

**THE CITY OF ROCHESTER, NEW YORK**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2008**

**Prepared by:**  
**Department of Finance**

**Brian L. Roulin, CPA**  
Director of Finance

**James B. Barclay**  
Director of Accounting

**ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2008**

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# **INTRODUCTORY SECTION**



December 3, 2008

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, 2008. The accounting firm selected by City Council, Freed Maxick & Battaglia PC, has audited the financial statements. The auditors' unqualified opinion is included in this report.

In each of the past twenty-four 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 2008 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,

A handwritten signature in black ink, appearing to read "R. Duffy".

Robert J. Duffy  
Mayor





December 3, 2008

**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, 2008. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Freed Maxick & Battaglia PC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Rochester's financial statements for the year ended June 30, 2008. The independent auditor's report is located at the front of the financial section of this report.

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

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

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

### **PROFILE OF THE GOVERNMENT**

The City, located in Monroe County on Lake Ontario, approximately midway between Buffalo and Syracuse, encompasses 37 square miles. Rochester was recorded as the third largest city in New York State by the 2004 census updates with a population currently estimated at 206,759. It is divided into 66,700 real estate parcels, and serviced by 539 miles of public ways. Rochester is served by three bus lines; the New York Thruway; and twenty-three airlines (six major and seventeen regional) at the Greater Rochester International Airport. This airport also offers support facilities for private aircraft. Amtrak provides rail passenger service, and the Conrail and Chessie systems provide railway freight service. Water transportation service is provided by the Erie Canal and through the Port of Rochester.

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



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

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

### LOCAL ECONOMY

In its early years, the City was an agricultural, trading, milling and transportation center. The City's economy turned to manufacturing in the early Twentieth Century, primarily through the manufacturing of photographic, optical and precision equipment by the Eastman Kodak and Bausch & Lomb companies. Over 90 optics and imaging firms, plus the imaging-related divisions of several other large firms, are located in the Rochester area.

The largest concentration of employment in the City is educational and health services at 21% of total non-agricultural employment in the Rochester metropolitan area.

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

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

The Rochester area has long been considered to have a stable economy, especially when compared to other northeast and north-central metropolitan areas. The Rochester economy generally responds to the national trends on a six-to-eight month lag. Unemployment has historically been low relative to national averages.

The City's development services provide expanding and relocating businesses with technical assistance and financing through several business loan and grant programs. Many economic development activities in the City are centralized, providing greater convenience to businesses needing assistance. The City staffs the local development corporation, Rochester Economic Development Corporation, the City's Renewal Community Zone, and the State Empire Zone.

During the fiscal year ended June 30, 2008 the Rochester Economic Development Department worked with 159 companies which anticipate investing \$161 million in the community, currently employ approximately 5,571 people and expect to create nearly 650 new jobs over the next five years.

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

The average 2007 unemployment rate for the Rochester area was 4.4% compared to the national average of 4.6% and the State average of 4.5%.

### **Significant Announcements**

- *Renaissance Square.* The proposed project will include construction of a downtown bus terminal, a downtown campus for the Monroe Community College, various performing arts venues and retail areas. The project is a collaborative effort of the City, Monroe Community College, the County and the Rochester Genesee Regional Transportation Authority.
- *The University of Rochester.* A \$550 million initiative to place the University of Rochester's Medical Center among the top academic medical centers in the United States was announced on January 17, 2008. The investment is expected to be made over a five to ten year period in construction, hiring and expanding research
- *Rochester Riverfront* will be constructing an 80 unit Holiday Inn/Staybridge Hotel as part of a major revitalization project for the Brooks Landing area in the City. The \$18 million Brooks Landing project includes the hotel, a new restaurant, office, and retail buildings. In August 2007, Riverview Equity-1, LLC announced a \$30 million privately funded project to develop a five building, 120 unit apartment complex adjacent to the Brooks Landing project. The project will be leased to the University of Rochester for student housing to address the growing demand for off-campus housing.
- *PAETEC Holding Corp.*, a telecommunications company, announced in 2007 that it will construct a new headquarters downtown. As a key partner in redeveloping the Midtown Plaza site, the firm will be relocating approximately 600 jobs from the suburbs to the city.
- *ESL Federal Credit Union.* In 2008, ESL Federal Credit Union announced plans to build a new \$50 million six-story headquarters in downtown Rochester which is expected to house 300 employees and a credit union branch office.

### **Exports**

International trade by area exporters continues to be a significant component of the economic activity of the Rochester area. Rochester is the second largest exporting area in the state (New York City is the largest).

### **Educational Resources**

Metropolitan Rochester is an educational and cultural center. Located within the Rochester Area are the University of Rochester (including its Medical Center, affiliated healthcare facilities and its Eastman School of Music), employing approximately 18,671 people, Roberts Wesleyan College, the State University College at Brockport, Nazareth College, St. John Fisher College, Rochester Institute of Technology and Monroe Community College. These schools had 44,779 full time and 15,075 part time students enrolled in the fall of 2007.

University of Rochester Medical Research Center. The University of Rochester has completed the first phase of a \$550 million initiative to re-establish the Medical Center as one of the world's premier medical research institutions. The Medical Center built the Arthur Kornberg Medical Research Building, which opened in the fall of 1999. Combined, the two facilities house more than 100 scientists and 500 technicians and support personnel who conduct research in areas ranging from childhood cancer to Alzheimer's Disease. The expanded research effort is expected to lift the University of Rochester to a place among the nation's top 15 medical schools in federally-funded medical research.

The University Technology Seed Fund. The University Technology Seed Fund was created in early 2002 to provide early stage funding for the creation of business ventures based on technologies developed at area universities, corporations and research centers. It is a public-private partnership which is expected to provide \$5 to \$10 million. Its goal is to support local entrepreneurs that are creating businesses in the City.

### **Sports**

The City is home to six professional sports teams: the Rochester Red Wings, AAA farm team of the Minnesota Twins; the Rochester Americans, American Hockey League farm team for the Florida Panthers; the Rochester Knighthawks of the National Lacrosse League (indoor); the Rochester Rattlers of the Major Lacrosse League (outdoor); the Rochester Razorsharks of the American Basketball Association, and the Rochester Raging Rhinos of the American Professional Soccer League "A" League. Frontier Field, a 12,500 seat stadium, is home to the Red Wings.

Frontier Field. Frontier Field is a multi-use stadium located in downtown that opened its doors to the public in 1996. The stadium is capable of seating 12,500 spectators (expandable to 18,000 seats), with 4,000 box seats, 4,000 general admission, and 500 premium seats in the form of 36 luxury sky boxes. The primary user of the facility is the Rochester Red Wings.

The Mayor  
Rochester, NY

PAETEC Park. PAETEC Park is a 13,768-seat multi-use stadium, located in downtown, which opened in 2006. It is home to the Rochester Rhinos soccer team and the Rochester Rattlers lacrosse team.

### **Waterfront Development**

*Charlotte.* The City is in the process of evaluating proposals for the redevelopment of the Port of Rochester and the surrounding area. A ferry terminal constructed by the City will likely be converted to other uses since the City has ceased the fast-ferry service which it owned and operated between the port and Toronto.

*Corn Hill Landing.* The Corn Hill Landing project is located on the west bank of the Genesee River, on the Erie Canal system. Adjacent to Rochester's historic Corn Hill Neighborhood, Corn Hill Landing provides Canal boaters access to the doorstep of downtown Rochester. Corn Hill Landing is a mixed use project combining market rate housing, retail stores, restaurants and office space with a host of land and water based recreational amenities. The \$20 million project includes 127 luxury 1 and 2 bedroom apartments, 14,000 square feet of retail and restaurant space, and office space.

### **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 \$287.5 million, or 67% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

#### **Community Development Block Grant/Consolidated Program (In Millions)**

|  | Allocation Through<br>06/30/09 |
|--|--------------------------------|
| Residential neighborhoods                | \$ 287.5                       |
| Business development                     | 75.9                           |
| Urban renewal completion                 | 14.5                           |
| Planning, management, and administration | 53.8                           |
|  | <u>\$ 431.7</u>                |

An example of the impact of these investments is represented by the Housing Occupancy Initiative, funded by the CDBG and HOME Program, which was developed in response to concern over the growing number of vacant residential properties in the City and the declining number of owner-occupied residences. Since its inception in 1993, this initiative has addressed 5,328 vacant houses through either demolition (2,428) or rehabilitation/ reoccupation programs (2,900), and created 475 new single-family homes for owner-occupants.

Since June 1994, there have been 1,089 affordable rental units added to the inventory and an additional 827 units have been renovated with these two sources of funding.

### **LONG-TERM FINANCIAL PLANNING**

Over the past 10 years, and before, the City has been able to maintain a stable unreserved, undesignated fund balance in the general fund at approximately one percent of total general fund revenues. In fiscal 2007-08 that balance was \$4,183,000.

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

### RELEVANT FINANCIAL POLICIES

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

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

### 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, 2007. This was the twenty-third consecutive year that the City has achieved this prestigious award.

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

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

### 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,



Brian L. Roulin, CPA  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rochester  
New York

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

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.



*Charles S. Cox*

President

*Jeffrey R. Emery*

Executive Director

**CITY OF ROCHESTER, NEW YORK**  
**MAYOR AND CITY COUNCIL OFFICIALS**

Robert J. Duffy, Mayor

Gladys Santiago (At-Large), President

William F. Pritchard (At-Large), Vice President



Adam C. McFadden (South District)

Carolee A. Conklin (At-Large)

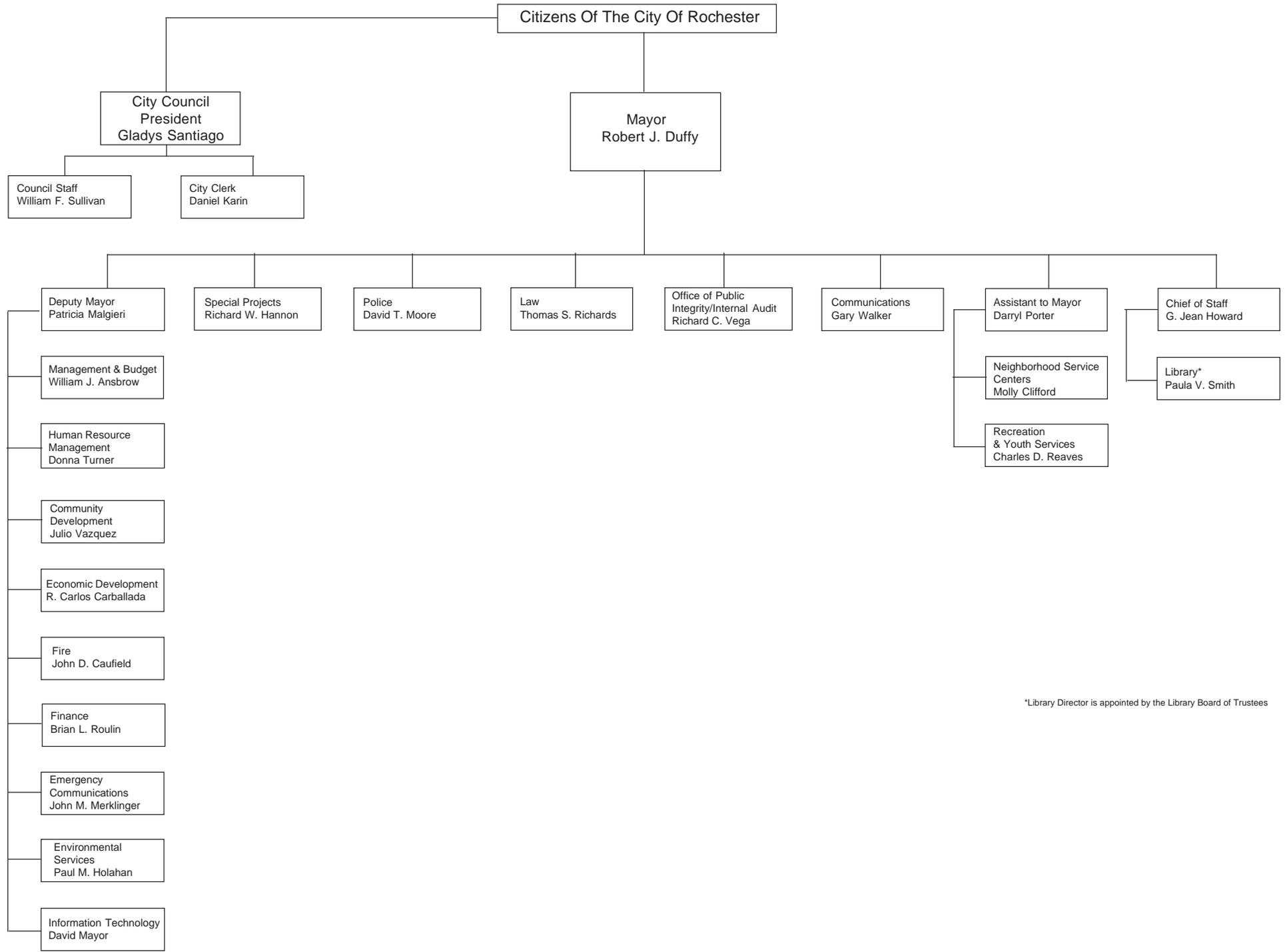
Dana K. Miller (At-Large)

John F. Lightfoot (At-Large)

Lovely A. Warren (Northeast District)

Elaine M. Spaul (East District)

Carla M. Palumbo (Northwest District)



\*Library Director is appointed by the Library Board of Trustees

**CITY OF ROCHESTER, NEW YORK**  
**ORGANIZATIONAL UNITS AND OFFICIALS**  
Effective December 3, 2008

|  |                      |
|--|----------------------|
| <b>Mayor</b> .....                           | Robert J. Duffy      |
| Deputy Mayor .....                           | Patricia Malgieri    |
| Assistant to Mayor .....                     | Darryl Porter        |
| City Clerk .....                             | Daniel Karin         |
| City Council Staff .....                     | William F. Sullivan  |
| Budget .....                                 | William J. Ansbrow   |
| Communications .....                         | Gary Walker          |
| Chief of Staff .....                         | G. Jean Howard       |
| Human Resource Management.....               | Donna Turner         |
| Public Integrity/Internal Audit.....         | Richard C. Vega      |
| Neighborhood Service Centers .....           | Molly Clifford       |
| Special Projects.....                        | Richard W. Hannon    |
| <b>Community Development</b> .....           | Julio Vazquez        |
| <b>Economic Development</b> .....            | R. Carlos Carballada |
| <b>Emergency Communications</b> .....        | John M. Merklinger   |
| <b>Environmental Services</b> .....          | Paul M. Holahan      |
| <b>Finance</b> .....                         | Brian L. Roulin      |
| <b>Fire</b> .....                            | John D. Caufield     |
| <b>Information Technology</b> .....          | David Mayor          |
| <b>Law</b> .....                             | Thomas S. Richards   |
| <b>Library</b> .....                         | Paula V. Smith       |
| <b>Recreation &amp; Youth Services</b> ..... | Charles D. Reaves    |
| <b>Police</b> .....                          | David T. Moore       |

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# FINANCIAL SECTION



**Independent Auditor's Report**

The 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 units, each major fund, and the aggregate remaining fund information of the City of Rochester, New York (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison on pages 16 through 25 and 59 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. The accompanying schedule of expenditures of federal awards and the schedule of expenditures of New York State and other awards are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical data, schedule of expenditures of New York State and other awards and summary of financial assistance on pages 68 through 88, 108 through 113 and 115 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The statistical data, schedule of expenditures of New York State and other awards and summary of financial assistance have not been subjected to auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

*Freed Maxick & Battaglia, CPAs, PC*

Rochester, New York  
December 3, 2008

**A**s 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, 2008. 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, 2008.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$753,026 (net assets).
- The City's total net assets increased by \$6,591.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$175,965, an increase of \$2,678 from the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$4,225, or 1.0% of total general fund expenditures.

The City's total outstanding debt (net of notes refinanced as bonds) increased by \$2,966 (1.6%) over the prior year, primarily due to increased borrowing in the governmental activities.

### Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Compliance with the City's annual operating budget for the year ended June 30, 2008, which includes the General Fund as well as certain special revenue and enterprise funds, is reported in the *Combined Schedule of Revenues, Expenditures and Changes in Fund Equity – Budget and Actual* which is provided as Required Supplemental Information following the Notes to the Financial Statements.

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

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

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

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

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

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

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

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$753,026 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (80 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             |                   |
|---|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
|   | 2008                    | 2007              | 2008                     | 2007              | 2008              | 2007              |
| Current and other assets                        | \$ 353,081              | \$ 326,303        | \$ 51,770                | \$ 43,230         | \$ 404,851        | \$ 369,533        |
| Capital assets                                  | 579,946                 | 559,328           | 243,464                  | 237,409           | 823,410           | 796,737           |
| <b>Total assets</b>                             | <b>933,027</b>          | <b>885,631</b>    | <b>295,234</b>           | <b>280,639</b>    | <b>1,228,261</b>  | <b>1,166,270</b>  |
| Long-term liabilities outstanding               | 197,664                 | 244,901           | 80,534                   | 90,407            | 278,198           | 335,308           |
| Other liabilities                               | 177,001                 | 77,709            | 20,036                   | 6,818             | 197,037           | 84,527            |
| <b>Total liabilities</b>                        | <b>374,665</b>          | <b>322,610</b>    | <b>100,570</b>           | <b>97,225</b>     | <b>475,235</b>    | <b>419,835</b>    |
| <b>Net assets:</b>                              |                         |                   |                          |                   |                   |                   |
| Invested in capital assets, net of related debt | 441,242                 | 462,204           | 158,705                  | 153,257           | 599,947           | 615,461           |
| Restricted                                      | 127,030                 | 95,283            | 33,854                   | 27,778            | 160,884           | 123,061           |
| Unrestricted                                    | (9,910)                 | 5,534             | 2,105                    | 2,379             | (7,805)           | 7,913             |
| <b>Total net assets</b>                         | <b>\$ 558,362</b>       | <b>\$ 563,021</b> | <b>\$ 194,664</b>        | <b>\$ 183,414</b> | <b>\$ 753,026</b> | <b>\$ 746,435</b> |

The City's total net assets increased by \$6,591. An increase of \$11,250 in net assets of business-type activities was partially offset by a decrease of \$4,659 in net assets of governmental activities. A portion of the City's net assets (21 percent) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City is able to report positive balances in the categories of Invested in capital assets, net of related debt, and Restricted. This was true for 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.

