund Balances - end of year	\$ 18,017	\$ 56,032	\$ 35,916	\$ (6,991)	\$ 5,755	\$ 10,642	\$ 119,371

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, 2004 (000's Omitted)**

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

Net change in fund balances-total governmental funds	\$ 20,851
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.	21,888
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	1,102
Change in accrual of interest payable on notes and bonds payable.	(188)
Change in net assets of the internal service fund reported in governmental activities.	(508)
Transfer of port fixed assets from business-type activities to governmental activities	506
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net assets:	
Debt service principal payments	12,849
Proceeds of general obligation debt	(34,964)
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	(193)
Pension liability	(3,650)
Workers' compensation	(1,431)
Change in net assets of governmental activities	<u>\$ 16,262</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, 2004 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	Activities- Internal Service Fund
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 657	\$ 838	\$ 525	\$ 652	\$ 189	\$ 2,861	\$ 14,156
Receivables (net of allowance for uncollectibles)	12,171	428	71	1,979	1,591	16,240	-
Due from other governments	336	-	-	-	24	360	-
Due from other funds	193	381	1	6,159	103	6,837	3,000
Cash and cash equivalents - restricted	3,266	451	41	59	30	3,847	-
Total current assets	16,623	2,098	638	8,849	1,937	30,145	17,156
Noncurrent assets:							
Capital assets:							
Land	453	9,077	165	30	611	10,336	-
Buildings	30,185	98,568	44,125	500	2,942	176,320	-
Improvements other than buildings	181,704	1,447	59	370	2,876	186,456	-
Equipment	5,545	903	5,308	16,419	1,400	29,575	-
Construction in progress	5,840	1,405	113	45	375	7,778	-
Less accumulated depreciation	(97,754)	(50,371)	(13,408)	(12,337)	(3,064)	(176,934)	-
Total noncurrent assets (net of accumulated depreciation)	125,973	61,029	36,362	5,027	5,140	233,531	-
Total assets	142,596	63,127	37,000	13,876	7,077	263,676	17,156
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	1,322	71	46	3,268	178	4,885	2,502
Accrued interest payable	500	352	282	1	18	1,153	-
Notes payable	5,471	-	-	-	907	6,378	-
Bonds payable	5,241	1,110	995	30	58	7,434	-
Due to other funds	1,763	7	2	2,018	858	4,648	-
Due to other governments	187	12	1	184	20	404	-
Deferred revenue	-	45	-	-	-	45	-
Due to other funds - restricted	-	-	-	-	34	34	-
Total current liabilities	14,484	1,597	1,326	5,501	2,073	24,981	2,502
Noncurrent liabilities:							
Bonds payable	22,208	20,146	20,021	29	266	62,670	-
Total liabilities	36,692	21,743	21,347	5,530	2,339	87,651	2,502
NET ASSETS							
Invested in capital assets, net of related debt	93,053	39,773	15,346	4,968	3,909	157,049	-
Restricted for debt service	2,286	153	41	59	78	2,617	-
Restricted for capital projects	8,472	1,732	241	2,588	221	13,254	-
Unrestricted	2,093	(274)	25	731	530	3,105	14,654
Total net assets	\$ 105,904	\$ 41,384	\$ 15,653	\$ 8,346	\$ 4,738	\$ 176,025	\$ 14,654

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, 2004 (000's Omitted)**

	Business-type Activities- Enterprise Funds					Total Funds	Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds		
Operating Revenues							
Charges for services	\$ 31,603	\$ 4,156	\$ 1,595	\$ 20,589	\$ 2,108	\$ 60,051	\$ -
Operating Expenses							
Personal services	5,983	336	80	5,791	1,152	13,342	-
Supplies and materials	10,262	1,602	1,082	12,240	1,061	26,247	-
Employee benefits	2,414	137	26	3,442	381	6,400	-
Depreciation	4,942	3,205	1,195	1,947	274	11,563	-
Claims settlement	-	-	-	-	-	-	4,201
Total operating expenses	23,601	5,280	2,383	23,420	2,868	57,552	4,201
Operating income(loss)	8,002	(1,124)	(788)	(2,831)	(760)	2,499	(4,201)
Nonoperating revenues (expenses)							
Real property taxes	-	-	766	-	1,129	1,895	-
Sales and use taxes	-	-	933	-	-	933	-
Federal aid	28	-	-	-	-	28	-
State aid	3	-	-	-	-	3	-
Interest and penalties	1,323	-	-	-	-	1,323	-
Interest on investments	118	20	9	31	64	242	142
Interest expense	(1,349)	(1,170)	(1,072)	(4)	(35)	(3,630)	-
Total nonoperating revenues (expenses)	123	(1,150)	636	27	1,158	794	142
Income (loss) before operating transfers	8,125	(2,274)	(152)	(2,804)	398	3,293	(4,059)
Capital contributions	-	-	-	-	(506)	(506)	-
Transfers in	-	-	11	-	1	12	3,551
Transfers out	(4,678)	-	-	-	(112)	(4,790)	-
Change in net assets	3,447	(2,274)	(141)	(2,804)	(219)	(1,991)	(508)
Total net assets-beginning	102,457	43,658	15,794	11,150	4,957	178,016	15,162
Total net assets-ending	\$ 105,904	\$ 41,384	\$ 15,653	\$ 8,346	\$ 4,738	\$ 176,025	\$ 14,654

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, 2004 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 31,581	\$ 4,201	\$ 1,636	\$ 20,532	\$ 2,000	\$ 59,950	\$ -
Payments to suppliers	(12,800)	(1,791)	(1,112)	(14,960)	(1,404)	(32,067)	-
Payments to employees	(5,853)	(324)	(77)	(5,734)	(1,124)	(13,112)	-
Net cash provided (used) by operating activities	12,928	2,086	447	(162)	(528)	14,771	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Real property taxes	-	-	766	-	1,129	1,895	-
Operating grants	59	-	933	-	-	992	-
Transfers (to) from other funds	(4,475)	(252)	233	(4,658)	(81)	(9,233)	-
Net cash provided by (used in) noncapital financing activities	(4,416)	(252)	1,932	(4,658)	1,048	(6,346)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sales of bonds and notes	3,711	-	-	-	-	3,711	-
Principal paid on bonds and notes	(5,432)	(1,226)	(885)	(30)	(483)	(8,056)	-
Interest expense paid on bonds and notes	(1,352)	(1,186)	(1,078)	(5)	(43)	(3,664)	-
Payments to contractors	(5,840)	(408)	(301)	(610)	(125)	(7,284)	-
Proceeds from sale of capital assets	414	1	15	66	7	503	-
Net cash used in capital and related financing activities	(8,499)	(2,819)	(2,249)	(579)	(644)	(14,790)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	118	20	9	31	64	242	-
Net increase (decrease) in cash and cash equivalents	131	(965)	139	(5,368)	(60)	(6,123)	-
Cash and cash equivalents at beginning of year	3,792	2,254	427	6,079	279	12,831	-
Cash and cash equivalents at end of year	\$ 3,923	\$ 1,289	\$ 566	\$ 711	\$ 219	\$ 6,708	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 8,002	\$ (1,124)	\$ (788)	\$ (2,831)	\$ (760)	\$ 2,499	\$ (4,201)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	4,942	3,205	1,195	1,947	274	11,563	-
(Increase) decrease in accounts receivable	(1,345)	45	41	(57)	(108)	(1,424)	-
Increase (decrease) in accounts payable	(107)	(54)	(1)	664	57	559	-
Increase in intergovernmental payables	113	8	-	115	9	245	-
Increase in deferred revenue	-	6	-	-	-	6	-
Interest and penalties	1,323	-	-	-	-	1,323	-
Total adjustments	4,926	3,210	1,235	2,669	232	12,272	-
Net cash provided (used) by operating activities	\$ 12,928	\$ 2,086	\$ 447	\$ (162)	\$ (528)	\$ 14,771	\$ (4,201)

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, 2004 (000's Omitted)**

	Private Grants	Agency	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	\$ 470	\$ 11,230	\$ 11,700
Investments	819	-	819
Receivables (net of allowance for uncollectibles)	-	37	37
Due from other funds	-	125	125
Total assets	<u>1,289</u>	<u>11,392</u>	<u>12,681</u>
LIABILITIES			
Accounts payable and accrued liabilities	-	11,143	11,143
Due to other funds	-	249	249
Total liabilities	<u>-</u>	<u>11,392</u>	<u>11,392</u>
NET ASSETS			
Held in trust and other purposes	<u>\$ 1,289</u>	<u>\$ -</u>	<u>\$ 1,289</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, 2004 (000's Omitted)**

	Private Grants
ADDITIONS	
Use of money and property	\$ 38
Local sources and other	467
Total additions	<u>505</u>
DEDUCTIONS	
Community services	<u>221</u>
Change in net assets	284
Net assets-beginning of year	1,005
Net assets-end of year	<u>\$ 1,289</u>

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

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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; Library; Parks, Law, Recreation, and Human Services; Police, Fire and Emergency Communications. The City owns and operates seven enterprise activities: a water system, parking, War Memorial, refuse, cemeteries, public market, and Port of Rochester.

The Rochester City School District is included in the 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 Assistant Superintendent for Business Services, Rochester City School District, 131 West Broad Street, Rochester New York 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. Government 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 unit 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 with 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 Trust 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.

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.

The **Agency Fund** is used to account for custodial transactions in which assets equal liabilities.

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. 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, then unrestricted resources as they are needed.

D. NEW ACCOUNTING PRINCIPLE

In fiscal year 2004, the City adopted two new statements of the Governmental Accounting Standards Board (GASB):

Statement No. 39, *Determining Whether Certain Organizations Are Component Units An Amendment of GASB Statement 14*: This Statement amends GASB Statement No.14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The adoption of this statement had no material effect on the City's financial statements for the year ended June 30, 2004.

Statement No. 40, *Deposit and Investment Risk Disclosures*: This Statement requires more detailed disclosure of investment policies and investment risks.

In November of 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. The City plans to adopt this statement in fiscal 2005, as required.

In June of 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for reporting on non-pension postemployment benefits, such as health care premiums for retirees. The City would be required to adopt this statement in fiscal 2008. As of June 30, 2004 the City has not completed the process of evaluating the impact that will result from adopting this statement.

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, 2004, the City had a legal margin of \$11,695,000.

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. 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 unmaturing 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 bonds 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. Capital assets are defined by the City 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 following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings	30-60
Improvements Other than Buildings	10-20
Infrastructure	5-60
Water System	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 government-wide financial statements, and 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, 2004 were \$25,653,000. This was composed of \$13,906,000 in General Government projects, \$8,128,000 in Transportation projects, as well as \$3,619,000 in other governmental fund capital projects. In addition, \$8,308,000 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, 2004 were \$4,065,000. This was composed of \$2,957,000 for Water Fund projects, \$295,000 for Refuse Fund projects, \$739,000 for Parking Fund projects, \$43,000 for War Memorial projects, and \$31,000 for non-major enterprise fund projects.

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 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 \$2,650,000: estimated revenues increased by \$1,943,000, transfers to other funds increased by \$2,438,000, and transfers from other funds increased by \$2,238,000.

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 cost 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. Individual deficit fund balances in the Capital Project Funds are as follows: Transportation (\$6,991,000), Economic Assistance Fund (\$7,610,000), and Sewers (\$1,070,000).

III. DETAILED NOTES ON ALL FUNDS**A. DEPOSITS AND INVESTMENTS**

By charter the City Treasurer is delegated the authority to establish and control uniform cash management policies for both the City and the School District. Thus, the following risk assessments apply to cash, cash equivalents, and investments of the primary government and the component unit.

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 to generally 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 limited 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 \$165,347,400 and the bank balance was \$166,759,400. Of this bank balance \$478,000 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 (\$1,915,400) and the bank balance was \$19,023,100. These deposits, which are above the level insured by FDIC, were collateralized with at 102% with U.S. Government securities held by a third-party.

2. Cash Equivalents

At year-end, the City had cash equivalents of \$25,579,000. The fair value of repurchase agreements was \$20,950,000, and the fair value of money market accounts was \$4,629,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party..

At year-end, the School District had cash equivalents of \$67,610,000. The fair value of money market accounts was \$60,110,000 and the fair value of repurchase agreements was \$7,500,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

3. Investments

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

		Fair Value
Library Trust Fund:	U.S. Government Securities	\$ 416
	Equities	403
Construction Retainage		81
Development Partnership		66
		<u>\$ 966</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 half of this portfolio is invested in U.S. Treasury and agency obligations. The other half 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 had no investments.

In accordance with certain contractual provisions, investment income of \$157,400 for fiscal year 2004, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$59,000 for fiscal year 2004, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

B. RECEIVABLES AND PAYABLES

There was \$71,017,000 in accounts receivables. The major governmental receivable was \$41,449,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major business-type receivables were for the Water Fund (\$12,171,000) and the Refuse Fund (\$1,979,000).

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenues sources are as follows: General Fund property taxes (\$3,458,700), Water Fund (\$2,765,200), and Refuse Fund (\$1,654,300).

The amount due from other governments to the City as of June 30, 2004 was \$79,073,000. This was comprised of the following items: \$15,344,000 from New York State, \$48,031,000 from Monroe County, \$15,164,000 from the Federal Government, and \$534,000 from others.

The amount due from other governments to the School District as of June 30, 2004 was \$48,841,000. This was comprised of the following items: \$40,961,000 from New York State, \$5,387,000 from the Federal Government, and \$2,493,000 from other sources.

The \$21,567,000 in accounts payable and accrued liabilities at year end 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.

C. CAPITAL ASSETS

Changes in the City's Governmental Activities Capital Assets (000's Omitted)

Class	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	\$ 20,367	\$ 569	\$ 55	\$ 20,881
Construction in progress	23,866	14,413	12,187	26,092
Total capital assets, not being depreciated	<u>\$ 44,233</u>	<u>\$ 14,982</u>	<u>\$ 12,242</u>	<u>\$ 46,973</u>
Capital assets, being depreciated:				
Buildings	\$ 126,058	\$ 6,969	\$ 62	\$ 132,965
Improvements other than buildings	10,399	2,288	351	12,336
Machinery and equipment	61,157	6,068	3,957	63,268
Infrastructure	400,515	22,942	-	423,457
Total capital assets being depreciated	<u>598,129</u>	<u>38,267</u>	<u>4,370</u>	<u>632,026</u>
Less accumulated depreciation for:				
Buildings	50,013	3,753	52	53,714
Improvements other than buildings	6,955	365	120	7,200
Machinery and Equipment	38,468	5,385	2,310	41,543
Infrastructure	76,795	7,222	-	84,017
Total accumulated depreciation	<u>172,231</u>	<u>16,725</u>	<u>2,482</u>	<u>186,474</u>
Total capital assets, being depreciated, net:	<u>425,898</u>	<u>21,542</u>	<u>1,888</u>	<u>445,552</u>
Governmental activities capital assets, net:	<u>\$ 470,131</u>	<u>\$ 36,524</u>	<u>\$ 14,130</u>	<u>\$ 492,525</u>

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

Class	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	\$ 10,814	\$ -	\$ 478	\$ 10,336
Construction in progress	11,234	217	3,673	7,778
Total capital assets, not being depreciated	<u>\$ 22,048</u>	<u>\$ 217</u>	<u>\$ 4,151</u>	<u>\$ 18,114</u>
Capital assets, being depreciated:				
Buildings	\$ 175,888	\$ 4,807	\$ 4,375	\$ 176,320
Improvements other than buildings	192,210	7,307	13,061	186,456
Machinery and equipment	29,301	2,554	2,280	29,575
Total capital assets being depreciated	<u>397,399</u>	<u>14,668</u>	<u>19,716</u>	<u>392,351</u>
Less accumulated depreciation for:				
Buildings	68,035	5,213	430	72,818
Improvements other than buildings	93,702	3,589	12,690	84,601
Machinery and equipment	18,891	2,798	2,174	19,515
Total accumulated depreciation	<u>180,628</u>	<u>11,600</u>	<u>15,294</u>	<u>176,934</u>
Total capital assets, being depreciated, net:	<u>216,771</u>	<u>3,068</u>	<u>4,422</u>	<u>215,417</u>
Business-type activities capital assets, net:	<u>\$ 238,819</u>	<u>\$ 3,285</u>	<u>\$ 8,573</u>	<u>\$ 233,531</u>

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

Governmental activities:	
General government	\$ 1,654
Police	1,285
Fire	1,159
Emergency communications	103
Transportation	7,222
Environmental services	2,389
Parks & recreation	1,491
Library	881
Community development	66
Total depreciation expense - governmental activities	<u>\$ 16,250</u>
Business-type activities:	
Water	\$ 4,942
Parking	3,205
War memorial	1,195
Refuse	1,947
Cemetery	146
Public market	128
Total depreciation expense - business type activities	<u>\$ 11,563</u>

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

Class	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	\$ 17,318	\$ 153	\$ -	\$ 17,471
Construction in progress	72,497	28,352	30,598	70,251
Total capital assets, not being depreciated	<u>\$ 89,815</u>	<u>\$ 28,505</u>	<u>\$ 30,598</u>	<u>\$ 87,722</u>
Capital assets, being depreciated:				
Buildings	348,806	31,707	-	380,513
Machinery and equipment	28,065	3,078	7	31,136
Total Capital assets being depreciated	<u>376,871</u>	<u>34,785</u>	<u>7</u>	<u>411,649</u>
Less accumulated depreciation for:				
Buildings	104,425	9,373	-	113,798
Machinery and equipment	20,971	1,614	-	22,585
Total accumulated depreciation	<u>125,396</u>	<u>10,987</u>	<u>-</u>	<u>136,383</u>
Total capital assets, being depreciated, net:	<u>251,475</u>	<u>23,798</u>	<u>7</u>	<u>275,266</u>
School District capital assets, net:	<u>\$ 341,290</u>	<u>\$ 52,303</u>	<u>\$ 30,605</u>	<u>\$ 362,988</u>