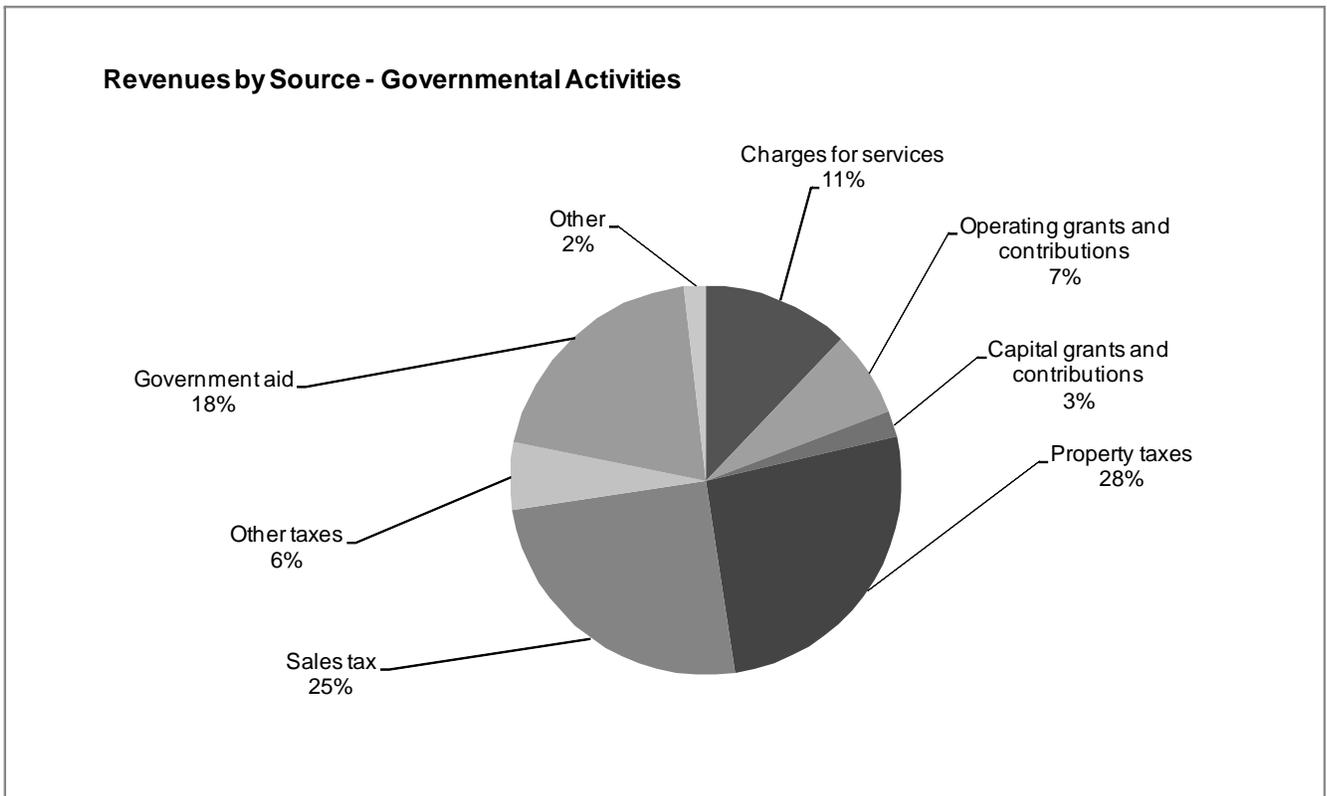
**Governmental activities.** As noted above, Governmental activities net assets decreased by \$4,659. Key components of this change are summarized as follows:

|   | Governmental activities |            | Business-type activities |            | Total      |            |
|---|-------------------------|------------|--------------------------|------------|------------|------------|
|   | 2008                    | 2007       | 2008                     | 2007       | 2008       | 2007       |
| <b>Revenues:</b>                                |                         |            |                          |            |            |            |
| Program revenues:                               |                         |            |                          |            |            |            |
| Charges for services                            | \$ 63,440               | \$ 57,046  | \$ 65,479                | \$ 65,472  | \$ 128,919 | \$ 122,518 |
| Operating grants and contributions              | 37,290                  | 40,208     | -                        | -          | 37,290     | 40,208     |
| Capital grants and contributions                | 11,366                  | 11,452     | 511                      | -          | 11,877     | 11,452     |
| General revenues:                               |                         |            |                          |            |            |            |
| Property taxes                                  | 136,921                 | 139,276    | 3,876                    | 2,658      | 140,797    | 141,934    |
| Sales and other taxes                           | 159,590                 | 149,378    | 905                      | 905        | 160,495    | 150,283    |
| Government aid                                  | 105,188                 | 91,402     | 125                      | 18         | 105,313    | 91,420     |
| Other   | 9,433                   | 9,690      | 2,662                    | 2,182      | 12,095     | 11,872     |
| Total revenues                                  | 523,228                 | 498,452    | 73,558                   | 71,235     | 596,786    | 569,687    |
| <b>Expenses:</b>                                |                         |            |                          |            |            |            |
| General government                              | 75,553                  | 61,690     | -                        | -          | 75,553     | 61,690     |
| Police  | 124,310                 | 113,896    | -                        | -          | 124,310    | 113,896    |
| Fire  | 68,041                  | 69,551     | -                        | -          | 68,041     | 69,551     |
| Emergency communications                        | 15,222                  | 14,798     | -                        | -          | 15,222     | 14,798     |
| Transportation                                  | 25,468                  | 31,244     | -                        | -          | 25,468     | 31,244     |
| Environmental services                          | 31,904                  | 26,268     | -                        | -          | 31,904     | 26,268     |
| Parks & recreation                              | 15,406                  | 24,886     | -                        | -          | 15,406     | 24,886     |
| Library   | 12,324                  | 12,419     | -                        | -          | 12,324     | 12,419     |
| Community & economic development                | 33,595                  | 34,423     | -                        | -          | 33,595     | 34,423     |
| Interest on long term debt                      | 6,048                   | 8,060      | -                        | -          | 6,048      | 8,060      |
| Allocation to school district                   | 119,100                 | 119,100    | -                        | -          | 119,100    | 119,100    |
| Fast Ferry                                      | -                       | 21,259     | -                        | -          | -          | 21,259     |
| Water   | -                       | -          | 28,505                   | 28,571     | 28,505     | 28,571     |
| War memorial                                    | -                       | -          | 3,005                    | 3,219      | 3,005      | 3,219      |
| Parking   | -                       | -          | 6,343                    | 5,443      | 6,343      | 5,443      |
| Cemetery  | -                       | -          | 1,953                    | 2,075      | 1,953      | 2,075      |
| Public market                                   | -                       | -          | 922                      | 825        | 922        | 825        |
| Refuse  | -                       | -          | 22,496                   | 22,682     | 22,496     | 22,682     |
| Total expenses                                  | 526,971                 | 537,594    | 63,224                   | 62,815     | 590,195    | 600,409    |
| Excess (deficiencies) of revenues over expenses | (3,743)                 | (39,142)   | 10,334                   | 8,420      | 6,591      | (30,722)   |
| Transfers                                       | (916)                   | 4,679      | 916                      | (4,679)    | -          | -          |
| Increase (decrease) in net assets               | (4,659)                 | (34,463)   | 11,250                   | 3,741      | 6,591      | (30,722)   |
| Net assets - beginning                          | 563,021                 | 597,484    | 183,414                  | 179,673    | 746,435    | 777,157    |
| Net assets - ending                             | \$ 558,362              | \$ 563,021 | \$ 194,664               | \$ 183,414 | \$ 753,026 | \$ 746,435 |

**Governmental activities revenue highlights.**

The major factors contributing to the overall revenue increase of \$24,776 were:

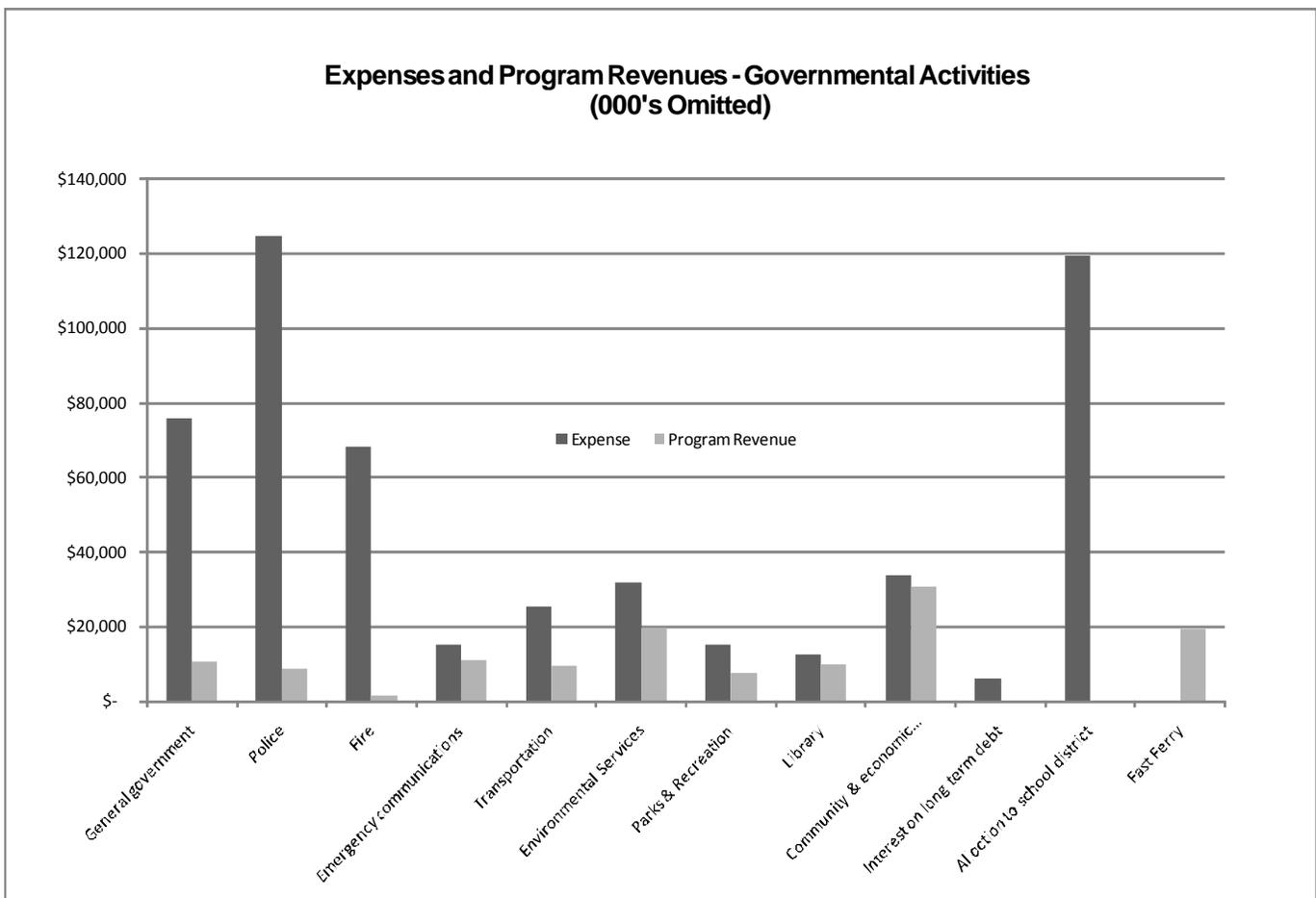
- Charges for services increased by \$6,394, primarily due to a \$1,624 increase in community and economic development revenues, a \$1,342 increase in county reimbursement for emergency communication services, a \$1,250 increase in charges for environmental services activities, and a \$1,254 increase in revenue for school resource officers.
- Operating grants and contributions decreased by \$2,918, of which \$1,198 was in parks and recreation.
- Property taxes revenues decreased by \$2,355 due to a decrease in the levy, net of uncollected.
- The sales and other taxes category increased by \$10,212, primarily due to a \$9,452 increase in sales tax.
- Governmental aid increased by \$13,786, primarily due to a \$11,264 increase in New York State Special Assistance.



**Governmental activities expense highlights.**

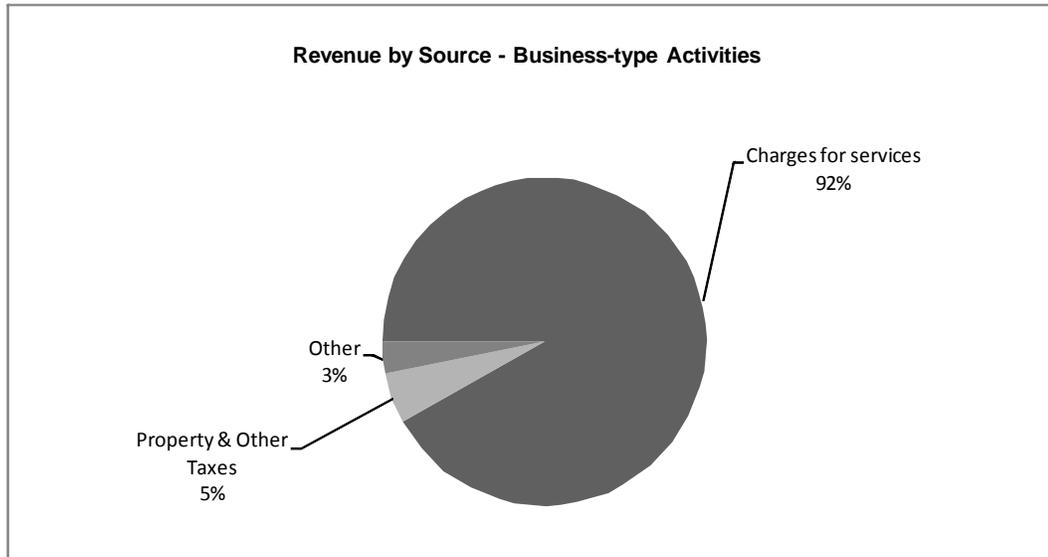
The major factors contributing to an overall decrease of \$10,623 were:

- General government expenses increased by \$13,863, primarily due to a \$6,145 increase in net capital expenses, a \$2,758 increase in operating expenses, and a \$1,391 increase in payroll expense.
- Police expenses increased by \$10,414, primarily due to a \$6,950 increase in payroll expense and a \$1,636 increase in operating expense.
- Fire expenses decreased by \$1,510, primarily due to a \$904 decrease in fringe benefit expenses.
- Transportation expenses decreased by \$5,776, primarily as a result of the reclassification of \$5,638 of a portion of local works fund expense more appropriately under the environmental services category.
- Environmental services expenses increased by \$5,636, primarily as a result of the more appropriate classification of \$5,638 a portion of local works funds expense, previously categorized as transportation expenses.
- Parks & recreation expenses decreased by \$9,480, primarily as a result of a \$5,144 decrease in net capital expenses, a \$2,102 decrease in operating expenses, and a \$2,665 decrease in benefit costs.
- Interest on long term debt increased by \$2,012.
- When the City assumed the Fast Ferry debt an expense accrual of \$21,259 was recognized. As a onetime event for 2007, this represents a decrease of \$21,259 for 2008.



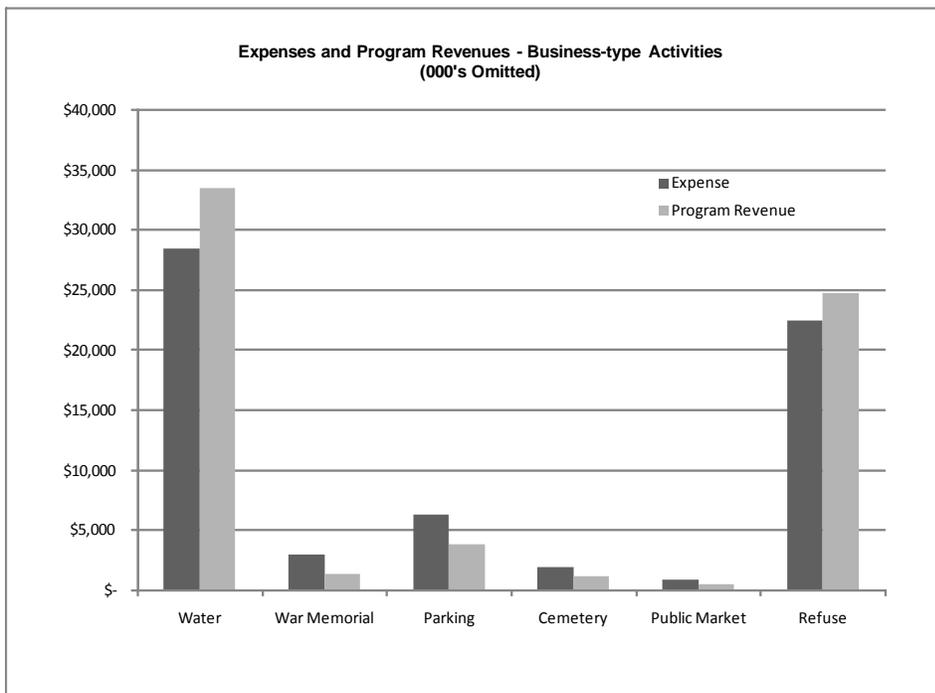
**Business-type activities revenue highlights.**

- Revenues for business-type activities increased by \$2,323. This increase is primarily the result of a \$1,218 increase in tax support for enterprise funds from the general fund.



**Business-type activities expense highlights.**

- The net increase in business-type activities expenses was \$409. This increase is primarily the result of \$677 increases in the cost of materials and supplies which were partially offset by various expense reductions.



### 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's 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 \$175,965, an increase of \$2,678 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 — \$70,272, 2) to pay debt service — \$67,589, and 3) for a variety of other restricted purposes — \$4,872. The unreserved portion of fund balance includes: \$14,641 restricted in Capital projects funds, \$4,193 of general fund money designated for use in fiscal 2008-09, \$4,225 of general fund money available for use in fiscal 2008-09, \$3,731 unreserved in special revenue funds, and \$6,484 designated in the cemetery perpetual care fund. The result is a total unreserved fund surplus for all governmental funds of \$33,232. This positive balance results from short-term borrowing in the capital projects funds and is further explained in the *Transportation capital projects* section below.

**General fund.** The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$8,376 while total fund balance reached \$28,659. 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 represents 2 percent of total fund expenditures, while total fund balance represents 7 percent of that same amount. The fund balance of the City's general fund increased by \$6,980 during the current fiscal.

**Debt service fund.** The debt service fund has a total fund balance of \$67,589, all of which is reserved for the payment of debt service. The \$6,861 decrease in fund balance during the current year in the debt service fund resulted from the following: a Rochester Ferry debt service payment of \$19,555 was in part offset by the transfer of \$16,730 in reprogrammed funds from cash capital funds. Transfers of \$7,780 were made to operating funds to meet current debt service requirements. The debt service fund had \$3,470 interest earnings and \$274 in other revenue.

**General capital projects.** The general capital projects fund accounts for the construction and reconstruction of general public improvements, excluding transportation capital projects as well as projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$45,328, of this \$29,181 was encumbered for contracts underway, and \$16,147 was undesignated.

**Transportation capital projects.** The transportation capital projects fund is used to account for road and bridge construction and reconstruction. At the end of the current fiscal year, the fund balance was \$1,351. This balance is the result of \$6,061 encumbered for contracts underway less a \$4,710 deficit fund balance, which will be 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 \$5,615.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$183,414. The change in net assets between 2007 and 2008, which totaled to a \$9,834 increase, were as follows: the Water fund increased by \$7,590, the Parking fund decreased by \$1,452, the War Memorial fund increased by \$126, the Refuse fund increased by \$2,936, the Cemetery fund increased by \$819, and the Public Market fund decreased by \$185.

Unrestricted net assets of the proprietary funds, which totaled \$2,116 at year end, breakdown as follows: Water — (\$2,455), Parking — \$1,478, War Memorial — \$65, Refuse — \$45, Cemeteries — \$3,040, and Public Market — (\$57).

**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 \$20,735, a decrease of \$1,523 over the prior year. The decrease is the result of claims settlement expenses of \$2,179 exceeding \$818 in revenue investments and \$2,884 in transfers from the General Fund.

### Budgetary Highlights

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

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

### Capital Assets and Debt Administration

**Capital Assets.** In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business type activities as of June 30, 2008, amounted to \$823,410 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The overall increase in the City's investment in capital assets for the current fiscal year was 3.35 percent, of which 2.59 percent was attributable to governmental activities and a .76 percent to business-type activities.

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

- Midtown Plaza redevelopment project, property acquisition — \$5,920
- Smith St. Bridge reconstruction — \$4,264
- Norton Street water and street improvements — \$4,127
- Joseph Avenue water, street, and sewer improvements — \$2,416
- Glide Street water, street, and sewer improvements — \$1,685
- General water main extensions and improvements — \$1,597
- Gregory Street water, street, and sewer improvements — \$1,580
- Manhattan Square Park improvements — \$1,401
- South Avenue Parking Garage reconstruction — \$1,213
- Brooks Landing Improvements — \$1,115

|                                   | Governmental<br>activities |                   | Business-type<br>activities |                   | Total             |                   |
|-----------------------------------|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|                                   | 2008                       | 2007              | 2008                        | 2007              | 2008              | 2007              |
| Land                              | \$ 22,647                  | \$ 24,770         | \$ 11,434                   | \$ 10,563         | \$ 34,081         | \$ 35,333         |
| Buildings                         | 103,897                    | 105,155           | 106,430                     | 97,780            | 210,327           | 202,935           |
| Improvements other than buildings | 29,648                     | 20,611            | 112,110                     | 109,435           | 141,758           | 130,046           |
| Machinery and equipment           | 29,032                     | 27,298            | 6,571                       | 7,319             | 35,603            | 34,617            |
| Infrastructure                    | 392,685                    | 381,494           | -                           | -                 | 392,685           | 381,494           |
| Construction in progress          | 2,037                      | -                 | 6,919                       | 12,312            | 8,956             | 12,312            |
| <b>Total</b>                      | <b>\$ 579,946</b>          | <b>\$ 559,328</b> | <b>\$ 243,464</b>           | <b>\$ 237,409</b> | <b>\$ 823,410</b> | <b>\$ 796,737</b> |

**Long-term debt.** On June 30, 2008 the City's outstanding debt (net of notes refinanced as bonds) was \$184,243. This was an increase of \$2,966 (1.6%) over the prior year, primarily due to increased borrowing for public improvement projects in the governmental activities.

| <b>City of Rochester's Outstanding Debt</b>                                |                                |                  |                                 |                  |                   |                   |
|--|--------------------------------|------------------|---------------------------------|------------------|-------------------|-------------------|
| (000's Omitted)  |                                |                  |                                 |                  |                   |                   |
|  | <b>Governmental activities</b> |                  | <b>Business-type activities</b> |                  | <b>Total</b>      |                   |
|  | <b>2008</b>                    | <b>2007</b>      | <b>2008</b>                     | <b>2007</b>      | <b>2008</b>       | <b>2007</b>       |
| General obligation bonds   | \$ 80,992                      | \$ 69,538        | \$ 76,805                       | \$ 59,402        | \$ 157,797        | \$ 128,940        |
| Bond anticipation notes  | 57,712                         | 27,587           | 7,954                           | 24,750           | 65,666            | 52,337            |
| <b>Total</b>   | <b>138,704</b>                 | <b>97,125</b>    | <b>84,759</b>                   | <b>84,152</b>    | <b>223,463</b>    | <b>181,277</b>    |
| Less: Notes refinanced as bonds which mature in the subsequent fiscal year | (39,220)                       | -                | -                               | -                | (39,220)          | -                 |
| <b>Net Outstanding Debt</b>  | <b>\$ 99,484</b>               | <b>\$ 97,125</b> | <b>\$ 84,759</b>                | <b>\$ 84,152</b> | <b>\$ 184,243</b> | <b>\$ 181,277</b> |

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

The New York State Constitution restricts the annual real property tax levy for operating expenses to 2 percent of the average full value of taxable City property over the last five years. This limitation does not apply to taxes for debt service. The Constitution also imposes a debt limit of 9 percent of the most recent five-year average of full valuation of taxable real estate. This limit, which applies to the combined City and School District debt, was \$515 million as of the fiscal year end, an amount that was \$188 million above the combined City and School District's net indebtedness.

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

**Economic Factors**

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

**Requests for Information**

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

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# **BASIC FINANCIAL STATEMENTS**

**THE CITY OF ROCHESTER, NEW YORK  
STATEMENT OF NET ASSETS  
JUNE 30, 2008 (000's Omitted)**

|   | Primary Government      |                          |            | Component Unit  | Component Unit           |
|---|-------------------------|--------------------------|------------|-----------------|--------------------------|
|   | Governmental Activities | Business-type Activities | Total      | School District | Rochester Ferry Co. LLC. |
| <b>ASSETS</b>                                     |                         |                          |            |                 |                          |
| Cash and cash equivalents                         | \$ 215,282              | \$ 22,587                | \$ 237,869 | \$ 139,025      | \$ 441                   |
| Receivables (net of allowance for uncollectibles) |                         |                          |            |                 |                          |
| Accounts  | 42,502                  | 16,976                   | 59,478     | 1,333           | -                        |
| Taxes   | 18,999                  | -                        | 18,999     | -               | -                        |
| Due from other governments                        | 75,841                  | 2,277                    | 78,118     | 42,681          | -                        |
| Due from primary government                       | -                       | -                        | -          | 3,006           | -                        |
| Due from component unit                           | 600                     | -                        | 600        | -               | -                        |
| Prepaid expenses                                  | -                       | -                        | -          | 1,815           | 64                       |
| Interfund balances                                | (143)                   | 143                      | -          | -               | -                        |
| Inventory, at cost                                | -                       | -                        | -          | 216             | -                        |
| Restricted assets:                                |                         |                          |            |                 |                          |
| Cash and cash equivalents                         | -                       | 9,781                    | 9,781      | -               | -                        |
| Accounts receivable                               | -                       | 6                        | 6          | -               | -                        |
| Capital assets (net of accumulated depreciation)  |                         |                          |            |                 |                          |
| Land  | 22,647                  | 11,434                   | 34,081     | 17,458          | -                        |
| Buildings   | 103,897                 | 106,430                  | 210,327    | 342,278         | -                        |
| Machinery and equipment                           | 29,032                  | 6,571                    | 35,603     | 19,479          | -                        |
| Improvements other than buildings                 | 29,648                  | 112,110                  | 141,758    | -               | -                        |
| Infrastructure                                    | 392,685                 | -                        | 392,685    | -               | -                        |
| Construction in progress                          | 2,037                   | 6,919                    | 8,956      | 27,986          | -                        |
| Total assets                                      | 933,027                 | 295,234                  | 1,228,261  | 595,277         | 505                      |
| <b>LIABILITIES</b>                                |                         |                          |            |                 |                          |
| Accounts payable and accrued liabilities:         |                         |                          |            |                 |                          |
| Accounts payable                                  | 25,073                  | 1,387                    | 26,460     | 92,044          | 2,700                    |
| Accrued interest payable                          | 1,782                   | 1,435                    | 3,217      | -               | -                        |
| Due to other governments                          | 15,191                  | 296                      | 15,487     | 600             | -                        |
| Due to component unit                             | 3,006                   | -                        | 3,006      | -               | -                        |
| Unearned revenue                                  | 26,476                  | 51                       | 26,527     | 5,218           | -                        |
| Noncurrent liabilities:                           |                         |                          |            |                 |                          |
| Due within one year                               | 105,473                 | 16,867                   | 122,340    | 97,171          | -                        |
| Due within more than one year                     | 197,664                 | 80,534                   | 278,198    | 227,565         | -                        |
| Total liabilities                                 | 374,665                 | 100,570                  | 475,235    | 422,598         | 2,700                    |
| <b>NET ASSETS</b>                                 |                         |                          |            |                 |                          |
| Invested in capital assets, net of related debt   | 441,242                 | 158,705                  | 599,947    | 229,418         | -                        |
| Restricted for:                                   |                         |                          |            |                 |                          |
| Capital projects                                  | 113,006                 | 29,357                   | 142,363    | -               | -                        |
| Debt service                                      | 1,925                   | 4,497                    | 6,422      | -               | -                        |
| Community development                             | 5,615                   | -                        | 5,615      | -               | -                        |
| Cemetery perpetual care non-expendable            | 6,484                   | -                        | 6,484      | -               | -                        |
| Unrestricted (deficit)                            | (9,910)                 | 2,105                    | (7,805)    | (56,739)        | (2,195)                  |
| Total net assets                                  | \$ 558,362              | \$ 194,664               | \$ 753,026 | \$ 172,679      | \$ (2,195)               |

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, 2008 (000's Omitted)**

| Functions / Programs                           | Program Revenues  |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                     | Component Unit      | Component Unit           |
|--|-------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|---------------------|--------------------------|
|  | Expenses          | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                              |                          |                     | School District     | Rochester Ferry Co. LLC. |
|  |                   |                      |                                    |                                  | Governmental Activities                         | Business-type Activities | Total               |                     |                          |
| <b>Primary government:</b>                     |                   |                      |                                    |                                  |   |                          |                     |                     |                          |
| Governmental activities:                       |                   |                      |                                    |                                  |   |                          |                     |                     |                          |
| General government                             | \$ 75,552         | \$ 10,222            | \$ 179                             | \$ 7,360                         | \$ (57,791)                                     | \$ -                     | \$ (57,791)         | \$ -                |                          |
| Police   | 124,310           | 7,560                | 1,553                              | -                                | (115,197)                                       | -                        | (115,197)           | -                   |                          |
| Fire   | 68,041            | 1,195                | 576                                | -                                | (66,270)  | -                        | (66,270)            | -                   |                          |
| Emergency communications                       | 15,222            | 12,353               | -                                  | -                                | (2,869)   | -                        | (2,869)             | -                   |                          |
| Transportation                                 | 25,468            | 820                  | 1,213                              | 3,906                            | (19,529)  | -                        | (19,529)            | -                   |                          |
| Environmental services                         | 31,904            | 20,969               | -                                  | -                                | (10,935)  | -                        | (10,935)            | -                   |                          |
| Parks & recreation                             | 15,406            | 2,228                | 1,586                              | 90                               | (11,502)  | -                        | (11,502)            | -                   |                          |
| Library  | 12,324            | 2,456                | 7,123                              | -                                | (2,745)   | -                        | (2,745)             | -                   |                          |
| Community & economic development               | 33,595            | 5,637                | 25,060                             | 10                               | (2,888)   | -                        | (2,888)             | -                   |                          |
| Interest on long-term debt                     | 6,049             | -                    | -                                  | -                                | (6,049)   | -                        | (6,049)             | -                   |                          |
| Allocation to school district                  | 119,100           | -                    | -                                  | -                                | (119,100)                                       | -                        | (119,100)           | -                   |                          |
| Ferry  | -                 | -                    | -                                  | -                                | -   | -                        | -                   | -                   |                          |
| Total governmental activities                  | <u>526,971</u>    | <u>63,440</u>        | <u>37,290</u>                      | <u>11,366</u>                    | <u>(414,875)</u>                                | <u>-</u>                 | <u>(414,875)</u>    | <u>-</u>            |                          |
| Business-type activities:                      |                   |                      |                                    |                                  |   |                          |                     |                     |                          |
| Water  | 28,505            | 34,241               | -                                  | -                                | -   | 5,736                    | 5,736               | -                   |                          |
| War memorial                                   | 3,005             | 1,460                | -                                  | -                                | -   | (1,545)                  | (1,545)             | -                   |                          |
| Parking  | 6,343             | 2,879                | -                                  | 511                              | -   | (2,953)                  | (2,953)             | -                   |                          |
| Cemetery                                       | 1,953             | 1,147                | -                                  | -                                | -   | (806)                    | (806)               | -                   |                          |
| Public market                                  | 922               | 642                  | -                                  | -                                | -   | (280)                    | (280)               | -                   |                          |
| Refuse   | 22,496            | 25,110               | -                                  | -                                | -   | 2,614                    | 2,614               | -                   |                          |
| Total business-type activities                 | <u>63,224</u>     | <u>65,479</u>        | <u>-</u>                           | <u>511</u>                       | <u>-</u>  | <u>2,766</u>             | <u>2,766</u>        | <u>-</u>            |                          |
| Total primary government                       | <u>\$ 590,195</u> | <u>\$ 128,919</u>    | <u>\$ 37,290</u>                   | <u>\$ 11,877</u>                 | <u>\$ (414,875)</u>                             | <u>\$ 2,766</u>          | <u>\$ (412,109)</u> | <u>\$ -</u>         |                          |
| <b>Component unit:</b>                         |                   |                      |                                    |                                  |   |                          |                     |                     |                          |
| Public school system                           | <u>\$ 668,657</u> | <u>\$ 15,997</u>     | <u>\$ 90,672</u>                   | <u>\$ -</u>                      | <u>\$ -</u>                                     | <u>\$ -</u>              | <u>\$ -</u>         | <u>\$ (561,988)</u> |                          |
| <b>Component unit:</b>                         |                   |                      |                                    |                                  |   |                          |                     |                     |                          |
| Rochester Ferry Co., LLC                       | <u>\$ 97</u>      | <u>\$ -</u>          | <u>\$ -</u>                        | <u>\$ -</u>                      | <u>\$ -</u>                                     | <u>\$ -</u>              | <u>\$ -</u>         | <u>\$ (97)</u>      |                          |
| General revenues:                              |                   |                      |                                    |                                  |   |                          |                     |                     |                          |
| Property taxes                                 |                   |                      |                                    |                                  | \$ 136,921                                      | \$ 3,876                 | \$ 140,797          | \$ -                |                          |
| Sales taxes                                    |                   |                      |                                    |                                  | 130,865   | -                        | 130,865             | -                   |                          |
| Other taxes                                    |                   |                      |                                    |                                  | 28,725  | 905                      | 29,630              | -                   |                          |
| Governmental aid - (unrestricted)              |                   |                      |                                    |                                  | 105,188   | 125                      | 105,313             | 398,027             |                          |
| Investment earnings                            |                   |                      |                                    |                                  | 7,143   | 1,180                    | 8,323               | 4,286               |                          |
| Allocation to school district - (unrestricted) |                   |                      |                                    |                                  | -   | -                        | -                   | 119,100             |                          |
| Miscellaneous                                  |                   |                      |                                    |                                  | 2,290   | 1,482                    | 3,772               | 6,798               |                          |
| Transfers                                      |                   |                      |                                    |                                  | (916)   | 916                      | -                   | -                   |                          |
| Total general revenues and transfers           |                   |                      |                                    |                                  | <u>410,216</u>                                  | <u>8,484</u>             | <u>418,700</u>      | <u>528,211</u>      |                          |
| Change in net assets                           |                   |                      |                                    |                                  | (4,659)   | 11,250                   | 6,591               | (33,777)            |                          |
| Net assets-beginning (as originally reported)  |                   |                      |                                    |                                  | 563,021   | 183,414                  | 746,435             | 207,030             |                          |
| Adjustments (see note I. G. 7.)                |                   |                      |                                    |                                  | -   | -                        | -                   | 574                 |                          |
| Net assets-beginning (as originally reported)  |                   |                      |                                    |                                  | -   | -                        | -                   | 206,456             |                          |
| Net assets-ending                              | <u>\$ 558,362</u> | <u>\$ 194,664</u>    | <u>\$ 753,026</u>                  | <u>\$ 172,679</u>                | <u>\$ (2,195)</u>                               |                          |                     |                     |                          |