D. NONCURRENT AND DEBT RELATED LIABILITIES

The following tables summarize changes in the City's Noncurrent and debt related liabilities for the year ended June 30, 2004:

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

	Balance June 30, 2003	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2004	Due Within One Year
General Obligation Bonds						
Public improvement	\$ 31,964	\$ -	\$ 33,904	\$ 9,732	\$ 56,136	\$ 11,572
Sewer	6,890	-	1,060	1,090	6,860	1,170
Library	4,066	-	-	817	3,249	817
Local works	22	-	-	7	15	7
Total General Obligation Bonds	42,942	-	34,964	11,646	66,260	13,566
Bond Anticipation Notes						
Public improvement	51,855	20,366	33,904	4,744	33,573	33,573
Sewer	2,597	73	1,060	140	1,470	1,470
Total Capital Projects Funds	54,452	20,439	34,964	4,884	35,043	35,043
Debt Service Fund	-	47,000	-	-	47,000	47,000
Total Bond Anticipation Notes	54,452	67,439	34,964	4,884	82,043	82,043
Other Noncurrent liabilities:						
Municipal Bond Bank Agency Liability	9,653	-	-	1,203	8,450	1,253
Compensated Absences	12,484	12,647	-	12,484	12,647	12,647
Pension Liability	2,131	5,781	-	2,131	5,781	5,781
Workers' Compensation	4,722	4,850	-	3,034	6,538	3,378
Total Other Noncurrent liabilities	28,990	23,278	-	18,852	33,416	23,059
TOTAL NONCURRENT LIABILITIES	\$ 126,384	\$ 90,717	\$ 69,928	\$ 35,382	\$ 181,719	\$ 118,668

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

	Balance June 30, 2003	New Issues/ Additions	Notes Converted to Bonds	Maturities and/or Payments	Balance June 30, 2004	Due Within One Year
General Obligation Bonds						
Water	\$ 24,714	\$ -	\$ 7,517	\$ 4,782	\$ 27,449	\$ 5,241
War Memorial	20,701	-	1,080	765	21,016	995
Parking	21,722	-	700	1,166	21,256	1,110
Cemeteries	5	-	-	2	3	2
Public Market	257	-	100	36	321	56
Refuse	89	-	-	30	59	30
Total General Obligation Bonds	67,488	-	9,397	6,781	70,104	7,434
Bond Anticipation Notes						
Water	9,927	3,711	7,517	650	5,471	5,471
War Memorial	1,200	-	1,080	120	-	-
Parking	760	-	700	60	-	-
Public Market	1,452	-	100	445	907	907
Total Bond Anticipation Notes	13,339	3,711	9,397	1,275	6,378	6,378
Other Noncurrent liabilities:						
Compensated Absences	915	977	-	915	977	489
Pension Liability	159	406	-	159	406	406
Workers' Compensation	1,534	1,050	-	767	1,817	908
Total Other Noncurrent liabilities	2,608	2,433	-	1,841	3,200	1,803
TOTAL NONCURRENT LIABILITIES	\$ 83,435	\$ 6,144	\$ 18,794	\$ 9,897	\$ 79,682	\$ 15,615

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 Component Unit's Noncurrent liabilities for the year ended June 30, 2004:

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

	Balance June 30, 2003	New Issues/ Additions	Notes Converted to Bonds	Maturities And/or Payments	Balance June 30, 2004	Due Within One Year
General Obligation Bonds						
General Fund	\$ 77,759	\$ 12,800	\$ 57,245	\$ 14,787	\$ 133,017	\$ 18,790
Bond Anticipation Notes						
Capital Projects Fund	79,805	14,035	57,245	3,281	33,314	33,314
Other Noncurrent Liabilities						
Municipal Bond Bank Agency	9,684	-	-	1,207	8,477	1,257
NYS Education Department	13,389	-	-	442	12,947	2,158
NYS Special Purpose Bonds - 2003	-	12,210	-	1,075	11,135	1,063
NYS Teachers' Retirement	15,356	-	-	15,356	-	-
Contract Payable	4,161	-	-	4,161	-	-
Claims Payable	6,355	840	-	2,134	5,061	-
Compensated Absences	3,494	6,281	-	3,494	6,281	3,101
Installment Purchase Debt	771	14,384	-	457	14,698	1,211
Total Other Noncurrent Liabilities	<u>53,210</u>	<u>33,715</u>	<u>-</u>	<u>28,326</u>	<u>58,599</u>	<u>8,790</u>
Total Noncurrent Liabilities	<u>\$ 210,774</u>	<u>\$ 60,550</u>	<u>\$ 114,490</u>	<u>\$ 46,394</u>	<u>\$ 224,930</u>	<u>\$ 60,894</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 2.00% to 2.25% have maturities that extend through March 2005.

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 \$15,926,100, as of June 30, 2004, will be repaid by the City and School District. In fiscal year 2004, the City made interest payments of \$520,900, and the School District made interest payments of \$522,500. Annual principal and interest payments by the City and the School District are approximately \$3,600,000 through fiscal year 2010.

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 compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds, the City remitted \$111,100 and the School District remitted \$18,600 to the Internal Revenue Service in fiscal year 2004 for arbitrage rebates.

The City and the Component Unit (School District) debt service requirements for general obligation bonds are payable during future years ended June 30 as follows (000's Omitted):

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Component Unit		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2005	\$ 13,567	\$ 2,478	\$ 7,433	\$ 3,285	\$ 18,790	\$ 4,908	\$ 50,461
2006	11,204	1,922	7,185	2,927	13,553	4,278	41,069
2007	8,160	1,502	6,020	2,607	13,844	3,763	35,896
2008	6,625	1,194	4,675	2,355	12,112	3,284	30,245
2009	4,485	964	4,265	2,148	8,111	2,907	22,880
2010-2014	9,660	3,175	17,320	8,055	29,178	10,877	78,265
2015-2019	4,380	2,023	10,960	4,644	24,912	5,660	52,579
2020-2024	3,350	1,333	8,790	2,092	12,082	1,282	28,929
2025-2029	3,305	658	3,456	265	435	22	8,141
2030-2032	1,525	82	-	-	-	-	1,607
	<u>\$ 66,261</u>	<u>\$ 15,331</u>	<u>\$ 70,104</u>	<u>\$ 28,378</u>	<u>\$ 133,017</u>	<u>\$ 36,981</u>	<u>\$ 350,072</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, 2004, amounted to \$24,115,000. The debt contracting margin of the City as of June 30, 2004, was \$122,406,000.

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 \$10,386,000 in the General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$22,715,000 in the Community Development Special Revenue Fund relates to long-term receivable balances from various community development programs.

Deferred revenue of \$3,382,000 for the School District is composed of \$837,100 of state aid, \$845,900 for Special Aid Fund projects, \$1,026,000 of prepaid Medicaid reimbursements, \$517,900 of general accounts receivable, and \$155,100 of other items.

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 most of the related debt service costs on obligations incurred by the City in connection with these facilities. In fiscal year 2004, these debt service costs amounted to \$1,702,000 of which \$765,600 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 which provides river front access to the Corn Hill Landing Project, a residential and commercial development. In accordance with the agreement, the City will make annual payments of \$203,275 during the second half of the lease, fiscal years 2012 through 2021. The lease has a renewable option for an additional 20-year term. In a related agreement, the City has provided for public access to the waterfront and adjacent areas with the purchase of a permanent easement from the Corn Hill Landing developer.

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

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been fully self-insured for all workers' compensation and general liability risks for over twenty years. Settled claims have not exceeded established reserves. Workers' compensation claims are funded from a liability reserve in the General Fund, 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.

At June 30, 2004, the amount of these liabilities was \$10,857,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2002 resulted from the following (000's Omitted):

	Workers' Compensation	General Liability	Total
Estimated claims June 30, 2002	\$ 6,498	\$ 2,399	\$ 8,897
Claims incurred 2002-03	2,942	217	3,159
Payments 2002-03	<u>(3,184)</u>	<u>(764)</u>	<u>(3,948)</u>
Estimated claims June 30, 2003	<u>\$ 6,256</u>	<u>\$ 1,852</u>	<u>\$ 8,108</u>
Claims incurred 2003-04	6,076	4,851	10,927
Payments 2003-04	<u>(3,977)</u>	<u>(4,201)</u>	<u>(8,178)</u>
Estimated claims June 30, 2004	<u><u>\$ 8,355</u></u>	<u><u>\$ 2,502</u></u>	<u><u>\$ 10,857</u></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, 2002 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent claims which have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. 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, 2002	\$ 9,167	\$ 232	\$ 9,399
Claims incurred 2002-03	4,524	2,502	7,026
Payments 2002-03	<u>(3,604)</u>	<u>(2,557)</u>	<u>(6,161)</u>
Estimated claims June 30, 2003	<u>\$ 10,087</u>	<u>\$ 177</u>	<u>\$ 10,264</u>
Claims incurred 2003-04	845	2,711	3,556
Payments 2003-04	<u>(2,134)</u>	<u>(2,623)</u>	<u>(4,757)</u>
Estimated claims June 30, 2004	<u><u>\$ 8,798</u></u>	<u><u>\$ 265</u></u>	<u><u>\$ 9,063</u></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

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired employees on a pay-as-you-go basis. The City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The amount paid for the year ended June 30, 2004 for this purpose was approximately \$13,074,000. The number of eligible participants enrolled to receive such benefits was 2,573 retirees.

The School District finances its post-employment health care benefits on a pay-as-you-go basis. The expenditure recognized at June 30, 2004 for this purpose was \$8,451,300. The number of eligible participants enrolled to receive such benefits was 3,432 retirees.

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). Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. 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 noncontributory except for employees who joined the Employees' Retirement System after July 27, 1976, or the Teachers' Retirement System after June 30, 1976, who contribute 3% of their 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 2004 was \$172,222,800 of which \$78,345,600 represented payroll costs for employees covered by ERS, \$82,179,200 by PFRS, and \$11,698,000 for nonparticipating employees. Contribution rates for fiscal year 2004 were 4.9% for ERS and 6.4% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2004 was \$279,483,000 of which \$209,464,600 represented payroll costs for employees covered by TRS, \$53,091,800 by ERS, and \$16,926,600 for nonparticipating employees. Contribution rates for fiscal 2004 were 7.5% for TRS and 8.1% for ERS. All full-time teachers are mandatory members.

2. Contributions & Liabilities

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

Payments to the Teachers' Retirement System, which are made in accordance with funding requirements determined by the actuary of the System, are deducted from State Aid payments to the School District. The contributions for salaries paid for the year ended June 30, 2004 were made in three monthly installments starting in September of 2003.

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
2002	\$ 592	\$ 1,376	\$ 1,968
2003	1,041	1,755	2,796
2004	3,869	5,294	9,163

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

Fiscal Year	Employees' Retirement System	Teachers' Retirement System	Total Retirement Systems
2002	\$ 493	2,693	\$ 3,186
2003	775	784	1,559
2004	4,314	15,767	20,081

The total liability for the City and the School District as of June 30, 2004, 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	\$ 2,482	\$ 3,706	\$ -	\$ 6,188
School District	1,868	-	8,372	\$ 10,240
Total of City and School District	<u>\$ 4,350</u>	<u>\$ 3,706</u>	<u>\$ 8,372</u>	<u>\$ 16,428</u>

The total liability as of June 30, 2004 includes the period of April 1 - June 30, 2004 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2003 - June 30, 2004 for the Teachers' System. 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, 2004, the City paid approximately \$88,649. On June 30, 2004, there were 10 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, 2004 (000's Omitted):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General	General Capital	\$ 7,591	
	Transportation Capital	2,356	
	Community Development	1,010	
	Nonmajor governmental	7,854	
	Water	1,763	
	Parking	7	
	War Memorial	2	
	Refuse	2,018	
	Nonmajor proprietary	892	
	Fiduciary	249	
	Debt Service	General	7,167
	General Capital	General	33,587
		Nonmajor governmental	3
	Transportation Capital	General	549
Nonmajor governmental		3,090	
Nonmajor governmental	General	3,705	
	Nonmajor governmental	338	
Water	General	193	
Parking	General	381	
War Memorial	General	1	
Refuse	General	6,159	
Nonmajor proprietary	General	103	
Internal Service	General	3,000	
Fiduciary	General	125	
		\$ 82,143	

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, 2004, which were routine in nature, were as follows (000's Omitted):

<u>Transfer out:</u>	<u>General</u>	<u>Debt Service</u>	<u>General Capital</u>	<u>Transportation Capital</u>	<u>Nonmajor Governmental</u>	<u>War Memorial</u>	<u>Nonmajor Proprietary</u>	<u>Internal Service</u>	<u>Total</u>
General fund	\$ -	\$ 7,166	\$ 15,365	\$ 1,707	\$ 2,317	\$ -	\$ -	\$ 3,551	\$ 30,106
Debt Service	12,399	-	-	-	22	11	1	-	12,433
General Capital	-	495	-	-	-	-	-	-	495
Transportation Capital	2,350	1,181	-	-	-	-	-	-	3,531
Community Development	4,769	-	-	-	-	-	-	-	4,769
Nonmajor Governmental	3,829	232	-	1,926	481	-	-	-	6,468
Water	4,678	-	-	-	-	-	-	-	4,678
Nonmajor Business-type	74	-	38	-	-	-	-	-	112
	\$ 28,099	\$ 9,074	\$ 15,403	\$ 3,633	\$ 2,820	\$ 11	\$ 1	\$ 3,551	\$ 62,592

The City of Rochester, New York
 Required Supplemental Information

**THE CITY OF ROCHESTER, NEW YORK
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND EQUITY - BUDGET AND ACTUAL - NON-GAAP BUDGET BASIS
 FOR THE YEAR ENDED JUNE 30, 2004 (000's Omitted)**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real property tax	\$ 125,661	\$ 125,661	\$ 131,412	\$ 5,751
Sales and other taxes	145,569	145,569	148,146	2,577
Charges for services	92,292	93,281	93,689	408
Use of money and property	1,003	1,003	1,331	328
Interest and penalties	1,177	1,177	1,323	146
Licenses and permits	1,898	1,898	2,069	171
Federal aid	998	1,505	1,220	(285)
State aid	63,589	63,876	63,530	(346)
Local sources and other	18,876	19,036	18,557	(479)
Total revenues	<u>451,063</u>	<u>453,006</u>	<u>461,277</u>	<u>8,271</u>
EXPENDITURES				
Council and clerk	1,442	1,602	1,534	68
Administration	9,914	9,934	9,499	435
Law	1,866	1,866	1,815	51
Finance	7,580	7,580	7,384	196
Community development	5,858	5,908	5,574	334
Economic development	3,263	3,263	2,957	306
Environmental services	68,352	68,698	66,748	1,950
Library	10,337	10,497	10,300	197
Police	60,170	62,781	62,689	92
Fire	37,237	38,608	38,125	483
Emergency communications	8,019	8,019	7,933	86
Parks, recreation and human services	17,647	18,679	17,837	842
Undistributed	66,333	66,651	64,977	1,674
Contingency	3,845	428	-	428
Debt services	29,003	29,002	28,234	768
Total expenditures	<u>330,866</u>	<u>333,516</u>	<u>325,606</u>	<u>7,910</u>
Excess of revenues over expenditures	<u>120,197</u>	<u>119,490</u>	<u>135,671</u>	<u>16,181</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	26,750	29,188	28,206	(982)
Transfers (to) other funds	(27,078)	(29,316)	(39,446)	(10,130)
Transfers (to) component unit	(126,100)	(126,100)	(126,100)	-
Total other financing uses	<u>(126,428)</u>	<u>(126,228)</u>	<u>(137,340)</u>	<u>(11,112)</u>
Appropriation of prior year fund balance	<u>6,231</u>	<u>6,738</u>	<u>-</u>	<u>(6,738)</u>
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,669)</u>	<u>\$ (1,669)</u>
Encumbrances included in actual			<u>5,121</u>	
Excess of revenues and other sources over expenditures, encumbrances and other uses			3,452	
Expenditures of prior years' encumbrances			<u>3,454</u>	
Deficiency of revenues and other sources over expenditures and other uses			(2)	
Net enterprise capital revenue			(3,062)	
Depreciation expense			(11,563)	
Debt service cash basis			8,023	
Local improvement ordinances			(77)	
Contribution to reserve for capital projects			6,933	
Capital and debt service interest			119	
Capital reimbursement			214	
Port fund transfer			(614)	
Debt reserve transfer in			(73)	
Fund equity - beginning of year			<u>199,291</u>	
Fund equity - end of year			<u>\$ 199,189</u>	
General fund			\$ 18,017	
Special revenue fund			5,179	
Enterprise fund			<u>175,993</u>	
Total			<u>\$ 199,189</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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2004 (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	
ASSETS											
Cash and cash equivalents	\$ 2,205	\$ 1,662	\$ 400	\$ 290	\$ 251	\$ 5,415	\$ 3,534	\$ 777	\$ 3,148	\$ 5,684	\$ 23,366
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	360	-	3	-	-	14	8,789	-	-	9,166
Taxes	-	-	-	-	-	190	-	-	-	-	190
Due from other governments	7,053	15	-	-	3,754	-	-	470	-	-	11,292
Due from other funds	-	323	-	8	99	3,513	-	-	100	-	4,043
Total assets	<u>\$ 9,258</u>	<u>\$ 2,360</u>	<u>\$ 400</u>	<u>\$ 301</u>	<u>\$ 4,104</u>	<u>\$ 9,118</u>	<u>\$ 3,548</u>	<u>\$ 10,036</u>	<u>\$ 3,248</u>	<u>\$ 5,684</u>	<u>\$ 48,057</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable and accrued liabilities	\$ 603	\$ -	\$ -	\$ 78	\$ 805	\$ 640	\$ 1	\$ 6	\$ -	\$ -	\$ 2,133
Notes payable	12,820	863	1,470	-	-	-	-	-	-	-	15,153
Due to other funds	3,445	15	-	53	2,596	4,172	37	485	482	-	11,285
Due to other governments	-	-	-	-	-	-	43	6,600	-	-	6,643
Deferred revenue	-	-	-	-	-	-	13	2,188	-	-	2,201
Total liabilities	<u>16,868</u>	<u>878</u>	<u>1,470</u>	<u>131</u>	<u>3,401</u>	<u>4,812</u>	<u>94</u>	<u>9,279</u>	<u>482</u>	<u>-</u>	<u>37,415</u>
Fund balances:											
Reserved for encumbrances	1,500	1,967	152	51	91	295	347	1,485	280	-	6,168
Unreserved:											
Designated for subsequent years' expenditures	-	-	-	27	380	-	-	-	-	-	407
Undesignated, reported in:											
Special revenue fund	-	-	-	92	232	4,011	3,107	(728)	2,486	-	9,200
Capital projects fund	(9,110)	(485)	(1,222)	-	-	-	-	-	-	-	(10,817)
Permanent fund	-	-	-	-	-	-	-	-	-	5,684	5,684
Total fund balances	<u>(7,610)</u>	<u>1,482</u>	<u>(1,070)</u>	<u>170</u>	<u>703</u>	<u>4,306</u>	<u>3,454</u>	<u>757</u>	<u>2,766</u>	<u>5,684</u>	<u>10,642</u>
Total liabilities and fund balances	<u>\$ 9,258</u>	<u>\$ 2,360</u>	<u>\$ 400</u>	<u>\$ 301</u>	<u>\$ 4,104</u>	<u>\$ 9,118</u>	<u>\$ 3,548</u>	<u>\$ 10,036</u>	<u>\$ 3,248</u>	<u>\$ 5,684</u>	<u>\$ 48,057</u>

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2004 (000's Omitted)**

	Capital Projects			Special Revenue					Permanent Fund	Total Nonmajor Governmental Funds	
	Economic Assistance	Cultural/ Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Other	Cemetery	
REVENUES											
Real property tax	\$ -	\$ -	\$ -	\$ 1,014	\$ 4,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,633
Departmental	-	-	-	257	2,207	12,924	-	-	-	-	15,388
Use of money and property	-	-	-	8	15	105	38	22	17	-	205
Federal aid	8,622	-	-	-	-	104	491	3,268	-	-	12,485
State aid	565	-	-	-	416	34	319	420	-	-	1,754
Local sources and other	-	-	-	-	6,620	-	1,590	614	438	148	9,410
Total revenues	9,187	-	-	1,279	13,877	13,167	2,438	4,324	455	148	44,875
EXPENDITURES											
Current:											
Community development	-	-	-	-	-	-	868	1,660	-	-	2,528
Environmental services	-	-	-	-	-	7,235	-	-	-	-	7,235
Library	-	-	-	-	10,267	-	-	-	-	-	10,267
Police	-	-	-	978	-	-	526	421	27	-	1,952
Fire	-	-	-	-	-	-	-	2	65	-	67
Parks, recreation and human services	-	-	-	-	-	-	467	1,718	356	-	2,541
Undistributed	-	-	-	214	2,177	1,776	-	-	19	-	4,186
Capital projects	14,910	882	413	-	-	-	-	-	-	-	16,205
Debt service:											
Principal	-	-	-	-	817	7	-	-	-	-	824
Interest	-	-	-	-	184	1	-	-	-	-	185
Total expenditures	14,910	882	413	1,192	13,445	9,019	1,861	3,801	467	-	45,990
Excess (deficiency) of revenues over expenditures:	(5,723)	(882)	(413)	87	432	4,148	577	523	(12)	148	(1,115)
OTHER FINANCING SOURCES (USES)											
Transfers from other funds	928	1,641	140	-	14	8	-	-	89	-	2,820
Transfers (to) other funds	(196)	-	(36)	-	(481)	(2,845)	(1,018)	(1,410)	(482)	-	(6,468)
Proceeds of general obligation debt	5,493	2,908	1,060	-	-	-	-	-	-	-	9,461
Total other financing sources (uses)	6,225	4,549	1,164	-	(467)	(2,837)	(1,018)	(1,410)	(393)	-	5,813
Net change in fund balances:	502	3,667	751	87	(35)	1,311	(441)	(887)	(405)	148	4,698
Fund Balances - beginning of year	(8,112)	(2,185)	(1,821)	83	738	2,995	3,895	1,644	3,171	5,536	5,944
Fund Balances - end of year	\$ (7,610)	\$ 1,482	\$ (1,070)	\$ 170	\$ 703	\$ 4,306	\$ 3,454	\$ 757	\$ 2,766	\$ 5,684	\$ 10,642

Nonmajor Proprietary Funds

Enterprise Funds

Cemeteries Fund – This fund is used to account for the City's Mt. Hope and Riverside Cemeteries.

Public Market Fund – This fund is used to account for the revenues and expenses of the farmers' market which consists of several open sheds and one enclosed shed.

Port of Rochester Fund – This fund accounts for the rental of warehousing facilities at the Port of Rochester.

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2004 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 143	\$ 46	\$ -	\$ 189
Receivables (net of allowance for uncollectibles)	1,591	-	-	1,591
Due from other governments	24	-	-	24
Due from other funds	22	81	-	103
Cash and cash equivalents - restricted	3	27	-	30
Total current assets	1,783	154	-	1,937
Noncurrent assets:				
Capital assets:				
Land	131	480	-	611
Buildings	1,195	1,747	-	2,942
Improvements other than buildings	1,152	1,724	-	2,876
Equipment	1,093	307	-	1,400
Construction in progress	5	370	-	375
Less accumulated depreciation	(1,929)	(1,135)	-	(3,064)
Total noncurrent assets (net of accumulated depreciation)	1,647	3,493	-	5,140
Total assets	3,430	3,647	-	7,077
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	163	15	-	178
Accrued interest payable	-	18	-	18
Notes payable	-	907	-	907
Bonds payable	2	56	-	58
Due to other funds	837	21	-	858
Due to other governments	17	3	-	20
Due to other funds - restricted	34	-	-	34
Total current liabilities	1,053	1,020	-	2,073
Noncurrent liabilities:				
Bonds payable	1	265	-	266
Total liabilities	1,054	1,285	-	2,339
NET ASSETS				
Invested in capital assets, net of related debt	1,644	2,265	-	3,909
Restricted for debt service	55	23	-	78
Restricted for capital projects	169	52	-	221
Unrestricted	508	22	-	530
Total net assets	\$ 2,376	\$ 2,362	\$ -	\$ 4,738

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
Operating Revenues				
Charges for services	\$ 1,573	\$ 533	\$ 2	\$ 2,108
Operating Expenses				
Personal services	1,017	135	-	1,152
Supplies and materials	773	288	-	1,061
Employee benefits	349	32	-	381
Depreciation	146	128	-	274
Claims settlement	-	-	-	-
Total operating expenses	2,285	583	-	2,868
Operating income(loss)	(712)	(50)	2	(760)
Nonoperating revenues (expenses)				
Real property taxes	578	551	-	1,129
Interest on investments	53	9	2	64
Interest expense	-	(35)	-	(35)
Total nonoperating revenues (expenses)	631	525	2	1,158
Income (loss) before operating transfers	(81)	475	4	398
Capital contributions	-	-	(506)	(506)
Transfers in	-	1	-	1
Transfers out	-	-	(112)	(112)
Change in net assets	(81)	476	(614)	(219)
Total net assets-beginning	2,457	1,886	614	4,957
Total net assets-ending	\$ 2,376	\$ 2,362	\$ -	\$ 4,738

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,463	\$ 535	\$ 2	\$ 2,000
Payments to suppliers	(1,078)	(326)	-	(1,404)
Payments to employees	(991)	(133)	-	(1,124)
Net cash provided (used) by operating activities	(606)	76	2	(528)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Real property taxes	578	551	-	1,129
Operating grants	-	-	-	-
Transfers (to) from other funds	96	(65)	(112)	(81)
Net cash provided by noncapital financing activities	674	486	(112)	1,048
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds and notes	(2)	(481)	-	(483)
Interest expense paid on bonds and notes	-	(43)	-	(43)
Payments to contractors	(91)	(34)	-	(125)
Proceeds from sale of capital assets	7	-	-	7
Net cash used in capital and related financing activities	(86)	(558)	-	(644)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	53	9	2	64
Net increase (decrease) in cash and cash equivalents	35	13	(108)	(60)
Cash and cash equivalents at beginning of year	111	60	108	279
Cash and cash equivalents at end of year	\$ 146	\$ 73	\$ -	\$ 219
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (712)	\$ (50)	\$ 2	\$ (760)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	146	128	-	274
(Increase) in accounts receivable	(110)	2	-	(108)
Increase in accounts payable	63	(6)	-	57
(Decrease) in intergovernmental payables	7	2	-	9
Total adjustments	106	126	-	232
Net cash provided (used) by operating activities	\$ (606)	\$ 76	\$ 2	\$ (528)

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004 (000's Omitted)

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
ASSETS				
Cash and cash equivalents	\$ 10,108	\$ 14,861	\$ 13,739	\$ 11,230
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)	55	-	18	37
Due from other funds	13	359	247	125
Total assets	<u>10,176</u>	<u>15,220</u>	<u>14,004</u>	<u>11,392</u>
LIABILITIES				
Accounts payable and accrued liabilities	9,910	12,929	11,696	11,143
Due to other funds	94	197	42	249
Due to other governments	172	2,094	2,266	-
Total liabilities	<u>\$ 10,176</u>	<u>\$ 15,220</u>	<u>\$ 14,004</u>	<u>\$ 11,392</u>

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, 2004 (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	\$ 118,212	\$ 123,884	\$ 5,633	\$ 5,633	\$ 1,816	\$ 1,895	\$ 125,661	\$ 125,661	\$ 131,412	\$ 5,751
Sales and other taxes	144,731	147,213	-	-	838	933	145,569	145,569	148,146	2,577
Charges for services	18,744	19,400	14,611	14,454	59,926	59,835	92,292	93,281	93,689	408
Use of money and property	798	1,098	61	112	144	121	1,003	1,003	1,331	328
Interest and penalties	-	-	-	-	1,177	1,323	1,177	1,177	1,323	146
Licenses and permits	1,898	2,069	-	-	-	-	1,898	1,898	2,069	171
Federal aid	1,505	1,088	-	104	-	28	998	1,505	1,220	(285)
State aid	63,388	63,077	488	450	-	3	63,589	63,876	63,530	(346)
Local sources and other	12,416	11,937	6,620	6,620	-	-	18,876	19,036	18,557	(479)
Total revenues	361,692	369,766	27,413	27,373	63,901	64,138	451,063	453,006	461,277	8,271
EXPENDITURES										
Council and clerk	1,602	1,534	-	-	-	-	1,442	1,602	1,534	68
Administration	9,934	9,499	-	-	-	-	9,914	9,934	9,499	435
Law	1,866	1,815	-	-	-	-	1,866	1,866	1,815	51
Finance	7,580	7,384	-	-	-	-	7,580	7,580	7,384	196
Community development	5,908	5,574	-	-	-	-	5,858	5,908	5,574	334
Economic development	1,725	1,687	-	-	1,538	1,270	3,263	3,263	2,957	306
Environmental services	24,401	23,206	8,039	7,279	36,258	36,263	68,352	68,698	66,748	1,950
Library	-	-	10,497	10,300	-	-	10,337	10,497	10,300	197
Police	61,734	61,686	1,047	1,003	-	-	60,170	62,781	62,689	92
Fire	38,608	38,125	-	-	-	-	37,237	38,608	38,125	483
Emergency communications	8,019	7,933	-	-	-	-	8,019	8,019	7,933	86
Parks, recreation and human services	15,686	14,813	-	-	2,993	3,024	17,647	18,679	17,837	842
Undistributed	55,380	53,452	4,536	4,167	6,735	7,358	66,333	66,651	64,977	1,674
Contingency	428	-	-	-	-	-	3,845	428	-	428
Debt services	16,300	15,572	1,009	1,009	11,693	11,653	29,003	29,002	28,234	768
Total expenditures	249,171	242,280	25,128	23,758	59,217	59,568	330,866	333,516	325,606	7,910
Excess of revenues over expenditures	\$ 112,521	\$ 127,486	\$ 2,285	\$ 3,615	\$ 4,684	\$ 4,570	\$ 120,197	\$ 119,490	\$ 135,671	\$ 16,181

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, 2004 (000's Omitted)**

(continued)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 29,054	\$ 28,099	\$ 22	\$ 22	\$ 112	\$ 85	\$ 26,750	\$ 29,188	\$ 28,206	\$ (982)
Transfers (to) other funds	(19,976)	(30,106)	(2,407)	(2,407)	(6,933)	(6,933)	(27,078)	(29,316)	(39,446)	(10,130)
Transfers (to) component unit	(126,100)	(126,100)	-	-	-	-	(126,100)	(126,100)	(126,100)	-
Total other financing uses	<u>(117,022)</u>	<u>(128,107)</u>	<u>(2,385)</u>	<u>(2,385)</u>	<u>(6,821)</u>	<u>(6,848)</u>	<u>(126,428)</u>	<u>(126,228)</u>	<u>(137,340)</u>	<u>(11,112)</u>
Appropriation of prior year fund balance	4,501	-	100	-	2,137	-	6,231	\$ 6,738	\$ -	\$ (6,738)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>(621)</u>	<u>\$ -</u>	<u>1,230</u>	<u>\$ -</u>	<u>(2,278)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,669)</u>	<u>\$ (1,669)</u>
Encumbrances included in actual		<u>4,188</u>		<u>380</u>		<u>553</u>				
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		<u>3,567</u>		<u>1,610</u>		<u>(1,725)</u>				
Expenditures of prior years' encumbrances		<u>3,009</u>		<u>170</u>		<u>275</u>				
Excess (deficiency) of revenues and other sources over expenditures and other uses		<u>558</u>		<u>1,440</u>		<u>(2,000)</u>				
Net enterprise capital revenue		-		-		(3,062)				
Depreciation expense		-		-		(11,563)				
Debt service cash basis		-		-		8,023				
Local improvement ordinances		-		(77)		-				
Contribution to reserve for capital projects		-		-		6,933				
Capital and debt service interest		-		-		119				
Capital reimbursement		-		-		214				
Port fund transfer		-		-		(614)				
Debt reserve transfer in		-		-		(73)				
Fund equity - beginning of year		<u>17,459</u>		<u>3,816</u>		<u>178,016</u>				
Fund equity - end of year		<u>\$ 18,017</u>		<u>\$ 5,179</u>		<u>\$ 175,993</u>				

Statistical Section

**THE CITY OF ROCHESTER, NEW YORK
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Public Safety	Public Works	General Government	Employee Benefits	Debt Service (2)	Component Unit (3)	Total
1995	\$76,359	\$19,085	\$33,587	\$32,384	\$20,003	\$289,551	\$470,969
1996	77,894	19,086	34,218	31,513	19,898	301,431	484,040
1997	81,326	19,955	36,591	32,750	19,626	301,065	491,313
1998	84,543	20,537	39,904	29,904	17,822	314,949	507,659
1999	88,677	21,747	41,310	30,351	19,361	340,934	542,380
2000	92,029	21,579	43,696	30,758	17,656	350,174	555,892
2001	96,360	21,968	43,049	36,505	18,573	396,287	612,742
2002	100,238	21,819	44,630	40,813	21,284	410,739	639,523
2003	102,745	21,850	43,111	42,672	17,543	406,504	634,425
2004	<u>106,579</u>	<u>22,138</u>	<u>45,086</u>	<u>51,725</u>	<u>15,573</u>	<u>404,487</u>	<u>645,588</u>

Notes:

-1 Includes General, Special Revenue and Debt Service Funds for Fiscal Year 1995 and General and Debt Service Funds for primary government and component unit, less allocation to School District for Fiscal Years 1996 through 2004.

-2 Please see Note III D. to the General Purpose Financial Statements for further explanation.

(3) Component Unit includes Employee Benefits, Debt Service and Administration for City School District

**GENERAL REVENUE BY SOURCE (1)
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Taxes	Departmental Income	Inter-Governmental	Use of Money and Property	Other	Component Unit	Total
1995	\$ 120,008	\$ 14,900	\$ 30,412	\$ 4,522	\$ 12,996	\$ 299,551	\$ 482,389
1996	124,152	15,755	29,291	4,843	13,192	304,797	492,030
1997	128,849	16,446	32,548	4,766	13,631	313,061	509,301
1998	129,431	16,908	40,587	5,499	14,766	328,734	535,925
1999	135,979	17,452	44,375	5,269	14,692	354,327	572,094
2000	134,265	18,411	46,582	6,310	16,127	367,141	588,836
2001	132,001	18,743	59,750	9,161	14,773	378,908	613,336
2002	129,364	18,506	63,106	4,846	14,674	411,309	641,805
2003	137,850	18,078	63,932	2,494	13,850	450,183	686,387
2004	<u>144,997</u>	<u>19,400</u>	<u>64,165</u>	<u>2,207</u>	<u>14,149</u>	<u>420,491</u>	<u>665,409</u>

Note:

(1) Includes General, Special Revenue and Debt Service Funds for Fiscal Year 1995 and General and Debt Service Funds for primary government and component unit for Fiscal Years 1996 through 2004.