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, 2008 (000's Omitted)**

|   |                   |                   | Capital Projects |                     | Special Revenue       | Nonmajor Governmental Funds | Total Governmental Funds |
|---|-------------------|-------------------|------------------|---------------------|-----------------------|-----------------------------|--------------------------|
|   |                   |                   | General          | Trans-<br>portation | Community Development |                             |                          |
|   | General           | Debt Service      | General          | Trans-<br>portation | Community Development |                             |                          |
| <b>ASSETS</b>                                     |                   |                   |                  |                     |                       |                             |                          |
| Cash and cash equivalents                         | \$ 44,105         | \$ 92,402         | \$ 5,853         | \$ 9,589            | \$ 5,756              | \$ 36,270                   | \$ 193,975               |
| Receivables (net of allowance for uncollectibles) |                   |                   |                  |                     |                       |                             |                          |
| Accounts  | 5,872             | 83                | 67               | -                   | 35,433                | 841                         | 42,296                   |
| Taxes   | 13,188            | -                 | -                | -                   | -                     | 195                         | 13,383                   |
| Due from other governments                        | 52,919            | -                 | 4,780            | 1,087               | 163                   | 5,203                       | 64,152                   |
| Due from other funds                              | 22,481            | 15,937            | 50,482           | 5,842               | 300                   | 1,479                       | 96,521                   |
| Due from component unit                           | 600               | -                 | -                | -                   | -                     | -                           | 600                      |
| Total assets                                      | <u>\$ 139,165</u> | <u>\$ 108,422</u> | <u>\$ 61,182</u> | <u>\$ 16,518</u>    | <u>\$ 41,652</u>      | <u>\$ 43,988</u>            | <u>\$ 410,927</u>        |
| <b>LIABILITIES AND FUND BALANCES</b>              |                   |                   |                  |                     |                       |                             |                          |
| <b>Liabilities</b>                                |                   |                   |                  |                     |                       |                             |                          |
| Accounts payable and accrued liabilities          | \$ 20,105         | \$ 3              | \$ 240           | \$ 277              | \$ 1                  | \$ 1,292                    | \$ 21,918                |
| Notes payable                                     | -                 | 39,220            | 1,908            | 14,115              | -                     | 2,469                       | 57,712                   |
| Due to other funds                                | 73,625            | 412               | 12,179           | 775                 | 499                   | 11,551                      | 99,041                   |
| Due to other governments                          | 5,384             | -                 | -                | -                   | 9,548                 | 259                         | 15,191                   |
| Due to component unit                             | 115               | 1,198             | 1,527            | -                   | -                     | 166                         | 3,006                    |
| Deferred revenue                                  | 11,277            | -                 | -                | -                   | 25,989                | 828                         | 38,094                   |
| Total liabilities                                 | <u>110,506</u>    | <u>40,833</u>     | <u>15,854</u>    | <u>15,167</u>       | <u>36,037</u>         | <u>16,565</u>               | <u>234,962</u>           |
| <b>Fund balances:</b>                             |                   |                   |                  |                     |                       |                             |                          |
| Reserved for encumbrances                         | 15,411            | -                 | 29,181           | 6,061               | 12,599                | 7,020                       | 70,272                   |
| Reserved for noncurrent receivable                | 4,872             | -                 | -                | -                   | -                     | -                           | 4,872                    |
| Reserved for debt                                 | -                 | 67,589            | -                | -                   | -                     | -                           | 67,589                   |
| <b>Unreserved:</b>                                |                   |                   |                  |                     |                       |                             |                          |
| Designated for subsequent years' expenditures     |                   |                   |                  |                     |                       |                             |                          |
| General fund                                      | 4,193             | -                 | -                | -                   | -                     | -                           | 4,193                    |
| Special revenue func                              | -                 | -                 | -                | -                   | -                     | 661                         | 661                      |
| Undesignated, reported in:                        |                   |                   |                  |                     |                       |                             |                          |
| General fund                                      | 4,183             | -                 | -                | -                   | -                     | -                           | 4,183                    |
| Special revenue func                              | -                 | -                 | -                | -                   | (6,984)               | 10,054                      | 3,070                    |
| Capital projects fund                             | -                 | -                 | 16,147           | (4,710)             | -                     | 3,204                       | 14,641                   |
| Permanent fund                                    | -                 | -                 | -                | -                   | -                     | 6,484                       | 6,484                    |
| Total fund balances                               | <u>28,659</u>     | <u>67,589</u>     | <u>45,328</u>    | <u>1,351</u>        | <u>5,615</u>          | <u>27,423</u>               | <u>175,965</u>           |
| Total liabilities and fund balances               | <u>\$ 139,165</u> | <u>\$ 108,422</u> | <u>\$ 61,182</u> | <u>\$ 16,518</u>    | <u>\$ 41,652</u>      | <u>\$ 43,988</u>            |                          |

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

|  |                   |
|--|-------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | 579,946           |
| Accrual of property and sales taxes to qualify as financial resources  | 28,074            |
| Internal service fund transferred to governmental activities   | 20,735            |
| Accrual of interest on bonds and notes payable   | (1,782)           |
| Accrual of Medicare Part D revenue   | 849               |
| Long-term liabilities are not reported in the funds  |                   |
| Bonds payable  | (80,992)          |
| Municipal Bond Bank Agency liability   | (3,025)           |
| Compensated absences   | (10,524)          |
| Workers' compensation  | (7,966)           |
| OPEB liability   | (121,361)         |
| EFIC (Ferry) liability   | (21,011)          |
| NYS Canal Corp. Lease  | (546)             |
| Net assets of governmental activities  | <u>\$ 558,362</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, 2008 (000's Omitted)**

|   | General          | Debt Service     | Capital Projects |                     | Special Revenue       | Nonmajor Governmental Funds | Total Governmental Funds |
|---|------------------|------------------|------------------|---------------------|-----------------------|-----------------------------|--------------------------|
|   |                  |                  | General          | Trans-<br>portation | Community Development |                             |                          |
| <b>REVENUES</b>                                   |                  |                  |                  |                     |                       |                             |                          |
| Real property tax                                 | \$ 130,059       | \$ -             | \$ -             | \$ -                | \$ -                  | \$ 5,792                    | \$ 135,851               |
| Sales and other taxes                             | 159,940          | -                | -                | -                   | -                     | -                           | 159,940                  |
| Departmental                                      | 25,738           | -                | -                | -                   | -                     | 17,666                      | 43,404                   |
| Use of money and property                         | 3,583            | 3,470            | 90               | -                   | 205                   | 548                         | 7,896                    |
| Licenses and permits                              | 2,676            | -                | -                | -                   | -                     | -                           | 2,676                    |
| Federal aid                                       | 1,255            | -                | 3,600            | 812                 | 19,493                | 2,354                       | 27,514                   |
| State aid   | 106,276          | -                | 3,583            | 139                 | -                     | 1,544                       | 111,542                  |
| Local sources and other                           | 15,788           | 274              | 87               | 2,955               | 1,939                 | 11,634                      | 32,677                   |
| Total revenues                                    | 445,315          | 3,744            | 7,360            | 3,906               | 21,637                | 39,538                      | 521,500                  |
| <b>EXPENDITURES</b>                               |                  |                  |                  |                     |                       |                             |                          |
| Current:  |                  |                  |                  |                     |                       |                             |                          |
| Council and clerk                                 | 1,698            | -                | -                | -                   | -                     | -                           | 1,698                    |
| Administration                                    | 11,201           | -                | -                | -                   | -                     | -                           | 11,201                   |
| Law   | 1,865            | -                | -                | -                   | -                     | -                           | 1,865                    |
| Information technology                            | 4,021            | -                | -                | -                   | -                     | -                           | 4,021                    |
| Finance   | 5,131            | -                | -                | -                   | -                     | -                           | 5,131                    |
| Community development                             | 5,881            | -                | -                | -                   | 19,334                | 1,312                       | 26,527                   |
| Economic development                              | 1,226            | -                | -                | -                   | -                     | -                           | 1,226                    |
| Environmental services                            | 25,854           | -                | -                | -                   | -                     | 8,337                       | 34,191                   |
| Library   | -                | -                | -                | -                   | -                     | 10,361                      | 10,361                   |
| Police  | 76,487           | -                | -                | -                   | -                     | 1,570                       | 78,057                   |
| Fire  | 41,227           | -                | -                | -                   | -                     | 4                           | 41,231                   |
| Emergency communications                          | 9,419            | -                | -                | -                   | -                     | -                           | 9,419                    |
| Parks, recreation and human services              | 12,349           | -                | -                | -                   | -                     | 1,622                       | 13,971                   |
| Undistributed                                     | 77,658           | -                | -                | -                   | -                     | 5,961                       | 83,619                   |
| Allocation to school district                     | 119,100          | -                | -                | -                   | -                     | -                           | 119,100                  |
| Capital projects                                  | -                | -                | 34,483           | 17,642              | -                     | 5,094                       | 57,219                   |
| Debt service:                                     |                  |                  |                  |                     |                       |                             |                          |
| Principal   | 14,229           | 19,535           | -                | -                   | -                     | 305                         | 34,069                   |
| Interest  | 6,576            | 20               | -                | -                   | -                     | 33                          | 6,629                    |
| Total expenditures                                | 413,922          | 19,555           | 34,483           | 17,642              | 19,334                | 34,599                      | 539,535                  |
| Excess (deficiency) of revenues over expenditures | 31,393           | (15,811)         | (27,123)         | (13,736)            | 2,303                 | 4,939                       | (18,035)                 |
| <b>OTHER FINANCING SOURCES (USES)</b>             |                  |                  |                  |                     |                       |                             |                          |
| Proceeds of general obligation debt               |                  |                  | 3,130            | 9,199               | -                     | 12,184                      | 24,513                   |
| Transfers from other funds                        | 20,502           | 16,730           | 36,065           | 5,222               | -                     | 2,081                       | 80,600                   |
| Transfers (to) other funds                        | (44,915)         | (7,780)          | (18,108)         | (380)               | (4,211)               | (9,006)                     | (84,400)                 |
| Total other financing sources (uses)              | (24,413)         | 8,950            | 21,087           | 14,041              | (4,211)               | 5,259                       | 20,713                   |
| Net change in fund balances                       | 6,980            | (6,861)          | (6,036)          | 305                 | (1,908)               | 10,198                      | 2,678                    |
| <b>Fund Balances - beginning of year</b>          | <b>21,679</b>    | <b>74,450</b>    | <b>51,364</b>    | <b>1,046</b>        | <b>7,523</b>          | <b>17,225</b>               | <b>173,287</b>           |
| <b>Fund Balances - end of year</b>                | <b>\$ 28,659</b> | <b>\$ 67,589</b> | <b>\$ 45,328</b> | <b>\$ 1,351</b>     | <b>\$ 5,615</b>       | <b>\$ 27,423</b>            | <b>\$ 175,965</b>        |

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, 2008 (000's Omitted)**

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

|  |                   |
|--|-------------------|
| Net change in fund balances-total governmental funds   | \$ 2,678          |
| Governmental funds report capital outlays of \$41,022 as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense of \$20,404. This is the amount by which capital outlays exceeded depreciation in the current period | 20,618            |
| Revenues in the statement of activities that do not provide current financial resource and are not reported as revenues in the funds   | 1,728             |
| Change in accrual of interest payable on notes and bonds payable   | 580               |
| Change in net assets of the internal service fund reported in governmental activities  | 1,523             |
| The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal of long-term debt consumes the current financial resource of governmental funds. Neither transaction has an effect on net assets  |                   |
| Debt service principal payments  | 34,069            |
| Proceeds of General Obligation Debt  | (24,513)          |
| OPEB expense is not reported in the governmental funds.  | (40,325)          |
| NYS Canal Lease expense is not reported in the governmental funds  | (546)             |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds   |                   |
| Compensated absences   | (859)             |
| Workers' compensation  | 388               |
| Change in net assets of governmental activities  | <u>\$ (4,659)</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, 2008 (000's Omitted)**

|   | Business-type Activities- Enterprise Funds |           |                 |           |          |                  |                | Governmental<br>Activities-<br>Internal<br>Service<br>Fund |
|---|--|-----------|-----------------|-----------|----------|------------------|----------------|--|
|   | Water                                      | Parking   | War<br>Memorial | Refuse    | Cemetery | Public<br>Market | Total<br>Funds |  |
| <b>ASSETS</b>   |  |           |                 |           |          |                  |                |  |
| Current assets:   |  |           |                 |           |          |                  |                |  |
| Cash and cash equivalents                                 | \$ 2,691                                   | \$ 2,262  | \$ 516          | \$ 15,338 | \$ 1,742 | \$ 38            | \$ 22,587      | \$ 21,307  |
| Receivables (net of allowance for uncollectibles)         | 13,057                                     | 192       | 231             | 2,555     | 941      | -                | 16,976         | 206  |
| Due from other governments                                | -  | 2,208     | -               | -         | 69       | -                | 2,277          | -  |
| Due from other funds                                      | 225  | 696       | 49              | 641       | 1,841    | 52               | 3,504          | 2,377  |
| Cash and cash equivalents - restricted                    | 7,711                                      | 938       | 40              | 161       | 110      | 821              | 9,781          | -  |
| Due from other governments - restricted                   | 6  | -         | -               | -         | -        | -                | 6              | -  |
| Total current assets                                      | 23,690                                     | 6,296     | 836             | 18,695    | 4,703    | 911              | 55,131         | 23,890   |
| Noncurrent assets:  |  |           |                 |           |          |                  |                |  |
| Capital assets:   |  |           |                 |           |          |                  |                |  |
| Land  | 804  | 9,588     | 165             | 30        | 139      | 708              | 11,434         | -  |
| Buildings   | 41,438                                     | 110,841   | 44,310          | 687       | 1,442    | 1,782            | 200,500        | -  |
| Improvements other than buildings                         | 200,985                                    | 1,512     | 60              | 521       | 1,181    | 2,152            | 206,411        | -  |
| Equipment   | 6,091                                      | 1,537     | 5,458           | 13,608    | 1,049    | 33               | 27,776         | -  |
| Construction in progress                                  | 6,884                                      | 16        | 10              | -         | 4        | 5                | 6,919          | -  |
| Less accumulated depreciation                             | (109,724)                                  | (64,962)  | (18,525)        | (12,648)  | (2,248)  | (1,469)          | (209,576)      | -  |
| Total noncurrent assets (net of accumulated depreciation) | 146,478                                    | 58,532    | 31,478          | 2,198     | 1,567    | 3,211            | 243,464        | -  |
| Total assets  | 170,168                                    | 64,828    | 32,314          | 20,893    | 6,270    | 4,122            | 298,595        | 23,890   |
| <b>LIABILITIES</b>  |  |           |                 |           |          |                  |                |  |
| Current liabilities:                                      |  |           |                 |           |          |                  |                |  |
| Accounts payable and accrued liabilities                  | 1,026                                      | 112       | 20              | 1,021     | 123      | 32               | 2,334          | 3,155  |
| Accrued interest payable                                  | 747  | 445       | 232             | -         | 2        | 9                | 1,435          | -  |
| Notes payable   | 6,894                                      | 5         | -               | -         | 205      | 850              | 7,954          | -  |
| Bonds payable   | 4,283                                      | 1,851     | 1,015           | -         | -        | 45               | 7,194          | -  |
| Due to other funds  | 3,245                                      | 12        | 65              | 12        | 26       | 1                | 3,361          | -  |
| Due to other governments                                  | 144  | 8         | -               | 130       | 12       | 2                | 296            | -  |
| Deferred revenue  | -  | 51        | -               | -         | -        | -                | 51             | -  |
| Total current liabilities                                 | 16,339                                     | 2,484     | 1,332           | 1,163     | 368      | 939              | 22,625         | 3,155  |
| Noncurrent liabilities:                                   |  |           |                 |           |          |                  |                |  |
| Worker's compensation                                     | 325  | -         | -               | 1,943     | 2        | -                | 2,270          | -  |
| Bonds payable   | 32,214                                     | 21,277    | 16,020          | -         | -        | 100              | 69,611         | -  |
| OPEB liability  | 4,705                                      | 316       | 29              | 3,904     | 415      | 56               | 9,425          | -  |
| Total noncurrent liabilities                              | 37,244                                     | 21,593    | 16,049          | 5,847     | 417      | 156              | 81,306         | -  |
| Total liabilities   | 53,583                                     | 24,077    | 17,381          | 7,010     | 785      | 1,095            | 103,931        | 3,155  |
| <b>NET ASSETS</b>   |  |           |                 |           |          |                  |                |  |
| Invested in capital assets, net of related debt           | 103,087                                    | 35,399    | 14,443          | 2,198     | 1,362    | 2,216            | 158,705        | -  |
| Restricted for debt service                               | 4,001                                      | 214       | 40              | 161       | 54       | 27               | 4,497          | -  |
| Restricted for capital projects                           | 11,963                                     | 3,660     | 385             | 11,479    | 1,029    | 841              | 29,357         | -  |
| Unrestricted (deficit)                                    | (2,466)                                    | 1,478     | 65              | 45        | 3,040    | (57)             | 2,105          | 20,735   |
| Total net assets  | \$ 116,585                                 | \$ 40,751 | \$ 14,933       | \$ 13,883 | \$ 5,485 | \$ 3,027         | \$ 194,664     | \$ 20,735  |

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, 2008 (000's Omitted)**

|  | Business-type Activities- Enterprise Funds |           |                 |           |          |                  |                | Governmental<br>Activities-<br>Internal<br>Service<br>Fund |
|--|--|-----------|-----------------|-----------|----------|------------------|----------------|--|
|  | Water                                      | Parking   | War<br>Memorial | Refuse    | Cemetery | Public<br>Market | Total<br>Funds |  |
| <b>Operating Revenues</b>                |  |           |                 |           |          |                  |                |  |
| Charges for services                     | \$ 34,241                                  | \$ 2,879  | \$ 1,460        | \$ 25,110 | \$ 1,147 | \$ 642           | \$ 65,479      | \$ -   |
| <b>Operating Expenses</b>                |  |           |                 |           |          |                  |                |  |
| Personal services                        | 6,487                                      | 379       | 23              | 6,057     | 825      | 182              | 13,953         | -  |
| Supplies and materials                   | 10,214                                     | 2,008     | 794             | 11,047    | 611      | 509              | 25,183         | -  |
| Employee benefits                        | 4,592                                      | 246       | 23              | 4,560     | 374      | 64               | 9,859          | -  |
| Depreciation                             | 5,539                                      | 2,473     | 1,277           | 832       | 143      | 153              | 10,417         | -  |
| Claims settlement                        | -  | -         | -               | -         | -        | -                | -              | 2,179  |
| Total operating expenses                 | 26,832                                     | 5,106     | 2,117           | 22,496    | 1,953    | 908              | 59,412         | 2,179  |
| Operating income (loss)                  | 7,409                                      | (2,227)   | (657)           | 2,614     | (806)    | (266)            | 6,067          | (2,179)  |
| <b>Nonoperating revenues (expenses)</b>  |  |           |                 |           |          |                  |                |  |
| Real property taxes                      | -  | 1,831     | 759             | -         | 1,245    | 41               | 3,876          | -  |
| Sales and use taxes                      | -  | -         | 905             | -         | -        | -                | 905            | -  |
| Interest and penalties                   | 1,480                                      | -         | -               | -         | 2        | -                | 1,482          | -  |
| Interest on investments                  | 363  | 165       | 7               | 322       | 309      | 14               | 1,180          | 818  |
| Interest expense                         | (1,673)                                    | (1,237)   | (888)           | -         | -        | (14)             | (3,812)        | -  |
| Federal aid                              | -  | 16        | -               | -         | -        | -                | 16             | -  |
| State grant                              | -  | -         | -               | -         | 69       | 40               | 109            | -  |
| Total nonoperating revenues (expenses)   | 170  | 775       | 783             | 322       | 1,625    | 81               | 3,756          | 818  |
| Income (loss) before operating transfers | 7,579                                      | (1,452)   | 126             | 2,936     | 819      | (185)            | 9,823          | (1,361)  |
| Capital Contributions                    | -  | 511       | -               | -         | -        | -                | 511            | -  |
| Transfers in                             | -  | 3,919     | -               | -         | 1,700    | -                | 5,619          | 2,884  |
| Transfers out                            | (4,678)                                    | -         | -               | -         | (25)     | -                | (4,703)        | -  |
| Change in net assets                     | 2,901                                      | 2,978     | 126             | 2,936     | 2,494    | (185)            | 11,250         | 1,523  |
| Total net assets-beginning               | 113,684                                    | 37,773    | 14,807          | 10,947    | 2,991    | 3,212            | 183,414        | \$ 19,212  |
| Total net assets-ending                  | \$ 116,585                                 | \$ 40,751 | \$ 14,933       | \$ 13,883 | \$ 5,485 | \$ 3,027         | \$ 194,664     | \$ 20,735  |

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, 2008 (000's Omitted)**

|  | Business-type Activities- Enterprise Funds |            |                 |           |          |                  | Total Funds | Governmental<br>Activities-<br>Internal<br>Service<br>Fund |
|--|--|------------|-----------------|-----------|----------|------------------|-------------|--|
|  | Water                                      | Parking    | War<br>Memorial | Refuse    | Cemetery | Public<br>Market |             |  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |            |                 |           |          |                  |             |  |
| Receipts from customers and users  | \$ 36,035                                  | \$ 3,060   | \$ 1,413        | \$ 25,015 | \$ 1,332 | \$ 642           | \$ 67,497   | \$ 21  |
| Payments to suppliers  | (4,168)                                    | (2,303)    | (589)           | (14,569)  | (847)    | (555)            | (23,031)    | (1,567)  |
| Payments to employees  | (15,701)                                   | (382)      | (23)            | (6,027)   | (795)    | (181)            | (23,109)    | -  |
| Net cash provided (used) by operating activities   | 16,166                                     | 375        | 801             | 4,419     | (310)    | (94)             | 21,357      | (1,546)  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |  |            |                 |           |          |                  |             |  |
| Real property taxes  | -  | 1,831      | 759             | -         | 1,245    | 41               | 3,876       | -  |
| Operating grants   | -  | 34         | 905             | -         | -        | 40               | 979         | -  |
| Transfers (to) from other funds  | (5,035)                                    | 3,835      | 73              | (86)      | (73)     | (37)             | (1,323)     | 508  |
| Net cash provided (used) by noncapital financing activities                                    | (5,035)                                    | 5,700      | 1,737           | (86)      | 1,172    | 44               | 3,532       | 508  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>                                |  |            |                 |           |          |                  |             |  |
| Proceeds from sales of bonds and notes   | 6,884                                      | -          | -               | -         | 205      | 850              | 7,939       | -  |
| Principal paid on bonds and notes  | (4,504)                                    | (1,793)    | (995)           | -         | -        | (40)             | (7,332)     | -  |
| Capital grants   | -  | 511        | -               | -         | -        | -                | 511         | -  |
| Interest expense paid on bonds and notes   | (1,558)                                    | (1,234)    | (1,132)         | -         | 2        | (7)              | (3,929)     | -  |
| Payments to contractors  | (8,005)                                    | (9,315)    | (86)            | (584)     | (193)    | (57)             | (18,240)    | -  |
| Proceeds from sale of capital assets   | 17   | 1,751      | -               | -         | -        | 1                | 1,769       | -  |
| Net cash provided (used) by capital and related financing activities                           | (7,166)                                    | (10,080)   | (2,213)         | (584)     | 14       | 747              | (19,282)    | -  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |            |                 |           |          |                  |             |  |
| Interest received  | 363  | 165        | 7               | 322       | 309      | 14               | 1,180       | 818  |
| Net increase (decrease) in cash and cash equivalents   | 4,328                                      | (3,840)    | 332             | 4,071     | 1,185    | 711              | 6,787       | (220)  |
| Cash and cash equivalents at beginning of year   | 6,074                                      | 7,040      | 224             | 11,428    | 667      | 148              | 25,581      | 21,527   |
| Cash and cash equivalents at end of year   | \$ 10,402                                  | \$ 3,200   | \$ 556          | \$ 15,499 | \$ 1,852 | \$ 859           | \$ 32,368   | \$ 21,307  |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |  |            |                 |           |          |                  |             |  |
| Operating income (loss)  | \$ 7,409                                   | \$ (2,227) | \$ (657)        | \$ 2,614  | \$ (806) | \$ (266)         | \$ 6,067    | \$ (2,179)   |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities  |  |            |                 |           |          |                  |             |  |
| Depreciation expense   | 5,539                                      | 2,473      | 1,277           | 832       | 143      | 153              | 10,417      | -  |
| (Increase) decrease in accounts receivable   | 314  | 181        | (47)            | (95)      | 183      | -                | 536         | 21   |
| Increase (decrease) in accounts payable  | (159)                                      | (154)      | 222             | (238)     | 31       | -                | (298)       | 612  |
| Increase (decrease) in intergovernmental payables  | (8)  | (2)        | -               | (6)       | (2)      | -                | (18)        | -  |
| Increase in OPEB liability   | 1,591                                      | 103        | 6               | 1,312     | 139      | 19               | 3,170       | -  |
| Increase (decrease) in deferred revenue  | -  | 1          | -               | -         | -        | -                | 1           | -  |
| Interest and penalties   | 1,480                                      | -          | -               | -         | 2        | -                | 1,482       | -  |
| Total adjustments  | 8,757                                      | 2,602      | 1,458           | 1,805     | 496      | 172              | 15,290      | 633  |
| Net cash provided (used) by operating activities   | \$ 16,166                                  | \$ 375     | \$ 801          | \$ 4,419  | \$ (310) | \$ (94)          | \$ 21,357   | \$ (1,546)   |

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, 2008 (000's Omitted)**

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|   | <u>Private<br/>Grants</u> | <u>Agency</u> |
|---|---------------------------|---------------|
| <b>ASSETS</b>                                     |                           |               |
| Cash and cash equivalents                         | \$ 795                    | \$ 12,712     |
| Investments                                       | 636                       | -             |
| Receivables (net of allowance for uncollectibles) | -                         | 268           |
| Total assets                                      | <u>1,431</u>              | <u>12,980</u> |
| <b>LIABILITIES</b>                                |                           |               |
| Accounts payable and accrued liabilities          | -                         | 12,980        |
| Total liabilities                                 | <u>-</u>                  | <u>12,980</u> |
| <b>NET ASSETS</b>                                 |                           |               |
| Held in trust and other purposes                  | <u>\$ 1,431</u>           | <u>\$ -</u>   |

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

**THE CITY OF ROCHESTER, NEW YORK  
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2008 (000's Omitted)**

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|                              | <u>Private<br/>Grants</u> |
|------------------------------|---------------------------|
| <b>ADDITIONS</b>             |                           |
| Use of money and property    | \$ 13                     |
| Local sources and other      | 249                       |
| Total additions              | <u>262</u>                |
| <b>DEDUCTIONS</b>            |                           |
| Community services           | <u>261</u>                |
| Change in net assets         | 1                         |
| Net assets-beginning of year | 1,430                     |
| Net assets-end of year       | <u><u>\$ 1,431</u></u>    |

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

# Notes to the Financial Statements

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## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

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

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

The Rochester Ferry Company, LLC is included in these financial statements as a discretely presented component unit, a Business-type activity. This entity was formed in 2005 by the City of Rochester to operate a fast ferry service between the Port of Rochester, NY and the Port of Toronto, Canada. An eleven-member board, appointed by City Council, is responsible for managing the operation. As disclosed below in Note III. D. 3, this entity is to be dissolved.

### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

#### **D. NEW ACCOUNTING PRINCIPLES**

The City has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. No new statements required adoption for the fiscal year ended June 30, 2008.

The GASB has issued the following two new statements that are potentially applicable to the City of Rochester and its component units:

- Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts; and
- Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software.

The City is currently studying these statements and will adopt them in the fiscal year ending June 30, 2009, as required.

#### **E. USE OF ESTIMATES**

The preparation of general purpose financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

#### **F. REAL PROPERTY TAX**

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

The City is permitted by the Constitution of New York State to levy taxes up to 2% of the five-year average full-assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a full value system, assessing all properties at 100% of full market value. For the year ended June 30, 2008, the City had a legal margin of \$25,389,043.

#### **G. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

##### **1. Deposits and Investments**

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

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

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

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

## 2. Restricted Assets

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

## 3. Capital Assets

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

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

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

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

## 4. Compensated Absences

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

## 5. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs are reported as Department of Finance expenditures in the general fund.

## 6. Fund Equity

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

## 7. Restatement of Component Unit's Beginning Net Assets

The District's entity wide beginning net assets balance were reduced by \$573,525, from \$207,029,517 to \$206,455,992. This is as a result of the more proper reclassification of the June 30, 2007 net assets of the Permanent Fund (\$10,612) and the Miscellaneous Special Revenue Fund (\$562,913) as external to the entity.

## 8. 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, 2008 were \$40,654,000. This amount is composed of \$29,182,000 in general government projects, \$6,061,000 in transportation projects, as well as \$5,411,000 in nonmajor governmental fund capital projects. In addition, \$12,599,000 was encumbered in the Special Revenue fund for Community Development projects.

In enterprise funds, commitments outstanding at year-end are included in Unrestricted Net Assets. Total commitments for construction and other enterprise fund capital projects as of June 30, 2008 were \$12,806,100. This was composed of \$5,511,000 for Water Fund projects, \$4,571,300 for Refuse Fund projects, \$2,014,300 for Parking Fund projects, \$69,000 for War Memorial projects, \$436,800 for Cemetery projects, and \$203,700 for Public Market projects.

At year-end the School District had total encumbrances of \$21,604,705 in their capital projects fund.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. BUDGETARY INFORMATION

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

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

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

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

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

During the year, City Council passed budget amendments which decreased total appropriations for operating budgets by \$850,000: estimated revenues increased by \$11,611,000, transfers to other funds increased by \$16,296,000, and transfers from other funds increased by \$1,545,000.

### B. DEFICIT FUND EQUITY

It has been the City's practice to fund capital projects for up to five years with bond anticipation notes, then convert to bonds when the final project costs are known and when long-term rates are most favorable, minimizing interest costs for the City. Thus, deficit fund balances reported in the Capital Project Funds term and will be eliminated once the bond anticipation notes are converted to bonds. As of June 30, 2008 only the Sewer Capital Project Fund had a deficit fund balance (\$216,000).

### III. DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

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

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

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

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

##### 1. Deposits

At year-end, the carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$145,140,700 and the bank balance was \$174,443,600. Of this bank balance, \$500,000 is FDIC insured. The uninsured portion was collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the carrying amount of the School District's deposits net of outstanding checks, including certificates of deposit, was \$37,778,688. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the carrying amount and bank balance of the Rochester Ferry Company, LLC was \$441,000.

##### 2. Cash Equivalents

At year-end, the City had cash equivalents of \$115,693,000 as follows: \$53,700,000 in money market accounts, \$39,220,000 in US Treasury State and Local Government Series issues, \$22,475,000 (fair value) in repurchase agreements, and \$298,000 in New York State municipal bonds held as retainage for construction contracts. Money market accounts and repurchase agreements were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the School District had cash equivalents of \$107,244,065. The fair value of money market accounts was \$66,869,065 and the fair value of repurchase agreements was \$40,375,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

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

**3. Investments**

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

|                     |                            | Fair Value |
|---------------------|----------------------------|------------|
| Library Trust Fund: | U.S. Government Securities | \$ 287     |
|                     | Equities                   | 349        |
|                     |                            | \$ 636     |

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

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

In accordance with certain contractual provisions, investment income of \$1,530,485 for fiscal year 2008, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$254,443 for fiscal year 2008, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

**B. RECEIVABLES AND PAYABLES**

The Primary Government had \$59,478,000 in accounts receivables at year-end. The major Governmental activities receivable was \$35,433,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major Business-type receivables were \$13,057,000 in the Water Fund, \$2,555,000 in the Refuse Fund, and \$941,000 in the Cemetery Fund.

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenue sources are as follows: General Fund property taxes (\$3,656,600), Water Fund (\$5,398,500), and Refuse Fund (\$1,594,200).

The amount due from other governments to the City, as presented in the fund level statements as of June 30, 2008, was \$66,435,000. This was comprised of the following items: \$54,218,000 from New York State, \$7,771,000 from Monroe County, \$4,080,000 from the Federal Government, and \$366,000 from others.

The amount due from other governments and the primary government to the School District as of June 30, 2008 was \$45,686,647. This was comprised of the following items: \$25,569,405 from New York State, \$14,603,800 from the Federal Government, and \$5,513,442 from other sources.

The Primary Government had \$26,460,000 in accounts payable and accrued liabilities at year-end. This was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

The School District Component Unit had \$92,044,000 in accounts payable and accrued liabilities at year-end. This was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

The Rochester Ferry Company, LLC Component Unit had \$2,700,000 accounts payable and accrued liabilities at year-end.