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Cancellations and/or Adjustments to Taxes (3)	Outstanding Delinquent Taxes (Cumulative)	Percent of Outstanding Delinquent Taxes to Total Tax Levy
1995	\$ 141,313	\$ 132,631	93.9 %	\$ 6,019	\$ 138,650	98.1 %	\$ 1,780	\$ 13,695	9.7 %
1996	142,795	133,690	93.6	6,651	140,341	98.3	1,787	14,362	10.1
1997	143,509	134,253	93.6	7,254	141,507	98.6	1,825	14,539	10.1
1998	141,711	133,137	93.9	6,504	139,641	98.5	3,405	13,204	9.3
1999	135,394	127,269	94.0	6,834	134,103	99.0	1,292	13,203	9.8
2000	134,597	126,433	93.9	6,474	132,907	98.7	1,460	13,433	10.0
2001	128,842	120,391	93.4	4,803	125,194	97.2	3,746	13,335	10.3
2002	123,826	115,264	93.1	6,564	121,828	98.4	1,645	13,688	11.1
2003	128,678	119,887	93.2	6,221	126,108	98.0	1,804	14,454	11.2
2004	133,854	125,366	93.7	5,831	131,197	98.0	3,579	13,532	10.1

Notes:

- (1) Tax exempt properties with an assessed value of \$445,719,450 made payments in lieu of taxes amounting to \$11,468,552 for the fiscal year ending June 30, 2004. If these properties had been fully taxable, total revenues would have increased by \$8,712,888. 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.

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Real Property		Ratio of Total Assessed to Total Estimated Actual Value (1)
	Assessed Value	Estimated Actual Value	
1995	\$ 5,590,260	\$ 6,153,286	90.85 %
1996	5,500,840	5,144,818	106.92
1997	5,202,935	5,076,529	102.49
1998	5,120,347	5,062,132	101.15
1999	5,072,605	5,108,363	99.30
2000	5,044,246	4,757,376	106.03
2001	4,802,407	4,751,565	101.07
2002	4,789,488	4,750,062	100.83
2003	4,779,118	4,738,368	100.86
2004	4,735,334	4,692,631	100.91

Notes:

- (1) Special Equalization Ratios established by New York State Office of Real Property Services

**THE CITY OF ROCHESTER, NEW YORK
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS**

City of Rochester						
Fiscal Year	General			Total	Monroe County	Total
	Municipal Purposes	School Purposes				
1995	Homestead	\$ 5.14	\$ 10.15	\$ 15.29	\$ 11.73	\$ 27.02
	Nonhomestead	13.67	27.83	41.50	11.73	53.23
1996	Homestead	5.55	10.63	16.18	11.48	27.66
	Nonhomestead	14.16	27.95	42.11	11.48	53.59
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	10.46	31.62
	Nonhomestead	<u>14.26</u>	<u>32.68</u>	<u>46.94</u>	<u>10.46</u>	<u>57.40</u>

**SPECIAL ASSESSMENT COLLECTION
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Current	Current	Ratio of	Total Cumulative
	Assessments Due	Assessments Collected	Collections to Amount Due	Outstanding Assessments Due
1995	\$ 8,958	\$ 8,353	93.2 %	\$ 1,025
1996	8,994	8,354	92.9	1,091
1997	9,342	8,639	92.5	1,250
1998	9,524	8,811	92.5	1,212
1999	9,490	8,760	92.3	1,324
2000	10,595	9,774	92.3	1,363
2001	11,305	10,367	91.7	1,508
2002	12,928	11,873	91.8	1,715
2003	12,870	11,828	91.9	1,720
2004	<u>13,232</u>	<u>12,110</u>	<u>91.5</u>	<u>1,819</u>

**THE CITY OF ROCHESTER, NEW YORK
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Fiscal Year	Population	Assessed Value (000's Omitted)	Net Bonds	Net BAN's	Net Bonds and BAN's (1)	Debt Service Monies Available	Net Bonded Debt	Ratio	Net
								Bonded Debt to Assessed Value	Bonded Debt Per Capita
1995	\$ 233,900	\$ 5,590,260	\$151,419,000	\$127,555,500	\$ 278,974,500	\$ 39,974,000	\$239,000,500	4.28 %	\$ 1,022
1996	228,500	5,500,840	203,831,000	68,927,000	272,758,000	36,820,000	235,938,000	4.29	1,033
1997	227,000	5,202,935	176,160,000	135,394,000	311,554,000	38,180,000	273,374,000	5.25	1,204
1998	218,400	5,120,347	201,110,000	110,045,000	311,155,000	53,569,000	257,586,000	5.03	1,179
1999	214,600	5,072,605	169,385,000	135,041,100	304,426,100	57,589,000	246,837,100	4.87	1,150
2000	215,900	5,044,246	203,510,000	90,607,300	294,117,300	61,300,000	232,817,300	4.62	1,078
2001	223,800	4,802,407	229,135,700	80,090,500	309,226,200	57,847,000	251,379,200	5.23	1,123
2002	218,300	4,789,488	190,820,134	112,165,000	302,985,134	59,969,000	243,016,134	5.07	1,113
2003	218,000	4,779,118	160,374,110	137,632,100	298,006,210	62,520,000	235,486,210	4.93	1,080
2004	<u>219,773</u>	<u>4,735,334</u>	<u>239,293,107</u>	<u>69,264,100</u>	<u>308,557,207</u>	<u>61,354,000</u>	<u>247,203,207</u>	<u>5.22</u>	<u>1,125</u>

Notes:

- (1) Excludes debt for water and some sewer. The debt service for some sewer debt is reimbursed by the Monroe County Pure Waters Agency. Water debt is excluded from net indebtedness by Section 136.00 of the Local Finance Law and is redeemed by revenues other than the property tax, i.e. user fees.

Bond Anticipation Notes (BAN's) are included because they are issued for the same purpose as bonds, have the same credit backing, and are converted to bonds within the required statutory conversion period of five years.

**THE CITY OF ROCHESTER, NEW YORK
COMPUTATION OF CITY DEBT LIMIT
JUNE 30, 2004**

Computation of Debt Limit as of June 30, 2004			
Indebtedness			
Borrowings (Bonds and Notes)	\$ 344,117,122	(1)	
Contract Liabilities	15,425,335	(2)	\$ 359,542,457
Deductions and Exclusions			
Water Bonds and Notes	32,857,400	(3)	
Sanitary Sewer Bonds and Notes	2,640,000	(3)	
Housing Subsidy	60,163	(4)	
Cash and Cash Equivalents	<u>15,365,172</u>	(5)	<u>50,922,735</u>
Net Indebtedness			308,619,722
Debt Limit (9% of five-year average full valuation)			<u>431,025,321</u>
Debt Contracting Margin			<u>\$ 122,405,599</u>

Notes:

- (1) Represents all bond and note debt of the City, net of note liability in the Debt Service Fund, if any. Includes water and sewer debt -- listed above under "Deductions and Exclusions". Also includes bonds and bond anticipation notes issued by the City totaling \$2,955,000, 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 (a) amounts due pursuant to contracts for capital improvements or the acquisition of equipment and (b) amount of indebtedness of the Rochester Housing Authority 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) Excluded pursuant to Section 136.00 of the Local Finance Law, as indebtedness incurred under Article XVIII of State Constitution for housing and urban renewal purposes.
- (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
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2004**

Jurisdiction	Gross Debt Outstanding		Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$	343,757,122	100.00 %	\$ 343,757,122
County of Monroe		<u>439,434,536</u>	15.38	<u>67,585,032</u>
Total	\$	<u>783,191,658</u>		<u>\$ 411,342,154</u>

**RATIO OF ANNUAL DEBT SERVICE FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS (000's Omitted)**

Fiscal Year	Total Debt Service (1)		Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
	Principal	Interest		
1995	\$ 23,605	\$ 11,133	\$ 34,738	\$ 470,969 7.4 %
1996	28,646	12,442	41,088	484,040 8.5
1997	32,021	13,638	45,659	491,313 9.3
1998	32,788	12,469	45,257	507,659 8.9
1999	37,671	11,164	48,835	542,380 9.0
2000	38,264	11,081	49,345	555,892 8.9
2001	39,705	11,501	51,206	612,742 8.4
2002	40,505	13,606	54,111	639,523 8.5
2003	34,942	9,696	44,638	634,425 7.0
2004	<u>33,774</u>	<u>8,308</u>	<u>42,082</u>	<u>648,588</u> 6.5

Notes:

- (1) Includes principal and interest for Bonds and Bond Anticipation Notes and interest only for Revenue Anticipation Notes for City and Component Unit general funds and debt service funds.
- (2) Includes General and Debt Service Funds of primary government and component unit, less allocation to School District.

**CITY SCHOOL DISTRICT ENROLLMENT TRENDS
REGULAR PROGRAMS ONLY
LAST TEN FISCAL YEARS**

Year	Elementary	Percent Increase (Decrease)		Secondary	Percent Increase (Decrease)		Total	Percent Increase (Decrease)	
1995	21,410	1.3 %		13,248	2.0 %		34,658	0.8 %	
1996	21,730	1.5		13,883	4.8		35,613	2.8	
1997	22,196	2.1		14,457	4.1		36,653	2.9	
1998	22,434	1.1		14,230	(1.6)		36,664	0.0	
1999	22,727	1.3		15,202	6.8		37,929	3.5	
2000	21,178	(6.8)		15,705	3.3		36,883	(2.8)	
2001	19,524	(7.8)		15,596	(0.7)		35,120	(4.8)	
2002	18,740	(4.0)		16,355	4.9		35,095	(0.1)	
2003	17,668	(5.7)		16,858	3.1		34,526	(1.6)	
2004	<u>18,595</u>	<u>5.2</u>		<u>15,237</u>	<u>(9.6)</u>		<u>33,832</u>	<u>(2.0)</u>	

**DEMOGRAPHIC STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	Per Capita Income for Monroe County (2)
1995	233,900	\$ 25,741
1996	228,500	26,779
1997	227,000	27,742
1998	218,400	29,994
1999	214,600	29,366
2000	215,900	31,134
2001	223,800	32,055
2002	218,300	32,506
2003	218,000	N/A
2004	<u>219,773</u>	<u>N/A</u>

Source: US Dept. of Commerce Bureau of Economic Analysis (www.bea.doc.gov)

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(000's Omitted)**

Fiscal Year	Value of Construction Permits Issued	Bank Deposits*	Estimated Property Value
1995	\$ 124,900	\$ 12,067,000	\$ 6,153,286
1996	117,900	11,961,000	5,144,818
1997	181,800	12,365,000	5,076,529
1998	203,700	13,003,000	5,062,132
1999	143,500	13,135,000	5,108,363
2000	104,600	13,999,000	4,757,376
2001	143,300	14,886,000	4,751,565
2002	99,000	17,137,000	4,750,062
2003	72,100	22,568,000	4,738,368
2004	<u>104,800</u>	<u>12,599,000</u>	<u>4,692,631</u>

* Source: Federal Deposit Insurance Corporation. OTS Summary of Deposits for Rochester NY MSA - All Institutions. (www.fdic.gov)

**THE CITY OF ROCHESTER, NEW YORK
PRINCIPAL TAXPAYERS
JUNE 30, 2004
(000's Omitted)**

2003 Rank	Taxpayer	Type of Business	Taxable Assessed Valuation	Percentage of Total Taxable Assessed Valuation (1)
			Fiscal Year 2003-2004	
1	Rochester Gas and Electric Corporation	Electric, gas, utility	\$ 351,912	7.43 %
2	Eastman Kodak Company	Photographic equipment and films	124,591	2.63
3	Frontier Telephone Corporation	Telephone, utility	60,879	1.29
4	Samloff/Glazer	Office buildings	27,124	0.57
5	Pioneer/City Center	Office buildings	23,000	0.49
6	Chase Manhattan Bank	Financial institution	21,665	0.46
7	Xerox Corporation	Copying & computer equipment	19,250	0.41
8	Conrail	Railroads	15,282	0.32
9	Maguire Family Properties	Industrial Redevelopment	13,806	0.29
10	Midtown Rochester LLC	Retail, office building	13,442	0.28
11	Landsman Development Corp.	Retail, office building, industrial buildings	12,576	0.27
12	Valeo (ITT Automotive)	Automotive parts	11,906	0.25
13	Robert Gordon	Financial institution, First Federal Plaza	11,848	0.25
14	Farash, Jalynn Brighton Development	Office buildings	11,289	0.24
15	Rochester Management	Retail, office building	11,138	0.24
			<u>\$ 729,708</u>	<u>15.41 %</u>

Note:

- 1) The total taxable assessed value for fiscal year 2003-04 was \$4,735,333,865.

Source: Assessment Roll of the City of Rochester.

**TEN LARGEST INDUSTRIAL EMPLOYERS
IN THE ROCHESTER AREA
(FULL-TIME EMPLOYEES)**

Employment			
Rank	Company	Nature of Local Operations	2003
1	Eastman Kodak Company	Manufacture, marketing, and research and development of imaging products	20,600
2	University of Rochester/Strong Memorial Hospital	Education, research, health care	13,400
3	Xerox Corporation	Manufacture, sale and servicing of document-processing products and systems	8,600
4	Wegmans Food	Supermarkets and home improvement stores	5,579
5	ViaHealth	Health care	4,434
6	Unity Health System	Health care	3,012
7	Lifetime Healthcare Company	Health insurance and health-related benefits	3,000
8	Rochester Institute of Technology	Educational institute	2,668
9	Delphi Energy and Engine Management Systems	Design, develop and manufacture of fuel and emission control systems	2,500
10	Frontier, a Citizens Communications Company	Telecommunications services	2,100

Source: Rochester Business Journal, April 2, 2004.

**THE CITY OF ROCHESTER, NEW YORK
IN-REM FORECLOSURES AND DISPOSITION
LAST TEN FISCAL YEARS**

Fiscal Year	Number of Foreclosures	Number of Properties Sold at Auction or Negotiated Sale	Assessed Value of Properties Sold and Returned to Tax Rolls
1995	75	143	\$ 690,785
1996	118	159	356,623
1997	130	250	702,500
1998	223	112	365,106
1999	228	125	365,000
2000	227	130	360,000
2001	313	185	518,000
2002	294	209	585,200
2003	324	482	1,266,000
2004	<u>302</u>	<u>376</u>	<u>948,000</u>

Source: City of Rochester Bureau of Housing and Project Development.

**CONSTITUTIONAL PROPERTY TAX LIMIT
LAST TEN FISCAL YEARS**

Fiscal Year	Limit	City and School Current Tax Levy	Legal Margin
1995	\$ 153,694,935	\$ 93,420,870	\$ 60,274,065
1996	125,036,941	96,597,775	28,439,166
1997	123,743,096	79,065,001	44,678,095
1998	127,018,640	79,418,423	47,600,217
1999	131,836,106	64,461,526	67,374,580
2000	107,132,525	59,073,650	48,058,875
2001	99,609,567	51,975,217	47,634,350
2002	97,037,612	58,253,768	38,783,844
2003	95,244,442	84,533,287	10,711,155
2004	<u>93,374,182</u>	<u>81,679,387</u>	<u>11,694,795</u>

Notes: New York State law limits the property taxing authority of the City. The annual levy for purposes cannot exceed 2% of the five-year average full value assessment.

**THE CITY OF ROCHESTER, NEW YORK
NUMBER OF CITY AND CITY SCHOOL DISTRICT FULL-TIME EMPLOYEES
LAST TEN FISCAL YEARS**

Fiscal Year	City	School	Total
1995	2,956	5,398	8,354
1996	2,955	5,384	8,339
1997	2,981	5,428	8,409
1998	3,033	5,594	8,627
1999	3,082	5,833	8,915
2000	3,096	6,023	9,119
2001	3,121	6,221	9,342
2002	3,151	6,303	9,454
2003	3,100	6,068	9,168
2004	3,054	6,013	9,067

**THE CITY OF ROCHESTER, NEW YORK
RESIDENT EMPLOYMENT STATUS
LAST TEN YEARS
(000's Omitted; not seasonally adjusted)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
LABOR FORCE										
Rochester MSA*	573.5	569.7	573.4	584.5	585.6	580.0	570.6	569.1	578.4	576.7
Monroe County	385.2	381.1	382.5	390.1	390.6	386.4	385.4	384.6	390.8	389.8
Rochester City	115.5	113.4	113.4	115.8	115.9	115.0	114.4	114.7	117.9	117.6
EMPLOYED										
Rochester MSA*	543.3	543.9	550.6	561.0	562.7	555.6	548.3	543.8	544.4	542.9
Monroe County	366.4	366.1	369.2	376.2	376.8	371.3	371.5	368.4	368.9	367.9
Rochester City	105.5	105.4	106.4	108.4	108.5	107.0	107.0	106.1	106.3	106.0
UNEMPLOYED										
Rochester MSA*	30.2	25.8	22.8	23.5	22.9	24.4	22.3	25.3	34.0	33.8
Monroe County	18.8	15.0	13.3	13.9	13.8	15.1	13.9	16.2	21.9	21.9
Rochester City	10.0	8.0	7.0	7.4	7.4	8.0	7.4	8.6	11.6	11.6
UNEMPLOYMENT RATE										
Rochester MSA*	5.3 %	4.5 %	4.0 %	4.0 %	3.9 %	4.2 %	3.9 %	4.4 %	5.9 %	5.9 %
Monroe County	4.9	3.9	3.5	3.6	3.5	3.9	3.6	4.2	5.6	5.6
Rochester City	8.7	7.1	6.2	6.4	6.4	7.0	6.5	7.5	9.8	9.9

Notes:

(1) Above figures are averages for the calendar year.

* Metropolitan Statistical Area

Source: www.labor.state.ny.us

**NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT BY INDUSTRY
ROCHESTER (MSA)
LAST TEN YEARS
(000's Omitted)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
TOTAL GOODS PRODUCING										
Natural Resources and Mining	.9	.7	.6	.5	.5	.5	.5	.5	.6	.6
Construction	15.6	15.9	15.9	17.0	18.3	19.1	19.3	19.8	18.2	18.2
Manufacturing	117.2	117.8	117.6	118.4	115.7	110.3	106.3	99.6	91.1	85.5
Durable Goods	69.3	71.8	71.5	71.6	70.5	67.5	65.2	60.3	52.6	46.5
Nondurable Goods	47.9	46.1	46.1	46.8	45.2	42.8	41.0	39.3	38.3	39.0
TOTAL SERVICE PROVIDING										
Trade, Transportation and Utilities	87.4	87.4	87.0	87.1	89.4	91.7	92.8	93.0	90.3	89.1
Information Services	10.0	10.5	11.2	10.8	11.0	11.8	12.9	14.4	14.2	13.8
Financial Activities	24.7	24.5	24.7	22.8	22.1	22.0	22.2	22.2	21.7	22.4
Professional and Business Services	46.2	47.4	49.9	52.8	54.8	59.8	61.5	60.0	57.3	57.7
Education and Health	83.6	85.7	85.1	85.8	87.8	90.0	93.4	94.7	95.9	98.3
Leisure and Hospitality	38.2	39.3	39.7	40.8	42.1	42.6	42.6	41.1	41.2	41.6
Other Services	16.4	17.1	17.4	16.8	17.2	18.1	18.7	18.5	19.5	20.0
Government	77.5	78.0	78.1	78.7	80.8	82.4	83.3	85.4	86.5	87.6
Federal	5.9	5.8	5.8	5.7	5.5	5.5	5.8	5.4	5.4	5.6
State	13.7	13.8	13.5	13.4	13.4	13.5	13.7	14.0	14.5	14.2
Local	57.9	58.4	58.8	59.7	61.9	63.4	63.8	66.0	66.6	67.8

Notes:

(1) Category totals and subtotals may not total exactly due to rounding in subcategories.

(2) Above figures are averages for the calendar year.

Source: www.labor.state.ny.us

**THE CITY OF ROCHESTER, NEW YORK
BUILDING PERMIT ACTIVITY
LAST TEN FISCAL YEARS**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
New Residential	82	107	75	44	52	47	38	44	23	27
New Nonresidential	112	144	130	139	125	136	113	119	144	130
Residential Remodeling	814	733	667	627	622	625	547	596	598	618
Commercial Remodeling	600	614	776	847	923	774	795	726	649	634
Demolition	163	209	248	209	239	250	319	307	359	225
Conversion	77	77	85	72	80	97	103	113	121	141
Other Structural	605	688	767	764	742	805	849	620	918	795
Plumbing	3,145	2,870	3,002	2,906	2,779	3,077	2,919	2,805	2,542	2,344
Electrical	1,858	1,671	1,757	1,838	2,007	2,190	2,133	2,302	2,594	2,617
TOTAL	7,456	7,113	7,507	7,446	7,569	8,001	7,816	7,632	7,948	7,531

**BUILDING PERMIT VALUE
LAST TEN FISCAL YEARS
(000'S Omitted)**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
New Residential	\$ 4,800	\$ 7,800	\$ 4,500	\$ 6,200	\$ 11,400	\$ 2,800	\$ 6,400	\$ 3,300	\$ 3,300	\$ 13,500
New Nonresidential	32,200	23,900	28,500	93,700	13,200	16,000	17,300	11,900	12,200	3,200
Residential Remodeling	6,900	9,900	4,000	4,400	4,100	4,000	3,800	3,600	4,000	4,000
Commercial Remodeling	55,900	52,500	117,500	66,900	67,700	50,400	89,700	38,500	30,600	53,000
Demolition	-	-	-	-	2,400	4,800	3,700	3,300	5,200	8,900
Conversion	3,500	200	300	300	600	800	100	2,300	2,200	1,800
Other Structural	1,800	3,500	1,500	4,000	3,600	1,800	2,700	2,600	2,200	1,000
Plumbing	7,000	7,600	10,300	10,500	8,400	11,900	8,200	8,800	5,500	8,600
Electrical	12,800	12,500	15,200	17,700	32,100	12,100	11,400	24,700	6,900	10,800
TOTAL	\$124,900	\$117,900	\$181,800	\$203,700	\$143,500	\$104,600	\$143,300	\$ 99,000	\$ 72,100	\$104,800

**THE CITY OF ROCHESTER, NEW YORK
MISCELLANEOUS STATISTICS
JUNE 30, 2004**

Date of Incorporation:	April 28, 1834
Form of Government:	Mayor/Council
Area:	36.44 Square Miles
Miles of Streets:	539
Parcels of Property:	
Homestead (one to three-family residential):	56,069
Nonhomestead:	11,123
Water System:	
Miles of Water Mains:	598
Consumers:	61,200
Average Daily Production:	34.6 million gallons
Public Safety:	
Police Sectors:	2
Police Officers:	707
Fire Stations:	16
Firefighters:	522
Recreation and Culture:	
Recreation Centers:	42
Acres of Parks:	880
Libraries:	11
Library Materials Circulated:	1,783,500

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Single Audit Reports

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

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, 2004, and have issued our report thereon dated September 17, 2004 which included a disclaimer of opinion with respect to the statistical data, the Schedule of Expenditures of NYS and Other Awards and Summary of Financial Assistance as listed in the foregoing table of contents. 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 grants, 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 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.



September 17, 2004

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR FEDERAL AWARD PROGRAM

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, 2004. The City's major federal programs are identified in the summary of auditor's 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, 2004.

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 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 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 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.



September 17, 2004

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
CITY GRANTS										
DEPT. OF HOUSING AND URBAN DEVELOPMENT:										
CDBG PY 1995	B-95-MC-36-0003	14.218	\$ 16,320,401	\$ 15,978,061	\$ 42,851	\$ 16,020,912	\$ 15,973,814	\$ 47,065	\$ 16,020,879	\$ 33
CDBG PY 1996	B-96-MC-36-0003	14.218	18,710,449	18,181,658	28,484	18,210,142	18,184,329	25,811	18,210,140	2
CDBG PY 1997	B-97-MC-36-0003	14.218	12,846,000	13,960,750	65,309	14,026,059	13,959,673	66,374	14,026,047	12
CDBG PY 1998	B-98-MC-36-0003	14.218	12,890,500	12,640,446	27,610	12,668,056	12,617,519	32,246	12,649,765	18,291
CDBG PY 1999	B-99-MC-36-0003	14.218	12,699,000	14,086,238	306,475	14,392,713	14,085,361	303,371	14,388,732	3,981
CDBG PY 2000	B-00-MC-36-0003	14.218	12,999,000	13,102,979	160,261	13,263,240	12,654,514	598,436	13,252,950	10,290
CDBG PY 2001	B-01-MC-36-0003	14.218	13,516,000	11,175,578	676,695	11,852,273	11,187,865	690,831	11,878,696	(26,423)
CDBG PY 2002	B-02-MC-36-0003	14.218	13,863,000	8,208,745	1,567,793	9,776,538	7,992,031	1,850,015	9,842,046	(65,508)
CDBG PY 2003	B-03-MC-36-0003	14.218	13,295,000	-	9,687,065	9,687,065	-	9,532,019	9,532,019	155,046
Section 108 Loan Program	B-95-MC-36-0003	14.158	1,300,000	1,300,000	-	1,300,000	900,000	190,000	1,090,000	210,000
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 Loan Program	B-95-MC-36-0003A	14.158	600,000	600,000	-	600,000	-	600,000	600,000	-
Section 108 EDI Program	B-95-ED-36-0019	14.158	475,000	225,000	197,500	422,500	225,000	197,500	422,500	-
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	306,589	52,793	359,382	307,446	53,650	361,096	(1,714)
Emergency Shelter	S-03-MC-36-0005	14.146	410,000	-	401,738	401,738	-	399,604	399,604	2,134
Home Program 1992	M-92-MC-36-0504	14.239	2,913,000	2,908,230	4,000	2,912,230	2,908,230	4,000	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	-
Home Program 1994	M-94-MC-36-0504	14.239	2,678,000	2,673,054	4,946	2,678,000	2,673,054	4,946	2,678,000	-
Home Program 1995	M-95-MC-36-0504	14.239	2,879,000	2,851,893	26,969	2,878,862	2,851,893	26,969	2,878,862	-
Home Program 1996	M-96-MC-36-0504	14.239	3,090,000	3,087,975	-	3,087,975	-	-	3,087,975	-
Home Program 1997	M-97-MC-36-0504	14.239	3,139,000	3,181,268	(102,683)	3,078,585	3,181,268	(102,683)	3,078,585	-
Home Program 1998	M-98-MC-36-0504	14.239	3,413,000	3,160,704	77,768	3,238,472	3,160,704	77,768	3,238,472	-
Home Program 1999	M-99-MC-36-0504	14.239	3,710,000	3,056,464	258,120	3,314,584	3,056,464	258,120	3,314,584	-
Home Program 2000	M-00-MC-36-0504	14.239	3,882,000	3,473,453	103,903	3,577,356	3,437,763	139,593	3,577,356	-
Home Program 2001	M-01-MC-36-0504	14.239	4,148,000	1,710,215	1,143,466	2,853,681	1,710,215	1,143,466	2,853,681	-
Home Program 2002	M-02-MC-36-0504	14.239	3,917,000	580,909	1,337,072	1,917,981	580,909	1,218,912	1,799,821	118,160
Home Program 2003	M-03-MC-36-0504	14.239	3,793,619	-	436,982	436,982	-	436,982	436,982	-
Lead Hazard Demonstration	NYLHD0003-03	14.905	2,568,248	-	20,142	20,142	-	20,142	20,142	-
Lead Hazard Control	NYLHB0240-03	14.905	2,918,423	-	63,210	63,210	-	65,978	65,978	(2,768)
Neighborhood Initiative Grant Program	B-01-NI-NY-RO-0007	14.227	1,000,000	933,910	15,000	948,910	933,910	15,000	948,910	-
HOPWA	NY06H02F003	14.241	566,000	60,490	495,337	555,827	60,490	495,337	555,827	-
FEDERAL EMERGENCY MANAGEMENT AGENCY										
Hazardous Mitigation	055-63000-00	83.516	325,599	218,159	107,440	325,599	218,159	107,440	325,599	-
CERT		97.054	86,997	-	86,997	86,997	0	86,997	86,997	-
U.S. DEPARTMENT OF JUSTICE										
Law Enforcement Block Grant	02-LB-BX-2679	16.592	425,702	425,702	-	425,702	3,958	308,391	312,349	113,353
Law Enforcement Block Grant	01-LB-BX-2964	16.592	546,991	552,251	-	552,251	188,678	363,573	552,251	-
Law Enforcement Block Grant	03-LB-BX-2964	16.592	289,730	-	289,730	289,730	-	-	-	289,730
Weed & Seed FY 01	01-WS-QX-0020	16.595	175,000	151,513	15,747	167,260	151,513	15,747	167,260	-
Weed & Seed FY 01	01-WS-QX-0158	16.595	450,000	132,686	183,604	316,290	132,686	177,288	309,974	6,316
Weed & Seed FY 01	01-WS-QX-0191	16.595	450,000	102,917	217,789	320,706	102,917	217,789	320,706	-
COPS MORE	99-CL-WX-0250	16.680	757,100	734,642	22,251	756,893	734,642	22,251	756,893	-
COPS Racial Profiling	01-HS-WX-K051	16.680	200,000	24,010	144,121	168,131	24,010	144,121	168,131	-
DEA/ATF		16.595	42,665	-	42,665	42,665	-	42,665	42,665	-
Homeland Security	2003-OL-WX-0013	16.710	492,741	-	227,179	227,179	-	227,179	227,179	-
Safe Neighborhoods	2006-GP-CX-0559	16.609	250,000	-	44,163	44,163	-	44,163	44,163	-
Nunn-Luger	2002-TE-CX-0034	16.007	280,000	127,717	6,500	134,217	127,717	6,500	134,217	-
Safe Start		16.730	79,167	61,827	12,783	74,610	61,827	12,783	74,610	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
U.S. DEPARTMENT OF JUSTICE (CONTINUED)										
PASS THROUGH (FROM DCJS)										
In School Youth Violence	NC02821632	16.579	\$ 42,000	\$ -	\$ 41,792	\$ 41,792	\$ -	\$ 41,792	\$ 41,792	\$ -
JJAIBG Restorative Justice	C-520633	16.523	92,461	73,427	19,034	92,461	73,427	19,034	92,461	-
JJAIBG Restorative Justice	C-520634	16.523	90,599	51,108	39,491	90,599	51,108	39,491	90,599	-
JJAIBG Restorative Justice	C-520635	16.523	79,778	-	21,362	21,362	-	21,362	21,362	-
Juvenile Justice Delinquency Prevention	C-432800	16.540	31,773	-	26,957	26,957	-	26,957	26,957	-
Stop Violence Against Women	C-554634	16.588	87,000	85,916	1,084	87,000	85,916	1,084	87,000	-
Stop Violence Against Women	C-554635	16.588	87,000	-	87,000	87,000	-	87,000	87,000	-
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	2,390,475	-	2,390,475	2,390,475	-	2,390,475	-
Broad Street Tunnel - 4751.87	D009279	20.205	1,166,400	429,060	46,247	475,307	429,060	46,247	475,307	-
Court Street Bridge - 4752.13	D010724	20.205	761,600	651,824	-	651,824	651,824	-	651,824	-
Ford Street Bridge - 4752.52	D011399	20.205	8,800,000	8,342,588	73,187	8,415,775	8,342,588	73,187	8,415,775	-
Lake Avenue - 4752.49	D011414	20.205	9,213,146	7,010,292	1,110,530	8,120,822	7,010,292	1,110,530	8,120,822	-
St. Paul Street/Inner Loop - 4752.34	D010735	20.205	360,800	357,831	-	357,831	357,831	-	357,831	-
Dewey Avenue	D011509	20.205	1,360,000	1,329,511	-	1,329,511	1,329,511	-	1,329,511	-
Port	D013858	20.205	18,887,000	6,079,714	10,828,299	16,908,013	6,089,957	10,818,056	16,908,013	-
Bicycle Parking/Genesee River Sign	D011511	20.205	95,200	88,201	4,771	92,972	88,201	4,771	92,972	-
West Ridge Road	D013560	20.205	6,868,600	893,380	3,194,381	4,087,761	893,380	3,194,381	4,087,761	-
Broad Street Bridge	D013824	20.205	240,000	6,471	3,833	10,304	6,471	3,833	10,304	-
CBD Signs	D017579	20.205	61,600	31,850	2,834	34,684	31,850	2,834	34,684	-
Lexington Avenue	D017499	20.205	503,200	110,565	348,404	458,969	110,565	348,404	458,969	-
Chili Avenue	D014967	20.205	6,081,698	622,353	2,096,293	2,718,646	622,353	2,096,293	2,718,646	-
Elmwood Avenue Bridge	D013825	20.205	1,965,620	863,238	1,066,899	1,930,137	863,238	1,066,899	1,930,137	-
PL - 2003-04	D125071	20.205	125,000	-	79,288	79,288	-	79,288	79,288	-
Hazardous Mitigation	NY-03-01	20.205	151,184	85,000	66,184	151,184	85,000	66,184	151,184	-
U.S. DEPARTMENT OF EDUCATION										
PASS THROUGH (From NYS Dept. of Education)										
21st Century Grant (03-04)	0187041010	84.287	2,195,794	-	1,978,792	1,978,792	26,947	1,973,063	2,000,010	(21,218)
21st Century Grant (04-05)	0187052018	84.287	389,269	-	82,178	82,178	-	29,521	29,521	52,657
U.S. ENVIRONMENTAL PROTECTION AGENCY										
Brownfield Grant	V992420-01	66.811	200,000	152,000	33,692	185,692	151,655	32,608	184,263	1,429
Water Vulnerability Assessment	GHS82997201	66.476	115,000	85,415	27,909	113,324	85,415	27,909	113,324	-
U.S. DEPARTMENT OF AGRICULTURE:										
Summer Food Service	36-079500	10.555	349,098	-	349,098	349,098	-	349,098	349,098	-
U.S. DEPARTMENT OF COMMERCE										
EDA Outer Loop Industrial Park	01-01-03833	11.300	877,800	591,642	22,730	614,372	591,642	22,730	614,372	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:										
Teen Pregnancy PY 7 (04-385)	88/CCU212367-7	93.283	1,300,000	1,105,956	178,638	1,284,594	1,088,889	189,143	1,278,032	6,562
Medical Response	282-000031	93.728	880,000	440,443	209,557	650,000	440,443	166,697	607,140	42,860
SUBTOTAL CITY GRANTS			\$ 256,224,152	\$179,874,766	\$ 40,540,239	\$220,415,005	\$177,395,045	\$ 42,106,735	\$219,501,780	\$ 913,225