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

| <b>Class</b>   | <b>Balance<br/>June 30, 2007</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>June 30, 2008</b> |
|--|----------------------------------|------------------|-------------------|----------------------------------|
| <b>Capital assets, not being depreciated:</b>        |                                  |                  |                   |                                  |
| Land   | \$ 24,770                        | \$ 944           | \$ 3,067          | \$ 22,647                        |
| Construction in progress                             | -                                | 2,037            | -                 | 2,037                            |
| <b>Total capital assets, not being depreciated</b>   | <b>\$ 24,770</b>                 | <b>\$ 2,981</b>  | <b>\$ 3,067</b>   | <b>\$ 24,684</b>                 |
| <b>Capital assets, being depreciated:</b>            |                                  |                  |                   |                                  |
| Buildings  | \$ 170,898                       | \$ 3,212         | \$ 139            | \$ 173,971                       |
| Improvements other than buildings                    | 30,303                           | 7,512            | (3,382)           | 41,197                           |
| Machinery and equipment                              | 73,408                           | 8,384            | 3,797             | 77,995                           |
| Infrastructure                                       | 489,422                          | 20,025           | -                 | 509,447                          |
| <b>Total capital assets being depreciated</b>        | <b>764,031</b>                   | <b>39,133</b>    | <b>554</b>        | <b>802,610</b>                   |
| <b>Less accumulated depreciation for:</b>            |                                  |                  |                   |                                  |
| Buildings  | 65,743                           | 4,331            | -                 | 70,074                           |
| Improvements other than buildings                    | 9,692                            | 1,761            | (96)              | 11,549                           |
| Machinery and equipment                              | 46,110                           | 5,478            | 2,625             | 48,963                           |
| Infrastructure                                       | 107,928                          | 8,834            | -                 | 116,762                          |
| <b>Total accumulated depreciation</b>                | <b>229,473</b>                   | <b>20,404</b>    | <b>2,529</b>      | <b>247,348</b>                   |
| <b>Total capital assets, being depreciated, net:</b> | <b>534,558</b>                   | <b>18,729</b>    | <b>(1,975)</b>    | <b>555,262</b>                   |
| <b>Governmental activities capital assets, net:</b>  | <b>\$ 559,328</b>                | <b>\$ 21,710</b> | <b>\$ 1,092</b>   | <b>\$ 579,946</b>                |

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

| <b>Class</b>   | <b>Balance<br/>June 30, 2007</b> | <b>Additions</b> | <b>Deductions</b> | <b>Balance<br/>June 30, 2008</b> |
|--|----------------------------------|------------------|-------------------|----------------------------------|
| <b>Capital assets, not being depreciated:</b>        |                                  |                  |                   |                                  |
| Land   | \$ 10,563                        | \$ 871           | \$ -              | \$ 11,434                        |
| Construction in progress                             | 12,312                           | 6,884            | 12,277            | 6,919                            |
| <b>Total capital assets, not being depreciated</b>   | <b>\$ 22,875</b>                 | <b>\$ 7,755</b>  | <b>\$ 12,277</b>  | <b>\$ 18,353</b>                 |
| <b>Capital assets, being depreciated:</b>            |                                  |                  |                   |                                  |
| Buildings  | \$ 189,762                       | \$ 12,768        | \$ 2,030          | \$ 200,500                       |
| Improvements other than buildings                    | 204,893                          | 8,126            | 6,608             | 206,411                          |
| Machinery and equipment                              | 27,050                           | 1,066            | 340               | 27,776                           |
| <b>Total capital assets being depreciated</b>        | <b>421,705</b>                   | <b>21,960</b>    | <b>8,978</b>      | <b>434,687</b>                   |
| <b>Less accumulated depreciation for:</b>            |                                  |                  |                   |                                  |
| Buildings  | 91,982                           | 4,306            | 2,218             | 94,070                           |
| Improvements other than buildings                    | 95,458                           | 4,232            | 5,389             | 94,301                           |
| Machinery and equipment                              | 19,731                           | 1,879            | 405               | 21,205                           |
| <b>Total accumulated depreciation</b>                | <b>207,171</b>                   | <b>10,417</b>    | <b>8,012</b>      | <b>209,576</b>                   |
| <b>Total capital assets, being depreciated, net:</b> | <b>214,534</b>                   | <b>11,543</b>    | <b>966</b>        | <b>225,111</b>                   |
| <b>Business-type activities capital assets, net:</b> | <b>\$ 237,409</b>                | <b>\$ 19,298</b> | <b>\$ 13,243</b>  | <b>\$ 243,464</b>                |

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

|   |                  |
|---|------------------|
| <b>Governmental activities:</b>                       |                  |
| General government                                    | \$ 2,425         |
| Police  | 1,507            |
| Fire  | 1,102            |
| Emergency communications                              | 208              |
| Transportation  | 8,834            |
| Environmental services                                | 2,256            |
| Parks & recreation                                    | 2,410            |
| Library   | 768              |
| Community development                                 | 894              |
| Total depreciation expense - governmental activities  | <u>\$ 20,404</u> |
| <b>Business-type activities:</b>                      |                  |
| Water   | \$ 5,539         |
| Parking   | 2,473            |
| War Memorial  | 1,277            |
| Refuse  | 832              |
| Cemetery  | 143              |
| Public market   | 153              |
| Total depreciation expense - business type activities | <u>\$ 10,417</u> |
| Total depreciation - Primary Government               | <u>\$ 30,821</u> |

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

| Class  | Balance<br>June 30, 2007 | Additions        | Deductions       | Balance<br>June 30, 2008 |
|--|--------------------------|------------------|------------------|--------------------------|
| <b>Capital assets, not being depreciated:</b>        |                          |                  |                  |                          |
| Land   | \$ 17,454                | \$ 4             | \$ -             | \$ 17,458                |
| Construction in progress                             | 47,814                   | 18,030           | 37,858           | 27,986                   |
| Total capital assets, not being depreciated          | <u>\$ 65,268</u>         | <u>\$ 18,034</u> | <u>\$ 37,858</u> | <u>\$ 45,444</u>         |
| <b>Capital assets, being depreciated:</b>            |                          |                  |                  |                          |
| Buildings  | \$ 477,628               | \$ 32,548        | \$ -             | \$ 510,176               |
| Machinery and equipment                              | 43,848                   | 6,137            | 6,016            | 43,969                   |
| Total capital assets being depreciated               | <u>521,476</u>           | <u>38,685</u>    | <u>6,016</u>     | <u>554,145</u>           |
| <b>Less accumulated depreciation for:</b>            |                          |                  |                  |                          |
| Buildings  | 151,356                  | 16,542           | -                | 167,898                  |
| Machinery and equipment                              | 22,028                   | 8,141            | 5,679            | 24,490                   |
| Total accumulated depreciation                       | <u>173,384</u>           | <u>24,683</u>    | <u>5,679</u>     | <u>192,388</u>           |
| <b>Total capital assets, being depreciated, net:</b> | <u>348,092</u>           | <u>14,002</u>    | <u>337</u>       | <u>361,757</u>           |
| <b>School District capital assets, net:</b>          | <u>\$ 413,360</u>        | <u>\$ 32,036</u> | <u>\$ 38,195</u> | <u>\$ 407,201</u>        |

**D. LONG-TERM LIABILITIES**

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2008:

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

|                                      | Balance<br>June 30,<br>2007 | New Issues/<br>Additions | Notes<br>Converted<br>To Bonds | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2008 | Due<br>Within<br>One Year |
|--------------------------------------|-----------------------------|--------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| <b>General Obligation Bonds</b>      |                             |                          |                                |                                  |                             |                           |
| Public improvement                   | \$ 63,918                   | \$ -                     | \$ 23,834                      | \$ (11,750)                      | \$ 76,002                   | \$ 28,575                 |
| Sewer                                | 4,790                       | -                        | 680                            | (1,005)                          | 4,465                       | 984                       |
| Library                              | 830                         | -                        | -                              | (305)                            | 525                         | 285                       |
| Total General Obligation Bonds       | 69,538                      | -                        | 24,514                         | (13,060)                         | 80,992                      | 29,844                    |
| <b>Other Noncurrent liabilities:</b> |                             |                          |                                |                                  |                             |                           |
| EFIC (Fast Ferry)                    | 40,546                      | -                        | -                              | (19,535)                         | 21,011                      | 2,896                     |
| NYS Canal Corp. Lease                | -                           | 546                      | -                              | -                                | 546                         | -                         |
| Municipal Bond Bank Agency Liability | 4,499                       | -                        | -                              | (1,474)                          | 3,025                       | 1,545                     |
| Compensated absences                 | 9,665                       | 10,524                   | -                              | (9,665)                          | 10,524                      | 10,524                    |
| Workers' compensation                | 8,354                       | 1,633                    | -                              | (2,021)                          | 7,966                       | 2,952                     |
| OPEB liability                       | 81,036                      | 61,273                   | -                              | (20,948)                         | 121,361                     | -                         |
| Total Other Noncurrent liabilities   | 144,100                     | 73,976                   | -                              | (53,643)                         | 164,433                     | 17,917                    |
| <b>TOTAL NONCURRENT LIABILITIES</b>  | <b>\$ 213,638</b>           | <b>\$ 73,976</b>         | <b>\$ 24,514</b>               | <b>\$ (66,703)</b>               | <b>\$ 245,425</b>           | <b>\$ 47,761</b>          |

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

|                                      | Balance<br>June 30,<br>2007 | New Issues/<br>Additions | Notes<br>Converted<br>To Bonds | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2008 | Due<br>Within<br>One Year |
|--------------------------------------|-----------------------------|--------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| <b>General Obligation Bonds</b>      |                             |                          |                                |                                  |                             |                           |
| Water                                | \$ 22,997                   | \$ -                     | \$ 16,867                      | \$ (3,367)                       | \$ 36,497                   | \$ 4,283                  |
| War Memorial                         | 18,030                      | -                        | -                              | (995)                            | 17,035                      | 1,015                     |
| Parking                              | 18,190                      | -                        | 6,048                          | (1,110)                          | 23,128                      | 1,851                     |
| Public Market                        | 185                         | -                        | -                              | (40)                             | 145                         | 45                        |
| Total General Obligation Bonds       | 59,402                      | -                        | 22,915                         | (5,512)                          | 76,805                      | 7,194                     |
| <b>Other Noncurrent liabilities:</b> |                             |                          |                                |                                  |                             |                           |
| Compensated absences                 | 954                         | 947                      | -                              | (954)                            | 947                         | 947                       |
| Workers' compensation                | 2,607                       | 1,260                    | -                              | (1,597)                          | 2,270                       | 772                       |
| OPEB liability                       | 6,255                       | 4,204                    | -                              | (1,034)                          | 9,425                       | -                         |
| Total Other Noncurrent liabilities   | 9,816                       | 6,411                    | -                              | (3,585)                          | 12,642                      | 1,719                     |
| <b>TOTAL NONCURRENT LIABILITIES</b>  | <b>\$ 69,218</b>            | <b>\$ 6,411</b>          | <b>\$ 22,915</b>               | <b>\$ (9,097)</b>                | <b>\$ 89,447</b>            | <b>\$ 8,913</b>           |

The following tables summarize changes in the City's current debt related liabilities for the year ended June 30, 2008:

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

|                                | Balance<br>June 30,<br>2007 | New Issues/<br>Additions | Notes<br>Converted<br>To Bonds | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2008 | Due<br>Within<br>One Year |
|--------------------------------|-----------------------------|--------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| <b>Bond Anticipation Notes</b> |                             |                          |                                |                                  |                             |                           |
| Public improvement             | \$ 26,825                   | \$ 17,321                | \$ (23,834)                    | \$ (2,914)                       | \$ 17,398                   | \$ 17,398                 |
| Library                        | -                           | 500                      | -                              | -                                | 500                         | 500                       |
| Sewer                          | 761                         | 588                      | (680)                          | (75)                             | 594                         | 594                       |
| Total Capital Projects Funds   | 27,586                      | 18,409                   | (24,514)                       | (2,989)                          | 18,492                      | 18,492                    |
| Debt service fund              | -                           | 39,220                   | -                              | -                                | 39,220                      | 39,220                    |
| Total Bond Anticipation Notes  | <u>\$ 27,586</u>            | <u>\$ 57,629</u>         | <u>\$ (24,514)</u>             | <u>\$ (2,989)</u>                | <u>\$ 57,712</u>            | <u>\$ 57,712</u>          |

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

|                                | Balance<br>June 30,<br>2007 | New Issues/<br>Additions | Notes<br>Converted<br>To Bonds | Maturities<br>and/or<br>Payments | Balance<br>June 30,<br>2008 | Due<br>Within<br>One Year |
|--------------------------------|-----------------------------|--------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|
| <b>Bond Anticipation Notes</b> |                             |                          |                                |                                  |                             |                           |
| Water                          | \$ 18,014                   | \$ 6,884                 | \$ (16,867)                    | \$ (1,137)                       | \$ 6,894                    | \$ 6,894                  |
| Parking                        | 6,736                       | -                        | (6,048)                        | (683)                            | 5                           | 5                         |
| Cemeteries                     | -                           | 205                      | -                              | -                                | 205                         | 205                       |
| Public Market                  | -                           | 850                      | -                              | -                                | 850                         | 850                       |
| Total Bond Anticipation Notes  | <u>\$ 24,750</u>            | <u>\$ 7,939</u>          | <u>\$ (22,915)</u>             | <u>\$ (1,820)</u>                | <u>\$ 7,954</u>             | <u>\$ 7,954</u>           |

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

The following table summarizes changes in the School District Component Unit's noncurrent and debt-related liabilities for the year ended June 30, 2008:

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

|                                     | Balance<br>June 30,<br>2007 | New<br>Issues/<br>Additions | Notes<br>Converted<br>To Bonds | Maturities<br>And/or<br>Payments | Balance<br>June 30,<br>2008 | Due Within<br>One Year |
|-------------------------------------|-----------------------------|-----------------------------|--------------------------------|----------------------------------|-----------------------------|------------------------|
| <b>General Obligation Bonds</b>     |                             |                             |                                |                                  |                             |                        |
| General Fund                        | \$ 131,171                  | \$ -                        | \$ 10,797                      | \$ (14,649)                      | \$ 127,319                  | \$ 11,268              |
| <b>Bond Anticipation Notes</b>      |                             |                             |                                |                                  |                             |                        |
| Capital Projects Fund               | 42,743                      | 30,084                      | (10,797)                       | (1,256)                          | 60,774                      | 60,774                 |
| <b>Other Noncurrent Liabilities</b> |                             |                             |                                |                                  |                             |                        |
| OPEB liability                      | 39,278                      | 30,485                      | -                              | (10,695)                         | 59,068                      | 12,466                 |
| Municipal Bond Bank Agency          | 4,513                       | -                           | -                              | (1,477)                          | 3,036                       | 1,550                  |
| NYS Education Department (EPE)      | 12,774                      | -                           | -                              | (2,129)                          | 10,645                      | -                      |
| NYS Special Purpose Bonds - 2003    | 7,845                       | -                           | -                              | (1,197)                          | 6,648                       | 1,225                  |
| NYS Lottery advance                 | 18,667                      | -                           | -                              | (667)                            | 18,000                      | 667                    |
| Claims payable                      | 17,720                      | 8,206                       | -                              | (7,390)                          | 18,536                      | 5,084                  |
| Compensated absences                | 3,837                       | 3,607                       | -                              | (5,595)                          | 1,849                       | 1,849                  |
| Installment purchase debt           | 20,764                      | 588                         | -                              | (2,491)                          | 18,861                      | 2,288                  |
| Total Other Noncurrent Liabilities  | 125,398                     | 42,886                      | -                              | (31,641)                         | 136,643                     | 25,129                 |
| <b>Total Noncurrent Liabilities</b> | <u>\$ 299,312</u>           | <u>\$ 72,970</u>            | <u>\$ -</u>                    | <u>\$ (47,546)</u>               | <u>\$ 324,736</u>           | <u>\$ 97,171</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 maturing in October 2008 have rates averaging 4.0%, and those maturing in February 2009 have rates averaging 2.5%.

### 1. Municipal Bond Bank Agency

In fiscal year 1992, permanent financing of \$34,650,000 was arranged through the New York State Municipal Bond Bank Agency (MBBA) with the issuance of 20-year Special Program Revenue Bonds, which was used to repay the State for taxpayer refunds resulting from the City taxing in excess of its Constitutional tax limit from 1975 to 1978. In fiscal year 1999, these MBBA bonds were refinanced under lower interest rates for the same term, which is through March 2011. These bonds, which are collateralized by annual payments of the City pursuant to an agreement between MBBA and the City, are not debt of the State or the City, but rather of the MBBA. The June 30, 2008 principal balance of \$6,061,000, will be repaid by the City and School District. In fiscal year 2008, the City made interest payments of \$265,700, and the School District made interest payments of \$275,600. Annual principal and interest payments by the City and the School District are approximately \$3,245,000 through fiscal year 2011.

### 2. Dormitory Authority of the State of New York

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

### 3. Rochester Ferry Company LLC

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

In March 2005, the Company purchased an Australian-built ferry for \$32,000,000. The purchase price of the ferry, plus up to \$8,000,000 in startup costs, were financed by the Australian Export Finance Insurance Corp. (EFIC). The City agreed to guarantee this debt obligation. After a season of operation it became apparent that the ferry service would not become self-sustaining. Rather than face a continuing subsidy, the City decided in January of 2006 to suspend operation of the ferry service and sell the vessel, which occurred on April 19, 2007. Pursuant to a guarantee obligation and a wind-up agreement, the City assumed the EFIC debt and subsequently paid the entire obligation. Approximately one-half of the outstanding principal of the loan was paid on February 15, 2008 with proceeds from the sale of the ferry. The remaining balance was paid from available cash capital on August 15, 2008, subsequent to the end of the 2007-08 fiscal year.

In August of 2007 a citizen suit was filed against the City which claims that the City did not have the legal authority under the New York State Constitution to guarantee the debt of a limited liability company, even though the City was the sole member. In February of 2008, the New York State Supreme Court granted summary judgment and the lawsuit was dismissed. The Plaintiff's subsequent application for an injunction to prevent repayment of the EFIC debt was denied. An appeal to the Appellate Court is expected to be heard by the end of calendar year 2008.

The Company is anticipated to be dissolved upon resolution and/or termination of a lease with the Toronto Port Authority. This obligation of the Company is not guaranteed by the City and must be resolved between the two entities. The lease, which expires in 2019, provides for an annual gross rent of \$250,000 (Canadian dollars) plus additional rent payments based on the usage of the facility. Although the ferry service ceased in 2005, the gross rent has continued to be paid by the Company when due. As this facility is no longer in use by the Company and future use of this facility by the Company is unknown, a liability has been recorded for the remaining obligation under the lease amounting to \$2,700,000 (US dollars) at year-end.

#### 4. Debt Service Requirements

In compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds, the City remitted \$106,900 to the Internal Revenue Service in fiscal year 2008 for arbitrage rebates. The School District did not need to make arbitrage payments during fiscal year 2008.

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

| Fiscal Year<br>Ending June 30 | Government Activities |                  | Business-Type Activities |                  | School District   |                  | Total             |
|-------------------------------|-----------------------|------------------|--------------------------|------------------|-------------------|------------------|-------------------|
|                               | Principal             | Interest         | Principal                | Interest         | Principal         | Interest         |                   |
| 2009                          | \$ 15,064             | \$ 2,797         | \$ 7,194                 | \$ 3,298         | \$ 11,268         | \$ 4,971         | \$ 44,592         |
| 2010                          | 13,644                | 2,201            | 6,980                    | 2,937            | 9,857             | 4,510            | 40,129            |
| 2011                          | 11,066                | 1,750            | 6,733                    | 2,660            | 9,130             | 4,160            | 35,499            |
| 2012                          | 8,773                 | 1,390            | 6,413                    | 2,394            | 9,104             | 3,826            | 31,900            |
| 2013                          | 6,960                 | 1,111            | 6,040                    | 2,139            | 8,486             | 3,499            | 28,235            |
| 2014-2018                     | 14,720                | 3,303            | 24,530                   | 7,304            | 41,368            | 12,648           | 103,873           |
| 2019-2023                     | 5,265                 | 1,604            | 13,955                   | 3,307            | 32,211            | 4,292            | 60,634            |
| 2024-2028                     | 3,350                 | 793              | 4,960                    | 78               | 5,895             | 769              | 15,845            |
| 2029-2032                     | 2,150                 | 161              | -                        | -                | -                 | -                | 2,311             |
|                               | <u>\$ 80,992</u>      | <u>\$ 15,110</u> | <u>\$ 76,805</u>         | <u>\$ 24,117</u> | <u>\$ 127,319</u> | <u>\$ 38,675</u> | <u>\$ 363,018</u> |

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

| Outstanding Bond Issues – June 30, 2008        |       |                       |                    |
|--|-------|-----------------------|--------------------|
| Issue  | Rate  | Amount                | Final Maturity     |
| General Obligation Serial Bonds-1980           | 7.500 | \$ 320,000            | August 1, 2009     |
| General Obligation Serial Bonds-1982           | 8.900 | 775,000               | October 1, 2011    |
| General Obligation-1994, Series A              | 5.000 | 4,770,000             | August 15, 2022    |
| General Obligation-1996, Series A              | 4.500 | 2,151,680             | September 15, 2023 |
| General Obligation-1996, Series B (Taxable)    | 6.700 | 5,480,000             | September 15, 2024 |
| General Obligation Serial Bonds-1997           | 5.000 | 8,752,069             | October 1, 2025    |
| General Obligation Serial Bonds-1999           | 5.250 | 19,422,880            | October 1, 2026    |
| General Obligation Serial Bonds-2001, Series A | 4.000 | 5,810,000             | October 15, 2027   |
| General Obligation Serial Bonds-2001, Series B | 4.125 | 5,084,000             | February 15, 2028  |
| Dormitory Authority 2002                       | 3.750 | 22,626,000            | February 15, 2025  |
| General Obligation Serial Bonds-2004, Series A | 2.750 | 32,380,000            | October 15, 2031   |
| General Obligation Serial Bonds-2004, Series B | 3.000 | 38,640,000            | February 15, 2031  |
| General Obligation Serial Bonds-2006, Series A | 3.750 | 49,645,000            | February 15, 2025  |
| General Obligation Serial Bonds-2006, Series B | 3.500 | 31,035,000            | October 15, 2024   |
| General Obligation Serial Bonds-2008, Series A | 3.000 | 19,005,000            | February 1, 2022   |
| General Obligation Serial Bonds-2008, Series B | 3.000 | 39,220,000            | October 15, 2024   |
| <b>Total</b>                                   |       | <u>\$ 285,116,629</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, 2008, amounted to \$38,836,100. The debt-contracting margin of the City as of June 30, 2008, was \$187,761,400.

#### **E. DEFERRED REVENUE**

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

Deferred revenue of \$11,277,000 in the City's General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$25,989,000 in the Community Development Special Revenue Fund relates to long-term receivable balances from various community development programs.

Cash received by the School District in advance of expenditures for Special Aid Fund projects has been recorded as deferred revenue. These funds represent receipts for various grants of which were not fully spent at June 30, 2008. As the funds are spent during fiscal 2008-09, revenue will be recorded.

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

#### **F. LEASE OF SEWER AND WASTE DISPOSAL FACILITIES**

The City has entered into a contract with the Monroe County Pure Waters District (MCPWD), under which MCPWD leases all of its sewer system and waste treatment facilities and assumes much of the related debt service costs on obligations incurred by the City in connection with these facilities. In fiscal year 2008, these debt service costs amounted to \$1,339,084 of which \$551,015 was reimbursed by MCPWD.

#### **G. LEASE FROM NYS CANAL CORPORATION**

The City has a 20-year operating lease with the New York Canal Commission for a strip of land that provides riverfront access to the Corn Hill Landing Project, a residential and commercial development. In accordance with the agreement, the City will make annual payments of \$203,275 during the second half of the lease, fiscal years 2012 through 2021. As of June 30, 2008, the accrued lease liability (net of receivables from a sublease) was \$546,000. The lease has a renewable option for an additional 20-year term. In a related agreement, the City has provided for public access to the waterfront and adjacent areas with the purchase of a permanent easement from the Corn Hill Landing developer.

## IV. OTHER INFORMATION

## A. RISK MANAGEMENT

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

At June 30, 2008, the amount of these liabilities was \$14,322,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2006 resulted from the following (000's Omitted):

|                                | <b>Workers'<br/>Compensation</b> | <b>General<br/>Liability</b> | <b>Total</b>            |
|--------------------------------|----------------------------------|------------------------------|-------------------------|
| Estimated claims June 30, 2006 | \$ 10,725                        | \$ 2,197                     | \$ 12,922               |
| Claims incurred 2006-07        | 5,041                            | 1,251                        | 6,292                   |
| Payments 2006-07               | <u>(3,874)</u>                   | <u>(906)</u>                 | <u>(4,780)</u>          |
| Estimated claims June 30, 2007 | <u>\$ 11,892</u>                 | <u>\$ 2,542</u>              | <u>\$ 14,434</u>        |
| Claims incurred 2007-08        | \$ 2,894                         | \$ 2,179                     | \$ 5,073                |
| Payments 2007-08               | <u>(3,618)</u>                   | <u>(1,567)</u>               | <u>(5,185)</u>          |
| Estimated claims June 30, 2008 | <u><u>\$ 11,168</u></u>          | <u><u>\$ 3,154</u></u>       | <u><u>\$ 14,322</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, 2006 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent claims that have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. The calculation is based on the present value of future payouts. The estimated claims for major medical represent an amount based on prior experience with actual payments of claims (000's Omitted):

|                                | <b>Workers'<br/>Compensation</b> | <b>Major<br/>Medical</b> | <b>Total</b>            |
|--------------------------------|----------------------------------|--------------------------|-------------------------|
| Estimated claims June 30, 2006 | \$ 15,054                        | \$ 300                   | \$ 15,354               |
| Claims incurred 2006-07        | 6,605                            | 2,913                    | 9,518                   |
| Payments 2006-07               | <u>(4,219)</u>                   | <u>(2,941)</u>           | <u>(7,160)</u>          |
| Estimated claims June 30, 2007 | <u>\$ 17,440</u>                 | <u>\$ 272</u>            | <u>\$ 17,712</u>        |
| Claims incurred 2007-08        | \$ 4,370                         | \$ 2,984                 | \$ 7,354                |
| Payments 2007-08               | <u>(3,667)</u>                   | <u>(2,872)</u>           | <u>(6,539)</u>          |
| Estimated claims June 30, 2008 | <u><u>\$ 18,143</u></u>          | <u><u>\$ 384</u></u>     | <u><u>\$ 18,527</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 BENEFITS (OBLIGATIONS FOR HEALTH INSURANCE & FIREFIGHTER DISABILITY)**

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

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

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

The number of participants as of April 1, 2008, the effective date of the biannual OPEB valuation, follows:

|                              | City  | School<br>District | Total  |
|------------------------------|-------|--------------------|--------|
| Active employees             | 2,668 | 6,347              | 9,015  |
| Retired employees            | 1,849 | 2,735              | 4,584  |
| Spouses of retired employees | 1,218 | 1,097              | 2,315  |
| Total                        | 5,735 | 10,179             | 15,914 |

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

*Annual Other Postemployment Benefit Cost.* For the fiscal year ended June 30, 2008, the City's annual OPEB cost (expense) of \$65,478,456 is not equal to the Annual Required Contribution, which is \$67,034,864. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$21,982,618 for retirees and their beneficiaries, the result was an increase in the Net OPEB Obligation of \$43,495,838 for the year ended June 30, 2008.

Considering the District's annual expense as well as the payment of current health insurance premiums, which totaled \$10,694,599, the result was an increase in the District's Net OPEB Obligation of \$19,791,891 for the year ended June 30, 2008.

**Benefit Obligations and Normal Cost**

|   | City                  | School District       | Total                 |
|---|-----------------------|-----------------------|-----------------------|
| Actuarial Accrued Liability (AAL)           |                       |                       |                       |
| Retired employees                           | \$ 293,504,721        | \$ 100,926,540        | \$ 394,431,261        |
| Active employees                            | 391,200,790           | 180,091,431           | 571,292,221           |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 684,705,511</u> | <u>\$ 281,017,971</u> | <u>\$ 965,723,482</u> |
| Normal cost at beginning of year            | \$ 26,382,959         | \$ 14,361,060         | \$ 40,744,019         |
| Amortization factor based on 30 years       | 17.9837               | 17.9837               | 17.9837               |
| Annual Covered Payroll                      | 192,175,200           | 332,718,367           | 524,893,567           |
| UAAL as a Percentage of Covered Payroll     | 356.29%               | 84.46%                | 183.98%               |

**Level Dollar Amortization**

## Calculation of ARC under Projected Unit Credit Method

|  | City                  | School District      | Total                 |
|--|-----------------------|----------------------|-----------------------|
| ARC Normal cost with interest to end of year   | \$ 27,438,277         | \$ 14,935,503        | \$ 42,373,780         |
| Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at end of year | <u>39,596,587</u>     | <u>16,251,297</u>    | <u>55,847,884</u>     |
| Annual required contribution (ARC)   | 67,034,864            | 31,186,800           | 98,221,664            |
| Interest on Net OPEB Obligation  | 3,491,640             | 1,571,077            | 5,062,717             |
| Adjustment to ARC  | <u>(5,048,048)</u>    | <u>(2,271,387)</u>   | <u>(7,319,435)</u>    |
| Annual OPEB cost (expense)   | 65,478,456            | 30,486,490           | 95,964,946            |
| Contribution for fiscal year ended June 30, 2008   | <u>(21,982,618)</u>   | <u>(10,694,599)</u>  | <u>(32,677,217)</u>   |
| Increase in net OPEB obligation  | 43,495,838            | 19,791,891           | 63,287,729            |
| Net OPEB obligation June 30, 2007  | 87,290,983            | 39,276,907           | 126,567,890           |
| Net OPEB obligation June 30, 2008  | <u>\$ 130,786,821</u> | <u>\$ 59,068,798</u> | <u>\$ 189,855,619</u> |
| Percent of annual OPEB cost contributed  | 33.57%                | 35.08%               | 34.05%                |

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

In the June 30, 2008 actuarial valuation, the liabilities were computed using the projected unit credit method and level dollar amortization. The actuarial assumptions utilized a 4% discount rate. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 4% rate. The valuation assumes a 9% healthcare cost trend increase for fiscal year 2008-09 (10.1% for the District), reduced by decrements to a rate of 5% in fiscal year 2017-18, and later.

*Medical Reimbursements.* The City's Medicare Part D prescription drug subsidy, which reduces the cost of retiree healthcare premiums, is accrued as revenue only in the current year. Subsidies for future years, which are projected to be \$849,000 per year for the City, cannot be recognized as a reduction to the actuarial accrued liability.

Effective January 1, 2002, the District established a Medical Reimbursement Account (MRA) for retirees per agreement between the District and Association of Supervisors and Administrators of Rochester. Per this agreement, 40 retirees qualified to have a medical reimbursement account. During fiscal year 2007-08 the District paid MRA claims totaling \$28,077.

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

The City participates in the New York State and Local Employees' Retirement System (ERS), and the New York State and Local Police and Fire Retirement System (PFRS). The School District also participates in the New York State and Local Employees' Retirement System and in the New York State and the Local Teachers' Retirement System (TRS). These are cost sharing multiple public employer retirement systems (Systems). The New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service.

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

The total payroll for all employees of the City for fiscal year 2008 was \$192,175,200 of which \$83,170,000 represented payroll costs for employees covered by ERS, \$100,308,800 by PFRS, and \$8,696,400 for nonparticipating employees. Average contribution rates for fiscal year 2008 were 9.3% for ERS and 14.8% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2008 was \$332,718,367 of which \$253,682,185 represented payroll costs for employees covered by TRS, \$66,690,249 by ERS, and \$12,345,933 for nonparticipating employees. Average contribution rates for fiscal 2008 were 8.2% for TRS and 7.9% 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, 2008 were made in three monthly installments starting in September of 2006.

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

| Fiscal<br>Year | Employees'<br>Retirement<br>System | Police and Fire<br>Retirement System | Total Retirement<br>Systems |
|----------------|------------------------------------|--------------------------------------|-----------------------------|
| 2006           | \$8,448                            | \$14,936                             | \$23,384                    |
| 2007           | 8,045                              | 14,025                               | 22,070                      |
| 2008           | 7,736                              | 14,824                               | 22,560                      |

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<br>Year | Employees'<br>Retirement System | Teachers'<br>Retirement System | Total Retirement<br>Systems |
|----------------|---------------------------------|--------------------------------|-----------------------------|
| 2006           | \$5,618                         | \$11,685                       | \$17,303                    |
| 2007           | 6,699                           | 17,544                         | 24,243                      |
| 2008           | 5,490                           | 19,946                         | 25,436                      |

The total unbilled liability for the City and the School District as of June 30, 2008, included in Due to other governments at the fund level, is as follows (000's Omitted):

|                                   | Employees'<br>Retirement<br>System | Police and<br>Fire<br>Retirement<br>System | Teachers'<br>Retirement<br>System | Total<br>Retirement<br>Systems |
|-----------------------------------|------------------------------------|--|-----------------------------------|--------------------------------|
| City                              | \$ 1,660                           | \$ 4,279                                   | \$ -                              | \$ 5,939                       |
| School District                   | 1,231                              | -  | 24,759                            | 25,990                         |
| Total of City and School District | <u>\$ 2,891</u>                    | <u>\$ 4,279</u>                            | <u>\$ 24,759</u>                  | <u>\$ 31,929</u>               |

The total liability as of June 30, 2008 includes the period of April 1 - June 30, 2008 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2007 to June 30, 2008 for the Teachers' System. These amounts represent a portion of the estimated billings of the New York State retirement systems based on the fiscal year of the plans. It is the policy of the City and the School District to record pension costs on the modified accrual basis for governmental funds. Pension costs of the proprietary funds are recognized on the accrual basis.

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

### 3. Prior Plan

Prior to its participation in the New York State Police and Fire Retirement System, the City had a pension plan that covered firemen, policemen and their widows. It is the policy of the City to provide for payments to the beneficiaries of this plan out of current operations. The City is not required to pay benefits under this plan and the beneficiaries do not have a vested right to benefits. During the year ended June 30, 2008, the City paid approximately \$25,000. On June 30, 2008, there were 2 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, 2008 (000's Omitted):

| Receivable Fund             | Payable Fund                        | Amount            |
|-----------------------------|-------------------------------------|-------------------|
| Cemetery                    | General                             | \$ 1,841          |
| Community Development       | General                             | 300               |
| Debt Service                | Cemetery                            | 25                |
|                             | General                             | 15,912            |
| General                     | Cemetery                            | 1                 |
|                             | Community Development               | 499               |
|                             | Debt Service                        | 412               |
|                             | General capital                     | 12,162            |
|                             | Nonmajor governmental               | 5,297             |
|                             | Parking                             | 12                |
|                             | Public Market                       | 1                 |
|                             | Refuse                              | 12                |
|                             | Transportation capital              | 775               |
|                             | War Memorial                        | 65                |
|                             | Water                               | 3,245             |
| General capital             | General                             | 50,478            |
|                             | Nonmajor governmental               | 4                 |
| Internal Service            | General                             | 2,377             |
| Nonmajor governmental group | General                             | 448               |
|                             | General capital                     | 17                |
|                             | Between Nonmajor governmental funds | 1,014             |
| Parking                     | General                             | 696               |
| Public Market               | General                             | 52                |
| Refuse                      | General                             | 641               |
| Transportation capital      | General                             | 606               |
|                             | Nonmajor governmental               | 5,236             |
| War Memorial                | General                             | 49                |
| Water                       | General                             | 225               |
|                             |                                     | <u>\$ 102,402</u> |

Tranfers 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, 2008, which were routine in nature, were as follows (000's Omitted):

| Transfer out:                          | Transfer In:     |                  |                  |                        |  |                  |                 |                  |
|--|------------------|------------------|------------------|------------------------|--|------------------|-----------------|------------------|
|  | General          | Debt Service     | General Capital  | Transportation Capital | Nonmajor Governmental capital projects | Internal Service | Proprietary     | Total            |
| General fund                           | \$ -             | \$ 2,000         | \$ 36,048        | \$ 1,178               | \$ 1,105                               | \$ 2,884         | \$ 1,700        | \$ 44,915        |
| Debt Service                           | 7,780            | -                | -                | -                      | -                                      | -                | -               | 7,780            |
| General Capital                        | 175              | 13,997           | 17               | -                      | -                                      | -                | 3,919           | 18,108           |
| Transportation Capital                 | -                | 380              | -                | -                      | -                                      | -                | -               | 380              |
| Community Development                  | 4,211            | -                | -                | -                      | -                                      | -                | -               | 4,211            |
| Nonmajor governmental capital projects | -                | 328              | -                | -                      | -                                      | -                | -               | 328              |
| Nonmajor governmental special revenue  | 3,658            | -                | -                | 4,044                  | 976                                    | -                | -               | 8,678            |
| Water                                  | 4,678            | -                | -                | -                      | -                                      | -                | -               | 4,678            |
| Proprietary                            | -                | 25               | -                | -                      | -                                      | -                | -               | 25               |
|  | <u>\$ 20,502</u> | <u>\$ 16,730</u> | <u>\$ 36,065</u> | <u>\$ 5,222</u>        | <u>\$ 2,081</u>                        | <u>\$ 2,884</u>  | <u>\$ 5,619</u> | <u>\$ 89,103</u> |