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	CFDA Number	Budget	REVENUES		EXPENDITURES			Net (Accrued) Deferred Revenue	
				Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year		Cumulative June 30, 2004
CITY SCHOOL DISTRICT GRANTS										
PROJECTS CLOSED AS OF JUNE 30, 2004										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
F0820 Impact Aid	S041Z033427	84.040	19,052	43,878	-	43,878	12,292	31,586	43,878	-
OTHER DIRECT FEDERAL										
F0335 Native American Resource Center	S060A022183	84.060A	55,327	27,271	20,549	47,820	47,820	-	47,820	-
F0418 Carolyn White Physical Fitness	S215F020330	84.215F	450,000	89,693	360,307	450,000	170,792	279,208	450,000	-
F0425 Drug/Violence Prev-Middle Schl	S184K000045	84.184K	395,776	260,618	84,339	344,957	344,957	-	344,957	-
F0426 Drug & Violence Prev. Middle School Rollover	S184K0100027-03	84.184K	9,717	-	9,717	9,717	-	9,717	9,717	-
F0486 21st Century Community Learning Centers	S287A011690	84.287A	2,739,387	-	2,679,526	2,679,526	3,336	2,676,190	2,679,526	-
FEDERAL FLOW THROUGH PROJECTS										
ESEA TITLE I										
F0196 Title I-Even Start #2A	0024-03-3037	84.213C	60,060	42,042	10,006	52,048	40,700	11,348	52,048	-
F0197 Title I Even Start	0024-03-1395	84.213C	159,150	98,235	37,357	135,592	99,824	35,768	135,592	-
F0202-298 Title I	0021-03-1395	84.010A	25,322,218	19,547,782	1,230,041	20,777,823	18,704,681	2,073,142	20,777,823	-
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES										
F0201 Title V -No Child Left Behind	0002-03-1395	84.298A	535,006	481,505	(157,252)	324,253	282,292	41,961	324,253	-
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS										
F0450 Safe & Drug Free Schools & Communities	0180-03-1395	84.186A	622,467	502,160	19,922	522,082	449,206	72,876	522,082	-
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
F0190 VESID Reading /Math Initiative	0031-03-1200	84.027A	125,000	112,500	4,864	117,364	117,364	(0)	117,364	-
F0305 Support Services Handicapped	0032-03-0370	84.027A	7,621,395	6,047,605	(532,786)	5,514,819	5,186,701	328,118	5,514,819	-
F0310 SETRC	0031-03-9909	84.027A	404,314	370,017	(108,239)	261,778	261,810	(32)	261,778	-
F0311 IDEA State Improvement Grant	0031-03-5305	84.027A	50,000	45,000	(11,807)	33,193	33,250	(57)	33,193	-
F0340 Pre-School Handicapped	0033-03-0370	84.173A	521,419	303,606	(118,090)	185,516	266,916	(81,400)	185,516	-
F0359 LRE Grant - Audiology	0031-03-2707	84.027A	100,000	20,000	78,824	98,824	98,825	(1)	98,824	-
F0390 Pre-School Administration	0232-03-0370	84.173A	123,024	110,721	(31,076)	79,645	84,016	(4,371)	79,645	-
F0397 IDEA Technology	0207-03-5206	84.352A	218,617	-	195,108	195,108	6,374	188,734	195,108	-
F0586 Medicaid Grant	0031-03-4016	84.027A	54,000	48,600	5,400	54,000	54,202	(202)	54,000	-
VOCATIONAL EDUCATION										
F0707 VATEA / Secondary Formula	8000-03-0024	84.048A	588,468	529,621	20,813	550,434	553,874	(3,440)	550,434	-
F0754 VATEA / Adult Formula	8000-03-9020	84.048A	518,498	466,648	51,850	518,498	522,424	(3,926)	518,498	-
F0767 Perkins 3 Tech Prep Planning	8080-03-3002	84.243A	100,000	85,000	(23,385)	61,615	61,615	0	61,615	-
WORKFORCE INVESTMENT ACT										
F0701 WIA, Title II, Incarcerated & Institutionalized	0138-03-0015	84.002A	48,600	43,740	(8,687)	35,053	35,053	0	35,053	-
F0722 WIA, Title II, Adult Education & Literacy	2338-03-0133	84.002A	416,602	292,056	124,546	416,602	356,981	59,621	416,602	-
F0777 WIA, Title II, Workplace Literacy	2338-03-4017	84.002A	25,000	22,500	2,500	25,000	28,068	(3,068)	25,000	-
OTHER FEDERAL FLOW THROUGH STATE										
F0120 Title II-D - Technology	0292-03-1395	84.318X	725,502	507,851	(4,134)	503,717	399,926	103,791	503,717	-
F0166 Comprehensive School Reform Program @ #1	0223-03-1561	84.332A	110,000	99,000	11,000	110,000	100,608	9,392	110,000	-
F0167 Comprehensive School Reform Program @ #2	0223-03-1546	84.332A	120,553	99,000	19,867	118,867	118,108	759	118,867	-
F0168 Comprehensive School Reform Program @ #4	0223-03-1551	84.332A	110,000	99,000	(1,356)	97,644	97,644	(0)	97,644	-
F0169 Comprehensive School Reform Program @ #20	0223-03-1560	84.332A	110,000	99,000	10,775	109,775	103,281	6,494	109,775	-
F0170 Comprehensive School Reform Program @ #33	0223-03-1559	84.332A	110,000	99,000	10,661	109,661	109,384	277	109,661	-
F0171 Comprehensive School Reform Program @ #37	0223-03-1554	84.332A	110,000	99,000	6,354	105,354	89,784	15,570	105,354	-
F0172 Comprehensive School Reform Program @ #45	0223-03-1555	84.332A	110,000	99,000	7,358	106,358	102,701	3,657	106,358	-
F0173 Comprehensive School Reform Program @ #54	0223-03-1550	84.332A	110,000	99,000	6,288	105,288	102,747	2,541	105,288	-
F0174 Comprehensive School Reform Program @ #3	0223-03-1562	84.332A	110,000	99,000	9,462	108,462	106,364	2,098	108,462	-
F0175 Comprehensive School Reform Program @ CMS	0223-03-1544	84.332A	110,000	99,000	2,586	101,586	100,670	916	101,586	-
F0176 Comprehensive School Reform Program @ MMS	0223-03-1557	84.332A	110,000	99,000	8,291	107,291	101,661	5,630	107,291	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
OTHER FEDERAL FLOW THROUGH STATE (cont.)										
F0177 Comprehensive School Reform Program @ FTLC	0223-03-1558	84.332A	110,000	99,000	10,454	109,454	107,341	2,113	109,454	-
F0178 Comprehensive School Reform Program @ FHS	0223-03-1556	84.332A	110,000	99,000	10,279	109,279	109,341	(62)	109,279	-
F0182 CSRD America's Choice No. 34	0223-03-5025	84.332A	175,000	157,500	(1,377)	156,123	143,381	12,742	156,123	-
F0183 CSRD America's Choice Lofton	0223-03-5024	84.332A	175,000	157,500	5,868	163,368	144,905	18,463	163,368	-
F0184 CSRD America's Choice Jeffersn	0223-03-5026	84.332A	175,000	157,500	685	158,185	139,169	19,016	158,185	-
F0185 CSRD America's Choice No. 30	0223-03-5027	84.332A	175,000	157,500	8,323	165,823	143,851	21,972	165,823	-
F0186 CSRD America's Choice No. 16	0223-03-5028	84.332A	175,000	157,500	(4,165)	153,335	125,965	27,370	153,335	-
F0187 CSRD Exped Learning OB No. 58	0223-03-5029	84.332A	175,000	122,500	45,616	168,116	148,195	19,922	168,116	-
F0188 CSRD America's Choice No. 19	0223-03-5030	84.332A	175,000	157,500	14,019	171,519	137,190	34,329	171,519	-
F0189 High Schools That Work	0223-03-5002	84.332A	106,138	95,524	4,595	100,119	100,650	(531)	100,119	-
F0200 Title II -No Child Left Behind	0147-03-1395	84.367A	5,263,298	4,736,968	205,809	4,942,777	4,493,798	448,979	4,942,777	-
F0300 Title I Improvement and Choice	0011-03-2019	84.348A	1,190,000	714,000	457,594	1,171,594	57,895	1,113,699	1,171,594	-
F0336 Learn & Serve America @ #36	0270-03-0040	94.004	19,000	17,100	(2,020)	15,080	15,079	1	15,080	-
F0344 Reading Excellence Act Grant	1001-03-0021	84.338A	400,400	340,340	47,088	387,428	376,678	10,750	387,428	-
F0360 Homeless Children	0212-03-0395	84.196A	50,000	12,500	34,218	46,718	23,128	23,590	46,718	-
F0719 EDGE Welfare To Work	0298-02-9008	93.558	238,000	66,300	134,300	200,600	218,856	(18,256)	200,600	-
F0786 Family, Adult and Workplace Literacy	0098-02-2008	93.558	254,061	37,289	179,980	217,269	203,310	13,959	217,269	-
F0792 W To W Alternative Ed Partner	0098-02-6204	93.558	324,000	48,600	275,400	324,000	-	324,000	324,000	-
OTHER INDIRECT FEDERAL										
F0522 Schools in Need - Stipends (Monroe #1 BOCES)	---		75,570	12,000	63,570	75,570	1,095	74,475	75,570	-
F0705 Rochester Regional Transition Site (Mon #1 BOCES)	---		2,000	2,000	-	2,000	-	2,000	2,000	-
F0711 Marshall Workforce-Ready (R R A)	---		62,500	20,003	20,125	40,128	40,129	(1)	40,128	-
F0712 ViaHealth Rochester General Hospital	---		8,280	2,282	4,148	6,430	5,536	894	6,430	-
F0727 Refugee Assistance (Catholic Family Center)	---		46,800	23,400	23,400	46,800	34,755	12,045	46,800	-
F0734 JTPA-Summer Law Preparation (City of Rochester)	---		3,800	3,170	-	3,170	3,239	(69)	3,170	-
F0746 Early Head Start (Action for a Better Community)	---		295,907	-	250,858	250,858	58,961	191,897	250,858	-
F0749 New Citizenship Initiative (Oswego County BOCES)	---		35,400	34,155	1,245	35,400	18,378	17,022	35,400	-
F0762 GED Services Healthy Start (Perinatal Net of M C)	---		1,800	-	1,782	1,782	-	1,782	1,782	-
F0780 Green Team (Arbor Career Center)	---		8,000	-	7,517	7,517	7,403	114	7,517	-
F0781 Green Team (Rochester Landscape Technicians Inc.)	---		4,800	4,800	-	4,800	5,364	(564)	4,800	-
PROJECTS OPEN AS OF JUNE 30, 2004										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
G0820 Impact Aid	S041Z033427	84.040	34,322	-	43,654	43,654	-	29,072	29,072	14,581
OTHER DIRECT FEDERAL										
G0335 Native American Resource Center	S060A022183	84.060A	72,802	-	60,760	60,760	-	70,340	70,340	(9,580)
G0426 Drug & Violence Prevention Middle Schools	S184K010027-03	84.184K	171,873	-	128,311	128,311	-	138,752	138,752	(10,441)
FEDERAL FLOW THROUGH PROJECTS										
ESEA TITLE I										
G0196 Title I Even Start #2A	0024-03-3037	84.213C	270,000	-	177,014	177,014	-	191,546	191,546	(14,532)
G0196 Title I Even Start	0024-03-1395	84.213C	270,000	-	179,287	179,287	-	183,487	183,487	(4,200)
G0202-298 Title I	0021-03-1395	84.010A	34,381,512	-	26,082,047	26,082,047	-	27,026,230	27,026,230	(944,183)
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES										
G0201 Title V - No Child Left Behind	0002-03-1395	84.298A	671,321	-	604,188	604,188	-	600,247	600,247	3,941
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS										
G0450 Safe & Drug Free Schools & Communities	0180-03-1395	84.186A	665,687	-	276,786	276,786	-	335,770	335,770	(58,984)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
G0305 Support Services Handicapped	0032-03-0370	84.027A	8,293,608	-	6,610,422	6,610,422	-	6,660,091	6,660,091	(49,669)
G0310 SETRC	0031-03-9909	84.027A	454,176	-	237,459	237,459	-	365,934	365,934	(128,475)
G0311 IDEA State Improvement Grant	0031-03-5305	84.027A	50,000	-	37,594	37,594	-	31,280	31,280	6,314
G0333 Preschool Data Collection Assistance	0031-04-3410	84.027A	-	-	-	-	-	429	429	(429)
G0340 Pre-School Handicapped	0033-03-0370	84.173A	514,896	-	215,793	215,793	-	157,194	157,194	58,599
G0361 Special Education Quality Assurance Process	0031-04-2707	84.027A	7,500	-	2,402	2,402	-	3,240	3,240	(838)
G0362 Special Education Quality Assurance Implementation	0031-04-2855	84.027A	100,000	-	20,000	20,000	-	88,784	88,784	(68,784)
G0390 Pre-School Administration	0232-03-0370	84.173A	115,851	-	102,179	102,179	-	101,219	101,219	960
G0586 Medicaid Grant	0031-03-4016	84.027A	54,000	-	48,600	48,600	-	53,616	53,616	(5,016)
VOCATIONAL EDUCATION										
G0707 VATEA / Secondary Formula	8000-03-0024	84.048A	647,769	-	582,992	582,992	-	637,417	637,417	(54,425)
G0754 VATEA / Adult Formula	8000-03-9020	84.048A	358,253	-	322,427	322,427	-	362,117	362,117	(39,690)
G0767 Perkins 3 Tech Prep Planning	8080-03-3002	84.243A	199,806	-	179,825	179,825	-	196,290	196,290	(16,465)
WORKFORCE INVESTMENT ACT										
G0701 WIA, Title II, Incarcerated & Institutionalized	0138-03-0015	84.002A	57,817	-	52,035	52,035	-	59,519	59,519	(7,484)
G0722 WIA, Title II, Adult Education & Literacy	2338-03-0133	84.002A	380,245	-	342,220	342,220	-	377,341	377,341	(35,121)
G0748 WIA - One Stop Center	2338-04-3105	84.002A	80,000	-	62,440	62,440	-	73,651	73,651	(11,211)
G0768 WIA-Family Literacy	2338-04-5011	84.002A	150,000	-	135,000	135,000	-	146,498	146,498	(11,498)
G0777 WIA, Title II, Workplace Literacy	2338-03-4017	84.002A	50,000	-	43,999	43,999	-	48,857	48,857	(4,858)
OTHER FEDERAL FLOW THROUGH STATE										
G0120 Title II-D - Technology	0292-03-1395	84.318X	1,006,524	-	658,880	658,880	-	918,251	918,251	(259,371)
G0155 Comprehensive School Reform CO/School Imp	0223-04-4155	84.332A	80,000	-	72,000	72,000	-	79,042	79,042	(7,042)
G0156 Comprehensive School Reform Program @ # 22	0223-04-4122	84.332A	135,000	-	121,500	121,500	-	99,406	99,406	22,094
G0158 Comprehensive School Reform Program @ # 35	0223-04-4135	84.332A	110,000	-	99,000	99,000	-	103,835	103,835	(4,835)
G0159 Comprehensive School Reform Program @ # 39	0223-04-4139	84.332A	110,000	-	99,000	99,000	-	100,865	100,865	(1,865)
G0160 Comprehensive School Reform Program @ # 42	0223-04-4142	84.332A	110,000	-	99,000	99,000	-	99,816	99,816	(816)
G0161 Comprehensive School Reform Program @ # 43	0223-04-4143	84.332A	110,000	-	99,000	99,000	-	95,589	95,589	3,411
G0162 Comprehensive School Reform Program @ # 50	0223-04-4150	84.332A	110,000	-	94,121	94,121	-	100,521	100,521	(6,400)
G0163 Comprehensive School Reform Program @ # 52	0223-04-4152	84.332A	110,000	-	99,000	99,000	-	102,483	102,483	(3,483)
G0164 Comprehensive School Reform Program @ # 57	0223-04-4157	84.332A	85,000	-	76,500	76,500	-	77,625	77,625	(1,125)
G0166 Comprehensive School Reform Program @ # 1	0223-03-1561	84.332A	110,000	-	99,000	99,000	-	103,313	103,313	(4,313)
G0167 Comprehensive School Reform Program @ # 2	0223-03-1546	84.332A	110,000	-	99,000	99,000	-	105,994	105,994	(6,994)
G0168 Comprehensive School Reform Program @ # 4	0223-03-1551	84.332A	110,000	-	99,000	99,000	-	99,391	99,391	(391)
G0169 Comprehensive School Reform Program @ # 20	0223-03-1560	84.332A	110,000	-	99,000	99,000	-	96,036	96,036	2,964
G0170 Comprehensive School Reform Program @ # 33	0223-03-1559	84.332A	110,000	-	99,000	99,000	-	104,603	104,603	(5,603)
G0171 Comprehensive School Reform Program @ # 37	0223-03-1554	84.332A	110,000	-	99,000	99,000	-	95,436	95,436	3,564
G0172 Comprehensive School Reform Program @ # 45	0223-03-1555	84.332A	110,000	-	99,000	99,000	-	107,536	107,536	(8,536)
G0173 Comprehensive School Reform Program @ # 54	0223-03-1550	84.332A	110,000	-	99,000	99,000	-	93,335	93,335	5,665
G0174 Comprehensive School Reform Program @ # 3	0223-03-1562	84.332A	110,000	-	99,000	99,000	-	106,000	106,000	(7,000)
G0175 Comprehensive School Reform Program @ CMS	0223-03-1544	84.332A	110,000	-	99,000	99,000	-	107,447	107,447	(8,447)
G0176 Comprehensive School Reform Program @ MMS	0223-03-1557	84.332A	110,000	-	22,000	22,000	-	24,177	24,177	(2,177)
G0177 Comprehensive School Reform Program @ FTLC	0223-03-1558	84.332A	110,000	-	99,000	99,000	-	108,124	108,124	(9,124)
G0178 Comprehensive School Reform Program @ FHS	0223-03-1556	84.332A	110,000	-	99,000	99,000	-	106,215	106,215	(7,215)
G0179 Comprehensive School Reform Program @ Marshal	0223-04-4174	84.332A	110,000	-	99,000	99,000	-	104,167	104,167	(5,167)
G0181 Comprehensive School Reform Program @ SWW	0223-04-4181	84.332A	110,000	-	71,438	71,438	-	83,676	83,676	(12,238)
G0182 Comprehensive School Reform Program @ # 34	0223-03-5025	84.332A	148,750	-	133,875	133,875	-	138,924	138,924	(5,049)
G0183 Comprehensive School Reform Program @ Lofton	0223-03-5024	84.332A	148,750	-	133,875	133,875	-	126,422	126,422	7,453
G0184 Comprehensive School Reform Program @ Jefferso	0223-03-5026	84.332A	148,750	-	133,875	133,875	-	131,918	131,918	1,957
G0185 Comprehensive School Reform Program @ # 30	0223-03-5027	84.332A	148,750	-	133,875	133,875	-	133,126	133,126	749
G0186 Comprehensive School Reform Program @ # 16	0223-03-5028	84.332A	148,750	-	133,875	133,875	-	123,260	123,260	10,615
G0187 Comprehensive School Reform Program @ # 58	0223-03-5029	84.332A	148,750	-	133,875	133,875	-	135,336	135,336	(1,461)
G0188 Comprehensive School Reform Program @ # 19	0223-03-5030	84.332A	148,750	-	133,875	133,875	-	138,576	138,576	(4,701)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
OTHER FEDERAL FLOW THROUGH STATE (cont.)										
G0198 Title III Immigrant Aid	0149-04-0210	84.365A	51,646	-	10,329	10,329	-	512	512	9,817
G0199 Title III Bilingual	0293-04-0210	84.365A	575,316	-	114,185	114,185	-	72,772	72,772	41,413
G0200 Title II -No Child Left Behind	0147-03-1395	84.367A	6,388,574	-	4,774,631	4,774,631	-	4,951,692	4,951,692	(177,061)
G0300 Title I Improvement and Choice	0011-03-2019	84.348A	1,105,000	-	994,500	994,500	-	933,646	933,646	60,854
G0336 Learn & Serve America @ #36	0270-03-0040	94.004	20,863	-	7,511	7,511	-	11,500	11,500	(3,989)
G0344 Reading Excellence Act Grant	1001-03-0021	84.338A	400,400	-	321,753	321,753	-	348,188	348,188	(26,435)
G0346 Books to Bytes	0070-04-0013	45.310	12,489	-	11,240	11,240	-	7,274	7,274	3,966
G0360 Homeless Children	0212-03-0395	84.196A	100,000	-	20,000	20,000	-	14,879	14,879	5,121
G0364 Reading First	0243-04-0028	84.357A	1,800,000	-	360,000	360,000	-	151,789	151,789	208,211
G0384 Tutorial Assistance-Reading	1000-04-2015	84.338A	399,980	-	79,996	79,996	-	38,814	38,814	41,183
G0396 School Renovation, IDEA and Technology	0206-03-0106	84.352A	1,974,953	-	781,709	781,709	-	1,235,731	1,235,731	(454,022)
G0398 Technology	0208-03-0107	84.352A	1,042,798	-	938,518	938,518	-	1,042,041	1,042,041	(103,523)
G0540 NCLB - Parent Involvement Innovation	0122-04-3009	84.010A	-	-	3,999	3,999	-	287	287	3,712
G0719 EDGE Welfare To Work	0298-02-9008	93.558	190,400	-	47,600	47,600	-	194,925	194,925	(147,325)
OTHER INDIRECT FEDERAL										
G0522 Schools in Need - Stipends (Monroe #1 BOCES)	---		3,500	-	3,500	3,500	-	1,924	1,924	1,576
G0734 JTPA-Summer Law Preparation (City of Rochester)	---		14,051	-	12,997	12,997	-	12,985	12,985	12
G0745 WIA-Youth Work Readiness Initiative	---		45,000	-	-	-	-	26,622	26,622	(26,622)
G0746 Early Head Start (Action for a Better Community)	---		174,241	-	31,098	31,098	-	65,845	65,845	(34,747)
G0749 New Citizenship Initiative (Oswego County BOCES)	---		35,400	-	-	-	-	29,818	29,818	(29,818)
G0762 GED Services Healthy Start (Perinatal Network of M)	---		8,000	-	8,000	8,000	-	8,751	8,751	(751)
G0778 Family, Adult, and Workplace Literacy (FAWL)	---		103,000	-	-	-	-	42,669	42,669	(42,669)
SCHOOL FOOD SERVICE FUND:										
U.S. DEPARTMENT OF AGRICULTURE	---	10.555	11,507,250	-	11,507,250	11,507,250	-	11,507,250	11,507,250	-
TOTAL SCHOOL DISTRICT GRANTS			131,725,979	38,623,849	66,242,623	104,866,203	36,219,842	71,023,822	107,243,664	(2,377,462)
TOTAL CITY GRANTS			256,224,152	179,874,766	40,540,239	220,415,005	177,395,045	42,106,735	219,501,780	913,225
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS			<u>387,950,131</u>	<u>218,498,615</u>	<u>106,782,862</u>	<u>325,281,208</u>	<u>213,614,887</u>	<u>113,130,557</u>	<u>326,745,444</u>	<u>(1,464,237)</u>

CITY OF ROCHESTER, NEW YORK

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004**

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 of Rochester reporting entity is defined in Note 1 to the City's general purpose 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 2 to the City's general purpose financial statements.
3. Relationship to Federal Financial Reports. Amounts reported in the accompanying schedule 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.

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2004

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards:

Internal control over major programs:			
4. Material weakness(es) identified?	<u> </u> Yes	<u> ✓ </u>	No
5. Reportable condition(s) identified not considered to be material weakness(es)?	<u> </u> Yes	<u> ✓ </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> ✓ </u>	No
7. The Authority's major programs were:			

Name of Federal Program or Cluster	CFDA Number
21st Century Grant	84.287
NYS Department of Transportation (pass through)	20.205
School Renovation, Idea and Technology	24.352
ESEA Block Grant Cluster:	
Title 1 - Grant to Local Educational Agencies	84.010
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> ✓ </u> Yes <u> </u> No

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2004

PART II - FINANCIAL STATEMENT FINDINGS SECTION

Reference Number	Findings	Questioned Costs
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No matters are reportable

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

Reference Number	Findings	Questioned Costs
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No matters are reportable

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2004

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, 2004**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
CITY GRANTS									
STATE OF NEW YORK:									
DIV. OF CRIMINAL JUSTICE SERVICE:									
Motor Vehicle Theft	C-016703	50,000	46,539	972	47,511	46,539	972	47,511	-
Motor Vehicle Theft	C-016704	50,000	-	6,019	6,019	-	6,019	6,019	-
DEPT. OF ENVIRONMENTAL CONSERVATION:									
Hazardous Waste Cleanup	C-300037	5,100,000	4,572,923	248,561	4,821,484	4,572,923	248,561	4,821,484	-
APCO Cleanup	C-300944	2,742,769	1,580,864	140,481	1,721,345	1,580,864	140,481	1,721,345	-
Former Phototech	C-300947	166,857	113,328	-	113,328	138,692	26,479	165,171	(51,843)
1200 East Main Street	C-301806	184,500	86,608	25,779	112,387	86,608	25,779	112,387	-
DEPARTMENT OF TRANSPORTATION:									
Buffalo Road/West Avenue - 4512.19	C950401	600,000	324,177	-	324,177	324,177	-	324,177	-
Buffalo Road/West Avenue - 4512.19	D010729	715,200	627,789	-	627,789	627,789	-	627,789	-
Goodman Street - 4751.98	D010694	525,150	450,351	-	450,351	445,167	-	445,167	5,184
Broad Street Tunnel - 4751.87	D009279	191,250	80,448	8,672	89,120	80,448	8,672	89,120	-
Court Street Bridge - 4752.13	D010724	132,600	132,600	-	132,600	132,600	-	132,600	-
Ford Street Bridge - 4752.52	D011399	1,650,000	1,567,919	18,329	1,586,248	1,567,919	18,329	1,586,248	-
Lake Avenue - 4752.49	D011414	1,719,965	1,314,429	208,225	1,522,654	1,314,429	208,225	1,522,654	-
Plymouth Avenue - 4942.G2	D011368	3,157,500	3,012,944	-	3,012,944	3,012,944	-	3,012,944	-
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	231,617	-	231,617	-
Port of Rochester	A332	100,000	-	-	-	-	-	-	-
Port of Rochester	A334	1,000,000	446,831	120,169	567,000	446,831	120,169	567,000	-
Charlotte Port	A-218	1,000,000	-	-	-	-	-	-	-
Broad Street Bridge	D013824	66,000	1,213	719	1,932	1,213	719	1,932	-
Elmwood Bridge	D013825	272,685	154,505	106,918	261,423	154,505	106,918	261,423	-
Chili Avenue	D014967	1,140,318	116,218	393,528	509,746	116,691	393,055	509,746	-
CBD Wayfinding Signs	D017579	6,975	5,972	531	6,503	5,972	531	6,503	-
Lexington Avenue	D017499	65,250	20,731	44,519	65,250	20,731	44,519	65,250	-
West Ridge Road	D013560	1,467,150	177,261	844,681	1,021,942	177,261	844,681	1,021,942	-
Port of Rochester	D013858	1,063,975	443,771	635,199	1,078,970	443,771	635,199	1,078,970	-
DEPARTMENT OF EDUCATION:									
LGRMIF	0580021248	47,500	23,608	-	23,608	37,993	-	37,993	(14,385)
LGRMIF	0580032624	36,000	36,000	-	36,000	35,692	308	36,000	-
LGRMIF	0580032604	35,000	31,500	2,874	34,374	34,374	-	34,374	-
Business Resource Center	0070030032	20,376	13,584	6,792	20,376	13,584	6,792	20,376	-
Library Construction	0310040040	10,000	-	5,000	5,000	-	5,000	5,000	-
DEPARTMENT OF PARKS, RECREATION AND HISTORIC PRESERVATION:									
Clarissa Street Reunion	PKS-03-GE-024	10,000	-	10,000	10,000	-	10,000	10,000	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
DEPT. OF SOCIAL SERVICES:									
Adolescent Pregnancy 03-04	C008250	319,700	90,175	238,735	328,910	30,774	274,196	304,970	23,940
Adolescent Pregnancy 04-05	C008250	319,700	-	79,925	79,925	-	10,577	10,577	69,348
DEPARTMENT OF STATE									
Port - Riverfront Promenade	C006148	65,000	43,614	21,386	65,000	43,614	21,386	65,000	-
CRIME VICTIMS BOARD:									
Victims Assistance 03-04	C-301137	233,500	-	168,392	168,392	-	164,934	164,934	3,458
Victims Assistance 02-03	C-207017	238,400	178,800	59,600	238,400	168,503	63,264	231,767	6,633
DEPARTMENT OF MOTOR VEHICLES									
Seat Belt Enforcement	PT-2801035	22,995	-	18,424	18,424	-	18,424	18,424	-
Seat Belt Enforcement	PT-2801034	23,640	18,658	4,200	22,858	18,658	4,200	22,858	-
Aggressive Driving	PT-280172	23,640	-	6,085	6,085	-	6,085	6,085	-
Impaired Driving	C-001084	15,000	6,528	8,472	15,000	6,528	8,472	15,000	-
AFFORDABLE HOUSING CORP.:									
Affordable Housing	AHC-2B51	500,000	100,000	170,000	270,000	100,000	190,000	290,000	(20,000)
Affordable Housing	AHC-2C19	300,000	-	242,503	242,503	56,195	164,650	220,845	21,658
SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH)		\$ 25,708,245	\$ 16,102,243	\$ 3,845,690	\$ 19,947,835	\$ 16,126,246	\$ 3,777,596	\$ 19,903,842	\$ 43,993
CITY SCHOOL DISTRICT GRANTS									
PROJECTS OPEN AS OF JUNE 30, 2004									
STATE OF NEW YORK:									
G0010 Teacher Support Aid	0646-03-1395	1,076,000	-	968,400	968,400	-	1,076,453	1,076,453	(108,053)
G0020 Improving Pupil Performance	0621-03-1395	6,950,000	-	6,255,000	6,255,000	-	6,940,099	6,940,099	(685,099)
G0023 Universal Pre-K	0409-03-1094	7,060,000	-	6,175,457	6,175,457	-	6,870,095	6,870,095	(694,638)
G0031-035 Employee Preparation Education	---	2,068,316	-	470,343	470,343	-	2,068,249	2,068,249	(1,597,906)
G0038 State Magnet School Program	0634-03-1390	11,000,000	-	9,900,000	9,900,000	-	11,044,705	11,044,705	(1,144,705)
G0041 Incarcerated Youth	---	1,417,636	-	591,154	591,154	-	1,423,801	1,423,801	(832,647)
G0045 Categorical Reading	0629-03-1395	5,500,000	-	4,950,000	4,950,000	-	5,498,210	5,498,210	(548,210)
G0050-080 Summer Program	---	3,395,982	-	2,984,210	2,984,210	-	2,808,470	2,808,470	175,740
G0055 State Early Grade Class Size Reduction	0417-03-0092	5,254,672	-	4,729,204	4,729,204	-	5,184,593	5,184,593	(455,389)
G0085 NYS Experimental Pre-K Program	0400-03-1395	1,313,622	-	1,182,259	1,182,259	-	1,310,139	1,310,139	(127,880)
G0090 Minor Maintenance	---	432,253	-	302,910	302,910	-	422,846	422,846	(119,936)
G0126 Learning Technology - SWW	0647-03-0061	48,611	-	24,305	24,305	-	47,452	47,452	(23,147)
G0345 Rochester Teacher Center	0425-03-0083	498,000	-	334,330	334,330	-	496,973	496,973	(162,643)
G0347 Mentor Teacher Internship Program	0663-03-0052	188,000	-	162,900	162,900	-	190,777	190,777	(27,877)
G0350 Rochester School Library Systems	0365-03-0046	98,804	-	98,804	98,804	-	100,022	100,022	(1,218)
G0351 Extended School Day & Violence Prevention	0640-03-1395	739,865	-	566,554	566,554	-	708,825	708,825	(142,271)
G0352 School Library System Aid for Automation	0364-03-0046	9,880	-	9,880	9,880	-	6,250	6,250	3,630
G0353 School Library System Categorical Aid - Rollover	J365-02-0046&1046	935	-	935	935	-	905	905	30
G0354 School Library System Aid for Automation - Rollover	J364-02-0046&1046	1,082	-	1,082	1,082	-	1,073	1,073	9
G0407 NYS Bilingual Excel - Monroe	0635-04-1502	30,000	-	26,979	26,979	-	28,841	28,841	(1,862)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
STATE OF NEW YORK (continued):									
G0449 Harvard Principals' Consortium	0122-03-2328	16,888	-	16,888	16,888	-	16,888	16,888	-
G0455 Edward Byrne Narcotics Control	---	42,000	-	-	-	-	41,861	41,861	(41,861)
G0720 Welfare Education	2396-03-0133	72,117	-	64,905	64,905	-	73,304	73,304	(8,399)
G0755 SURR Lofton/Thomas/Douglass	0436-03-0005	100,000	-	62,360	62,360	-	83,788	83,788	(21,428)
G0764 ARSIP / Apprenticeship	0140-03-0024	96,383	-	-	-	-	96,417	96,417	(96,417)
G0825 Teachers of Tomorrow	0644-03-0012	2,086,300	-	1,043,150	1,043,150	-	1,112,929	1,112,929	(69,779)
COUNTY PROJECTS:									
G0154 OASAS	---	26,205	-	11,780	11,780	-	13,589	13,589	(1,809)
G0316 Diagnostic Outreach Team	---	193,498	-	107,410	107,410	-	170,341	170,341	(62,931)
G0317 Pre-School Integrated / Handicapped	---	1,052,268	-	247,202	247,202	-	1,013,241	1,013,241	(766,039)
G0370 Community Pre-School Related Services	---	468,088	-	115,500	115,500	-	424,143	424,143	(308,643)
G0375 Special Education / Itinerant Teachers	---	132,611	-	20,832	20,832	-	126,065	126,065	(105,233)
G0391 Pre-School Administration / County	---	235,422	-	-	-	-	124,054	124,054	(124,054)
PRIVATE PROJECTS:									
G0153 Smoking Cessation @ East High	---	4,466	-	517	517	-	1,164	1,164	(647)
G0302 Parent Empowerment Program	---	5,000	-	-	-	-	4,841	4,841	(4,841)
G0304 Rochester Early Enhancement Program	---	185,808	-	154,840	154,840	-	172,022	172,022	(17,182)
G0313 School #12 United Way	---	34,005	-	20,113	20,113	-	32,526	32,526	(12,413)
G0314 Saturday School Program	---	2,558	-	2,558	2,558	-	1,413	1,413	1,145
G0371 Gates Foundation @ Franklin Career Center - Rollov	---	181,957	-	181,957	181,957	-	115,555	115,555	66,403
G0377 BOCES Teacher Sub Reimbursement	---	3,395	-	3,395	3,395	-	851	851	2,544
G0378 BOCES - Student Support Center - Monroe	---	6,337	-	6,337	6,337	-	-	-	6,337
G0401 Rochester Community Asthma Network	---	25,000	-	25,000	25,000	-	24,984	24,984	16
G0403 Staples/NYSUT	---	4,000	-	4,000	4,000	-	-	-	4,000
G0424 Urban Families and Reading	---	3,000	-	1,350	1,350	-	1,311	1,311	39
G0428 100 Book Challenge	---	3,000	-	3,000	3,000	-	1,000	1,000	2,000
G0445 Teachers As Learners	---	11,500	-	11,500	11,500	-	-	-	11,500
G0446 Teachers as Leaders Quality Project	---	2,300	-	2,300	2,300	-	358	358	1,942
G0452 El Yucayeque Professional Learning Circle for Biling	---	6,650	-	2,000	2,000	-	4,266	4,266	(2,266)
G0453 BOCES I TCS	---	2,000	-	2,000	2,000	-	1,917	1,917	83
G0480 Dewitt-Wallace Urban Leadership Grant	---	100,000	-	50,000	50,000	-	100,000	100,000	(50,000)
G0509 Monroe 1 - BOCES	---	3,000	-	3,000	3,000	-	2,120	2,120	880
G0513 Primary Mental Health Project / #43 & 44	---	55,000	-	55,000	55,000	-	46,640	46,640	8,360
G0514 PMHP Expansion / #25 & 29	---	44,000	-	44,000	44,000	-	40,327	40,327	3,673
G0517 PMHP Project - Believe Small	---	15,720	-	15,720	15,720	-	18,678	18,678	(2,958)
G0521 GRSCC Administrator Curriculum	---	4,000	-	4,000	4,000	-	-	-	4,000
G0523 GRSCC - Math Professional Development	---	6,396	-	4,160	4,160	-	663	663	3,497
G0525 GRSCC - Math	---	27,228	-	27,228	27,228	-	15,317	15,317	11,911
G0527 GRSCC - Looking at Student Work	---	6,980	-	6,980	6,980	-	6,938	6,938	42
G0529 GRSCC - Admin Mentoring Manuals	---	1,100	-	-	-	-	761	761	(761)
G0530 GRSCC - Teachers Subs for Scoring	---	39,900	-	-	-	-	32,747	32,747	(32,747)
G0700 Virtual Enterprise - Membership	---	14,500	-	14,500	14,500	-	13,542	13,542	958
G0703 Rochester General Hospital Foundation	---	186,000	-	4,342	4,342	-	40,166	40,166	(35,824)
G0715 RACF Student workers - Community	---	2,060	-	-	-	-	-	-	-
G0730 Chase Active Learning	---	5,000	-	5,000	5,000	-	4,543	4,543	457
G0738 Action for a Better Community	---	1,928	-	1,925	1,925	-	1,926	1,926	-
G0743 MCC Stage	---	37,553	-	37,553	37,553	-	28,252	28,252	9,301
G0744 Edison Tech Summer Youth Development	---	55,110	-	37,787	37,787	-	40,322	40,322	(2,535)
G0761 Rochester Housing Authority - GED	---	9,831	-	6,031	6,031	-	6,715	6,715	(684)

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
PRIVATE PROJECTS (cont.)									
G0763 Citibank Academies of Finance	---	-	-	2,100	2,100	-	-	-	2,100
G0770 UAW Local 1097 Reg 9 Delphi	---	62,149	-	46,031	46,031	-	67,249	67,249	(21,218)
G0774 Workplace Literacy	---	137,851	-	4,000	4,000	-	100,080	100,080	(96,080)
G0775 Rochester Industries / Workplace Literacy	---	190,000	-	31,733	31,733	-	44,545	44,545	(12,812)
G0776 U of R Strong Memorial Workplace Literacy	---	55,875	-	21,448	21,448	-	32,227	32,227	(10,780)
G0783 MCC GED	---	12,000	-	10,882	10,882	-	10,331	10,331	551
G0784 Remedial Education - ESOL	---	3,000	-	3,411	3,411	-	4,097	4,097	(685)
G0797 Good Grades Pay	---	136,427	-	-	-	-	21,633	21,633	(21,633)
PROJECTS CLOSED AS OF JUNE 30, 2004									
STATE OF NEW YORK:									
F0010 Teacher Support Aid	0646-03-1395	1,076,000	538,000	537,871	1,075,871	1,075,867	4	1,075,871	-
F0020 Improving Pupil Performance	0621-03-1395	6,950,000	4,170,000	2,780,000	6,950,000	6,917,079	32,921	6,950,000	-
F0023 Universal Pre-K	0409-03-1094	7,060,000	4,236,000	2,546,633	6,782,633	6,771,543	11,090	6,782,633	-
F0031-035 Employee Preparation Education	---	2,107,518	-	2,093,250	2,093,250	2,129,680	(36,430)	2,093,250	-
F0038 State Magnet School Program	0634-03-1390	11,000,000	6,600,000	4,400,000	11,000,000	11,004,897	(4,897)	11,000,000	-
F0041 Incarcerated Youth	---	1,193,610	-	1,106,295	1,106,295	1,078,935	27,360	1,106,295	-
F0045 Categorical Reading	0629-03-1395	5,500,000	3,300,000	2,200,000	5,500,000	5,480,292	19,708	5,500,000	-
F0050-080 Summer Program	---	3,252,600	1,918,284	1,345,816	3,264,100	3,120,947	143,152	3,264,100	-
F0055 State Early Grade Class Size Reduction	0417-03-0092	5,200,000	3,120,000	1,908,465	5,028,465	5,027,252	1,213	5,028,465	-
F0085 NYS Experimental Pre-K Program	0400-03-1395	1,313,622	1,116,579	158,857	1,275,436	1,261,855	13,581	1,275,436	-
F0086 NYS Experimental Pre-K Summer	0400-03-8483	18,684	16,657	-	16,657	17,910	(1,253)	16,657	-
F0090 Minor Maintenance	---	437,754	437,754	-	437,754	438,492	(738)	437,754	-
F0123 Learning Technology - No. 1	0647-03-0060	45,288	-	31,151	31,151	31,151	(0)	31,151	-
F0125 Learning Technology - Wilson	0647-03-0059	45,288	-	41,914	41,914	41,914	(0)	41,914	-
F0126 Learning Technology - SWW	0647-03-0061	45,288	-	12,115	12,115	12,115	(0)	12,115	-
F0191 Academic Support Aid	0642-03-1000	2,019,647	1,009,823	894,447	1,904,270	1,904,269	1	1,904,270	-
F0345 Rochester Teacher Center	0425-03-0083	518,000	274,800	188,101	462,901	463,007	(106)	462,901	-
F0347 Mentor Teacher Internship Program	0663-03-0052	333,000	243,000	84,572	327,572	329,981	(2,409)	327,572	-
F0350 Rochester School Library Systems	0365-03-0046	98,804	98,804	(1,082)	97,722	97,722	-	97,722	-
F0351 Extended School Day & Violence Prevention	0640-03-1395	739,865	665,878	29,228	695,106	695,522	(416)	695,106	-
F0352 School Library System Aid for Automation	0364-03-0046	9,880	9,880	(935)	8,945	8,945	-	8,945	-
F0353 School Library System Categorical Aid - Rollover	0365-02-0046	10,436	10,436	-	10,436	8,915	1,521	10,436	-
F0354 School Library System Aid for Automation - Rollover	0364-02-0046	286	286	-	286	285	1	286	-
F0406 Bilingual - Jose Mora	0635-03-7001	75,023	-	45,545	45,545	45,545	0	45,545	-
F0420 Child Abduction Prevention	0544-03-1395	25,000	22,500	2,130	24,630	24,630	(0)	24,630	-
F0422 Bilingual Excel @ 22 School	0635-03-2217	30,000	22,500	7,500	30,000	30,047	(47)	30,000	-
F0423 Two-Way Bilingual Educ #22	0635-03-4118	24,986	-	24,986	24,986	25,062	(76)	24,986	-
F0455 Edward Byrne Narcotics Control	---	40,782	-	41,792	41,792	40,676	1,116	41,792	-
F0470 Bilingual Excel Program	0635-03-1038	27,438	20,579	3,042	23,621	23,496	125	23,621	-
F0720 Welfare Education	2396-03-0133	18,280	16,452	1,032	17,484	17,483	1	17,484	-
F0724 Community Use of Schools	0616-03-1395	200,000	180,000	20,000	200,000	206,145	(6,145)	200,000	-
F0755 SURR Lofton/Thomas/Douglass	0436-03-0005	100,000	85,000	(6,799)	78,201	76,042	2,159	78,201	-
F0764 ARSIP / Apprenticeship	0140-03-0024	148,440	-	96,383	96,383	150,955	(54,572)	96,383	-
F0825 Teachers of Tomorrow	0644-03-0012	2,310,400	1,155,200	(83,363)	1,071,837	1,070,242	1,595	1,071,837	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	
COUNTY PROJECTS:									
F0154 OASAS	---	27,057	10,047	15,300	25,347	11,550	13,797	25,347	-
F0316 Diagnostic Outreach Team	---	186,888	40,970	23,660	64,630	215,727	(151,097)	64,630	-
F0317 Pre-School Integrated / Handicapped	---	1,111,545	309,335	298,627	607,962	1,091,356	(483,394)	607,962	-
F0370 Community Pre-School Related Services	---	468,085	134,315	225,987	360,302	466,197	(105,895)	360,302	-
F0375 Special Education / Itinerant Teachers	---	91,039	23,840	28,000	51,840	92,231	(40,391)	51,840	-
F0391 Pre-School Administration / County	---	235,422	-	-	-	228,299	(228,299)	-	-
F0779 Transition to Educational Responsibility	---	53,814	-	47,667	47,667	45,456	2,211	47,667	-
F0790 Learnfare	---	53,813	-	54,916	54,916	54,916	-	54,916	-
PRIVATE PROJECTS:									
F0121 Learning Technology - BOCES	---	1,350	1,350	-	1,350	1,216	134	1,350	-
F0150 Harcourt Brace Math Project	---	100,000	50,000	48,750	98,750	98,750	0	98,750	-
F0153 Smoking Cessation @ East High	---	3,802	1,300	354	1,654	1,654	-	1,654	-
F0157 Community Place	---	4,050	4,050	-	4,050	4,050	-	4,050	-
F0302 Parent Empowerment Program	---	7,899	7,018	(1,772)	5,246	5,099	148	5,246	-
F0304 Rochester Early Enhancement Program	---	198,128	148,590	2,781	151,371	130,510	20,860	151,371	-
F0308 Summer Transition for SWD	---	7,576	7,576	-	7,576	7,926	(350)	7,576	-
F0309 SIP Training Materials	---	37,300	37,300	-	37,300	37,288	12	37,300	-
F0313 School #12 United Way	---	34,005	25,339	8,666	34,005	35,336	(1,331)	34,005	-
F0314 Saturday School Program	---	4,883	4,883	(2,689)	2,194	2,149	45	2,194	-
F0320 Toyota Grant @ #20 School	---	1,560	1,560	-	1,560	1,523	37	1,560	-
F0328 Peer Review	---	5,000	5,000	-	5,000	5,203	(203)	5,000	-
F0349 Rochester Library Council-Automation	---	5,000	5,000	-	5,000	5,053	(53)	5,000	-
F0358 Transition Planning for SWD	---	2,000	2,000	(1,133)	867	842	24	867	-
F0380 Youth Tobacco Initiative	---	999	999	-	999	1,052	(53)	999	-
F0401 Rochester Community Asthma Network	---	30,000	30,000	-	30,000	23,328	6,672	30,000	-
F0434 Innovation Grant K-2 Cluster	---	2,000	2,000	-	2,000	1,973	27	2,000	-
F0445 Teachers As Learners	---	11,500	11,500	-	11,500	-	11,500	11,500	-
F0481 Dewitt Wallace Urban Leadership -BOCES	---	30,000	30,000	-	30,000	30,000	-	30,000	-
F0510 Destination Graduation - BOCES	---	20,160	20,160	(98)	20,062	20,062	-	20,062	-
F0511 Douglass MS LASW Initiative	---	10,019	10,019	(1,532)	8,487	8,248	239	8,487	-
F0513 Primary Mental Health Project / #43 & 44	---	28,068	28,068	-	28,068	28,784	(716)	28,068	-
F0514 PMHP Expansion / #25 & 29	---	22,640	22,640	-	22,640	23,676	(1,036)	22,640	-
F0515 PMHP Expansion 2002	---	22,640	11,400	11,240	22,640	22,598	42	22,640	-
F0516 2nd Semester Core Primary Project	---	26,932	20,179	6,418	26,597	26,596	0	26,597	-
F0575 Douglass Alternative Suspension	---	5,250	5,250	-	5,250	3,919	1,331	5,250	-
F0580 Starlight Program	---	21,000	21,000	-	21,000	20,094	906	21,000	-
F0703 Rochester General Hospital Foundation	---	186,000	-	80,973	80,973	34,412	46,561	80,973	-
F0704 Work Experience Center - Transitional Service	---	2,450	2,450	-	2,450	-	2,450	2,450	-
F0730 Chase Active Learning	---	10,000	10,000	-	10,000	8,292	1,708	10,000	-
F0744 Edison Tech Summer Youth Development	---	51,420	41,170	-	41,170	41,847	(677)	41,170	-
F0763 Citibank Academies of Finance	---	4,000	4,000	-	4,000	1,959	2,041	4,000	-
F0770 UAW Local 1097 Reg 9 Delphi	---	54,718	-	20,247	20,247	-	20,247	20,247	-
F0774 Workplace Literacy	---	200,000	82,549	117,598	200,147	202,581	(2,435)	200,147	-
F0775 Rochester Industries / Workplace Literacy	---	190,000	96,972	16,523	113,494	134,971	(21,476)	113,494	-
F0776 U of R Strong Memorial Workplace Literacy	---	55,875	20,074	2,150	22,224	25,666	(3,442)	22,224	-
F0783 MCC GED	---	24,000	24,000	-	24,000	22,829	1,171	24,000	-
F0784 Remedial Education - ESOL	---	6,000	6,000	-	6,000	5,427	573	6,000	-
F0797 Good Grades Pay	---	139,351	-	139,351	139,351	-	139,351	139,351	-
F0379 BOCES Tobacco Prevention	---	1,738	-	1,738	1,738	-	1,738	1,738	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	Budget	REVENUES		EXPENDITURES			Net (Accrued) Deferred Revenue	
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year		Cumulative June 30, 2004
SCHOOL FOOD SERVICE FUND:									
N.Y.S. EDUCATION DEPARTMENT	---	526,183	-	526,183	526,183	-	526,183	526,183	-
CITY OF ROCHESTER	---	345,578	-	345,578	345,578	-	345,578	345,578	-
TOTAL SCHOOL DISTRICT GRANTS		109,943,677	30,588,513	64,807,063	95,395,174	52,859,549	50,820,615	103,680,164	(8,284,990)
TOTAL CITY GRANTS		25,708,245	16,102,243	3,845,690	19,947,835	16,126,246	3,777,596	19,903,842	43,993
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		<u>\$ 135,651,922</u>	<u>\$ 46,690,756</u>	<u>\$ 68,652,753</u>	<u>\$ 115,343,009</u>	<u>\$ 68,985,795</u>	<u>\$ 54,598,211</u>	<u>\$ 123,584,006</u>	<u>\$ (8,240,997)</u>

Note:

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

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2004**

	Grant Number	Budget	REVENUES		EXPENDITURES			Net (Accrued) Deferred Revenue	
			Cumulative June 30, 2003	Current Year	Cumulative June 30, 2004	Cumulative June 30, 2003	Current Year		Cumulative June 30, 2004
SCHOOL FOOD SERVICE FUND:									
N.Y.S. EDUCATION DEPARTMENT	---	526,183	-	526,183	526,183	-	526,183	526,183	-
CITY OF ROCHESTER	---	345,578	-	345,578	345,578	-	345,578	345,578	-
TOTAL SCHOOL DISTRICT GRANTS		109,943,677	30,588,313	64,806,861	95,395,174	52,859,549	50,820,615	103,680,164	(8,284,990)
TOTAL CITY GRANTS		25,708,245	16,102,145	3,845,690	19,947,835	16,126,246	3,777,596	19,903,842	43,993
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		<u>\$ 135,651,922</u>	<u>\$ 46,690,458</u>	<u>\$ 68,652,551</u>	<u>\$ 115,343,009</u>	<u>\$ 68,985,795</u>	<u>\$ 54,598,211</u>	<u>\$ 123,584,006</u>	<u>\$ (8,240,997)</u>

Note:

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

**THE CITY OF ROCHESTER, NEW YORK
SUMMARY OF FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2004**

	<u>Budget</u>	<u>Cumulative June 30, 2003</u>	<u>Current Year</u>	<u>Cumulative June 30, 2004</u>	<u>Cumulative June 30, 2003</u>	<u>Current Year</u>	<u>Cumulative June 30, 2004</u>	<u>Net (Accrued) Deferred Revenue</u>
CITY GRANTS								
Schedule of Expenditures of Federal Awards *	\$256,224,152	\$179,874,766	\$ 40,540,239	\$220,415,005	\$177,395,045	\$ 42,106,735	\$219,501,780	\$ 913,225
Schedule of Expenditures of NYS and Other Awards	25,708,245	16,102,145	3,845,690	\$ 19,947,835	16,126,246	3,777,596	\$ 19,903,842	\$ 43,993
Subtotal City Grants	281,932,397	195,976,911	44,385,929	240,362,840	193,521,291	45,884,331	239,405,622	957,218
CITY SCHOOL DISTRICT GRANTS								
Schedule of Expenditures of Federal Awards *	131,725,979	38,623,579	66,242,623	\$104,866,202	36,219,842	71,023,822	\$107,243,664	\$ (2,377,462)
Schedule of Expenditures of NYS and Other Awards	109,943,677	30,588,313	64,806,861	\$ 95,395,174	52,859,549	50,820,615	\$103,680,164	\$ (8,284,990)
Subtotal School District Grants	241,669,656	69,211,892	131,049,484	200,261,376	89,079,391	121,844,437	210,923,828	(10,662,452)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS	<u>\$523,602,053</u>	<u>\$265,188,803</u>	<u>\$175,435,413</u>	<u>\$440,624,216</u>	<u>\$282,600,682</u>	<u>\$167,728,768</u>	<u>\$450,329,450</u>	<u>\$ (9,705,234)</u>

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

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