**The City of Rochester, New York**  
*Required Supplemental Information*

**THE CITY OF ROCHESTER, NEW YORK  
 COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND EQUITY - BUDGET AND ACTUAL - NON-GAAP BUDGET BASIS  
 FOR THE YEAR ENDED JUNE 30, 2008 (000's Omitted)**

|  | <u>Original</u>  | <u>Final</u>     | <u>Actual</u>     | <u>Variance</u> |
|--|------------------|------------------|-------------------|-----------------|
| <b>REVENUES</b>  |                  |                  |                   |                 |
| Real property tax  | \$ 133,703       | \$ 133,700       | \$ 139,727        | \$ 6,027        |
| Sales and other taxes  | 155,984          | 161,984          | 160,845           | (1,139)         |
| Charges for services   | 107,876          | 110,041          | 108,471           | (1,570)         |
| Use of money and property  | 5,104            | 5,254            | 4,755             | (499)           |
| Interest and penalties   | 1,251            | 1,251            | 1,482             | 231             |
| Licenses and permits   | 2,256            | 2,256            | 2,676             | 420             |
| Federal aid  | 1,080            | 1,157            | 1,271             | 114             |
| State aid  | 103,511          | 106,409          | 106,932           | 523             |
| Local sources and other  | 21,927           | 22,251           | 22,408            | 157             |
| Total revenues   | <u>532,692</u>   | <u>544,303</u>   | <u>548,567</u>    | <u>4,264</u>    |
| <b>EXPENDITURES</b>  |                  |                  |                   |                 |
| Council and clerk  | 1,737            | 1,796            | 1,715             | 81              |
| Administration   | 12,685           | 12,663           | 12,187            | 476             |
| Law  | 1,919            | 1,999            | 1,960             | 39              |
| Information technology   | 4,277            | 4,178            | 4,118             | 60              |
| Finance  | 5,608            | 5,314            | 5,212             | 102             |
| Community development  | 6,310            | 6,185            | 5,945             | 240             |
| Economic development   | 2,627            | 2,590            | 2,539             | 51              |
| Environmental services   | 77,873           | 76,980           | 73,286            | 3,694           |
| Library  | 10,960           | 10,921           | 10,480            | 441             |
| Police   | 71,040           | 79,872           | 79,275            | 597             |
| Fire   | 41,936           | 41,851           | 41,498            | 353             |
| Emergency communications   | 9,954            | 9,956            | 9,595             | 361             |
| Parks, recreation and human services   | 16,362           | 17,066           | 17,025            | 41              |
| Undistributed  | 96,349           | 96,477           | 92,603            | 3,874           |
| Contingency  | 10,615           | 1,554            | -                 | 1,554           |
| Debt services  | 35,610           | 35,610           | 35,166            | 444             |
| Total expenditures   | <u>405,862</u>   | <u>405,012</u>   | <u>392,604</u>    | <u>12,408</u>   |
| Excess of revenues over expenditures   | <u>126,830</u>   | <u>139,291</u>   | <u>155,963</u>    | <u>16,672</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                  |                  |                   |                 |
| Transfers from other funds   | 23,240           | 24,785           | 22,836            | (1,949)         |
| Transfers (to) other funds   | (36,028)         | (52,324)         | (58,401)          | (6,077)         |
| Transfers (to) component unit  | (119,100)        | (119,100)        | (119,100)         | -               |
| Total other financing uses   | <u>(131,888)</u> | <u>(146,639)</u> | <u>(154,665)</u>  | <u>(8,026)</u>  |
| Appropriation of prior year fund balance   | <u>5,058</u>     | <u>7,348</u>     | <u>-</u>          | <u>(7,348)</u>  |
| Excess of revenues and other sources<br>over expenditures and other uses-Budget Basis  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 1,298</u>   | <u>\$ 1,298</u> |
| Encumbrances included in actua   |                  |                  | \$ 12,595         |                 |
| Excess of revenues and other sources<br>over expenditures, encumbrances and other uses |                  |                  | 13,893            |                 |
| Expenditures of prior years' encumbrances  |                  |                  | 4,086             |                 |
| Excess of revenues and other sources<br>over expenditures and other uses               |                  |                  | 9,807             |                 |
| Net enterprise capital revenue   |                  |                  | (1,311)           |                 |
| Depreciation expense   |                  |                  | (10,417)          |                 |
| Debt service cash basis  |                  |                  | 7,222             |                 |
| Contribution to reserve for capital projects   |                  |                  | 11,963            |                 |
| Other post employment benefits   |                  |                  | (3,170)           |                 |
| Capital and debt service interest  |                  |                  | 291               |                 |
| Capital reimbursement  |                  |                  | 412               |                 |
| Capital contribution   |                  |                  | 511               |                 |
| Debt reserve transfer in   |                  |                  | (634)             |                 |
| Transfer into enterprise fixed assets  |                  |                  | 3,919             |                 |
| Transfer from cemetery capital to debt service   |                  |                  | (25)              |                 |
| Fund equity - beginning of year  |                  |                  | <u>209,286</u>    |                 |
| Fund equity - end of year  |                  |                  | <u>\$ 227,854</u> |                 |
| General fund   |                  |                  | \$ 28,659         |                 |
| Special revenue fund   |                  |                  | 4,514             |                 |
| Enterprise fund  |                  |                  | <u>194,681</u>    |                 |
| Total  |                  |                  | <u>\$ 227,854</u> |                 |

# Nonmajor Governmental Funds

## Capital Funds

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

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

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

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

## Special Revenue Funds

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

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

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

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

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

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

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

## Permanent Fund

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

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

**THE CITY OF ROCHESTER, NEW YORK  
SUPPLEMENTAL COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2008 (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                          |                  |
| <b>ASSETS</b>                                     |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| Cash and cash equivalents                         | \$ 5,348            | \$ 3,019            | \$ 378        | \$ 299          | \$ 1,847        | \$ 9,678         | \$ 3,785         | \$ 1,689        | \$ 3,743        | \$ 6,484                          | \$ 36,270        |
| Receivables (net of allowance for uncollectibles) |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| Accounts  | -                   | -                   | -             | 1               | 1               | 11               | -                | 828             | -               | -                                 | 841              |
| Taxes   | -                   | -                   | -             | -               | -               | 195              | -                | -               | -               | -                                 | 195              |
| Due from other governments                        | 1,512               | 188                 | -             | -               | 2,993           | -                | 20               | 490             | -               | -                                 | 5,203            |
| Due from other funds                              | -                   | 1,094               | -             | 18              | 152             | 161              | -                | 17              | 37              | -                                 | 1,479            |
| Total assets                                      | <u>\$ 6,860</u>     | <u>\$ 4,301</u>     | <u>\$ 378</u> | <u>\$ 318</u>   | <u>\$ 4,993</u> | <u>\$ 10,045</u> | <u>\$ 3,805</u>  | <u>\$ 3,024</u> | <u>\$ 3,780</u> | <u>\$ 6,484</u>                   | <u>\$ 43,988</u> |
| <b>LIABILITIES AND FUND BALANCES</b>              |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| <b>Liabilities</b>                                |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| Accounts payable and accrued liabilities          | \$ -                | \$ -                | \$ -          | \$ 67           | \$ 626          | \$ 576           | \$ -             | \$ 23           | \$ -            | \$ -                              | \$ 1,292         |
| Notes payable                                     | -                   | 1,875               | 594           | -               | -               | -                | -                | -               | -               | -                                 | 2,469            |
| Due to other funds                                | 130                 | 170                 | -             | 74              | 3,638           | 5,602            | 98               | 591             | 1,248           | -                                 | 11,551           |
| Due to component unit                             | -                   | 155                 | -             | -               | -               | -                | -                | -               | 11              | -                                 | 166              |
| Due to other governments                          | -                   | -                   | -             | 18              | 137             | 104              | -                | -               | -               | -                                 | 259              |
| Deferred revenue                                  | -                   | -                   | -             | -               | -               | -                | -                | 828             | -               | -                                 | 828              |
| Total liabilities                                 | <u>130</u>          | <u>2,200</u>        | <u>594</u>    | <u>159</u>      | <u>4,401</u>    | <u>6,282</u>     | <u>98</u>        | <u>1,442</u>    | <u>1,259</u>    | <u>-</u>                          | <u>16,565</u>    |
| <b>Fund balances:</b>                             |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| Reserved for encumbrances                         | 1,067               | 4,032               | 312           | 38              | 212             | 137              | 684              | 492             | 46              | -                                 | 7,020            |
| Unreserved:                                       |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| Designated for subsequent years' expenditures     | -                   | -                   | -             | -               | 350             | 311              | -                | -               | -               | -                                 | 661              |
| Undesignated, reported in:                        |                     |                     |               |                 |                 |                  |                  |                 |                 |                                   |                  |
| Special revenue fund                              | -                   | -                   | -             | 121             | 30              | 3,315            | 3,023            | 1,090           | 2,475           | -                                 | 10,054           |
| Capital projects fund                             | 5,663               | (1,931)             | (528)         | -               | -               | -                | -                | -               | -               | -                                 | 3,204            |
| Permanent fund                                    | -                   | -                   | -             | -               | -               | -                | -                | -               | -               | 6,484                             | 6,484            |
| Total fund balances                               | <u>6,730</u>        | <u>2,101</u>        | <u>(216)</u>  | <u>159</u>      | <u>592</u>      | <u>3,763</u>     | <u>3,707</u>     | <u>1,582</u>    | <u>2,521</u>    | <u>6,484</u>                      | <u>27,423</u>    |
| Total liabilities and fund balances               | <u>\$ 6,860</u>     | <u>\$ 4,301</u>     | <u>\$ 378</u> | <u>\$ 318</u>   | <u>\$ 4,993</u> | <u>\$ 10,045</u> | <u>\$ 3,805</u>  | <u>\$ 3,024</u> | <u>\$ 3,780</u> | <u>\$ 6,484</u>                   | <u>\$ 43,988</u> |

**THE CITY OF ROCHESTER, NEW YORK  
SUPPLEMENTAL COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008 (000's Omitted)**

|  | Capital Projects    |                      |          | Animal Control | Library  | Local Works | Special Revenue  |                | Other    | Permanent Fund Cemetery | Total Nonmajor Governmental Funds |
|--|---------------------|----------------------|----------|----------------|----------|-------------|------------------|----------------|----------|-------------------------|-----------------------------------|
|  | Economic Assistance | Cultural/ Recreation | Sewers   |                |          |             | Federal Projects | State Projects |          |                         |                                   |
| <b>REVENUES</b>                                    |                     |                      |          |                |          |             |                  |                |          |                         |                                   |
| Real property tax                                  | \$ -                | \$ -                 | \$ -     | \$ 1,008       | \$ 4,784 | \$ -        | \$ -             | \$ -           | \$ -     | \$ -                    | \$ 5,792                          |
| Departmental                                       | -                   | -                    | -        | 290            | 2,456    | 14,920      | -                | -              | -        | -                       | 17,666                            |
| Use of money and property                          | -                   | -                    | -        | 13             | -        | 270         | 71               | 68             | 126      | -                       | 548                               |
| Federal aid  | -                   | -                    | -        | -              | -        | -           | 272              | 2,082          | -        | -                       | 2,354                             |
| State aid  | 10                  | 90                   | -        | -              | 503      | 44          | 454              | 443            | -        | -                       | 1,544                             |
| Local sources and other                            | -                   | -                    | -        | -              | 6,620    | -           | 3,135            | 541            | 1,214    | 124                     | 11,634                            |
| Total revenues                                     | 10                  | 90                   | -        | 1,311          | 14,363   | 15,234      | 3,932            | 3,134          | 1,340    | 124                     | 39,538                            |
| <b>EXPENDITURES</b>                                |                     |                      |          |                |          |             |                  |                |          |                         |                                   |
| Current:   |                     |                      |          |                |          |             |                  |                |          |                         |                                   |
| Community development                              | -                   | -                    | -        | -              | -        | -           | 971              | 341            | -        | -                       | 1,312                             |
| Environmental services                             | -                   | -                    | -        | -              | -        | 8,337       | -                | -              | -        | -                       | 8,337                             |
| Library  | -                   | -                    | -        | -              | 10,361   | -           | -                | -              | -        | -                       | 10,361                            |
| Police   | -                   | -                    | -        | 1,033          | -        | -           | -                | 536            | 1        | -                       | 1,570                             |
| Fire   | -                   | -                    | -        | -              | -        | -           | -                | 4              | -        | -                       | 4                                 |
| Parks, recreation and human services               | -                   | -                    | -        | -              | -        | -           | 238              | 1,119          | 265      | -                       | 1,622                             |
| Undistributed                                      | -                   | -                    | -        | 245            | 2,607    | 2,646       | -                | -              | 463      | -                       | 5,961                             |
| Capital projects                                   | 488                 | 4,203                | 403      | -              | -        | -           | -                | -              | -        | -                       | 5,094                             |
| Debt service:                                      |                     |                      |          |                |          |             |                  |                |          |                         |                                   |
| Principal  | -                   | -                    | -        | -              | 305      | -           | -                | -              | -        | -                       | 305                               |
| Interest   | -                   | -                    | -        | -              | 33       | -           | -                | -              | -        | -                       | 33                                |
| Total expenditures                                 | 488                 | 4,203                | 403      | 1,278          | 13,306   | 10,983      | 1,209            | 2,000          | 729      | -                       | 34,599                            |
| Excess (deficiency) of revenues over expenditures: | (478)               | (4,113)              | (403)    | 33             | 1,057    | 4,251       | 2,723            | 1,134          | 611      | 124                     | 4,939                             |
| <b>OTHER FINANCING SOURCES (USES)</b>              |                     |                      |          |                |          |             |                  |                |          |                         |                                   |
| Proceeds of general obligation debt                | 3,447               | 8,057                | 680      | -              | -        | -           | -                | -              | -        | -                       | 12,184                            |
| Transfers from other funds                         | 164                 | 1,842                | 75       | -              | -        | -           | -                | -              | -        | -                       | 2,081                             |
| Transfers (to) other funds                         | (58)                | (166)                | (104)    | -              | (976)    | (4,044)     | (1,029)          | (1,349)        | (1,280)  | -                       | (9,006)                           |
| Total other financing sources (uses)               | 3,553               | 9,733                | 651      | -              | (976)    | (4,044)     | (1,029)          | (1,349)        | (1,280)  | -                       | 5,259                             |
| Net change in fund balances                        | 3,075               | 5,620                | 248      | 33             | 81       | 207         | 1,694            | (215)          | (669)    | 124                     | 10,198                            |
| <b>Fund Balances - beginning of year</b>           | 3,655               | (3,519)              | (464)    | 126            | 511      | 3,556       | 2,013            | 1,797          | 3,190    | 6,360                   | 17,225                            |
| <b>Fund Balances - end of year</b>                 | \$ 6,730            | \$ 2,101             | \$ (216) | \$ 159         | \$ 592   | \$ 3,763    | \$ 3,707         | \$ 1,582       | \$ 2,521 | \$ 6,484                | \$ 27,423                         |

**THE CITY OF ROCHESTER, NEW YORK  
SUPPLEMENTAL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2008 (000's Omitted)**

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|   | Balance<br>June 30, 2007 | Additions        | Deductions       | Balance<br>June 30, 2008 |
|---|--------------------------|------------------|------------------|--------------------------|
| <b>ASSETS</b>                                     |                          |                  |                  |                          |
| Cash and cash equivalents                         | \$ 11,238                | \$ 15,744        | \$ 14,270        | \$ 12,712                |
| Receivables (net of allowance for uncollectibles) | 222                      | 6                | (40)             | 268                      |
| Total assets                                      | <u>11,460</u>            | <u>15,750</u>    | <u>14,230</u>    | <u>12,980</u>            |
| <b>LIABILITIES</b>                                |                          |                  |                  |                          |
| Accounts payable and accrued liabilities          | 11,460                   | 16,161           | 14,641           | 12,980                   |
| Total liabilities                                 | <u>\$ 11,460</u>         | <u>\$ 16,161</u> | <u>\$ 14,641</u> | <u>\$ 12,980</u>         |

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, 2008 (000's Omitted)**

|                                      | General Fund |            | Special Revenue Fund |          | Enterprise Funds |          | Total      |            |            |          |
|--------------------------------------|--------------|------------|----------------------|----------|------------------|----------|------------|------------|------------|----------|
|                                      | Final        | Actual     | Final                | Actual   | Final            | Actual   | Original   | Final      | Actual     | Variance |
| <b>REVENUES</b>                      |              |            |                      |          |                  |          |            |            |            |          |
| Real property tax                    | \$ 124,615   | \$ 130,059 | \$ 5,718             | \$ 5,792 | \$ 3,367         | \$ 3,876 | \$ 133,703 | \$ 133,700 | \$ 139,727 | \$ 6,027 |
| Sales and other taxes                | 161,079      | 159,940    | -                    | -        | 905              | 905      | 155,984    | 161,984    | 160,845    | (1,139)  |
| Charges for services                 | 25,367       | 25,738     | 18,351               | 17,666   | 66,323           | 65,067   | 107,876    | 110,041    | 108,471    | (1,570)  |
| Use of money and property            | 4,234        | 3,583      | 417                  | 283      | 603              | 889      | 5,104      | 5,254      | 4,755      | (499)    |
| Interest and penalties               | -            | -          | -                    | -        | 1,251            | 1,482    | 1,251      | 1,251      | 1,482      | 231      |
| Licenses and permits                 | 2,256        | 2,676      | -                    | -        | -                | -        | 2,256      | 2,256      | 2,676      | 420      |
| Federal aid                          | 1,157        | 1,255      | -                    | -        | -                | 16       | 1,080      | 1,157      | 1,271      | 114      |
| State aid                            | 105,931      | 106,276    | 478                  | 547      | -                | 109      | 103,511    | 106,409    | 106,932    | 523      |
| Local sources and other              | 15,631       | 15,788     | 6,620                | 6,620    | -                | -        | 21,927     | 22,251     | 22,408     | 157      |
| Total revenues                       | 440,270      | 445,315    | 31,584               | 30,908   | 72,449           | 72,344   | 532,692    | 544,303    | 548,567    | 4,264    |
| <b>EXPENDITURES</b>                  |              |            |                      |          |                  |          |            |            |            |          |
| Council and clerk                    | 1,796        | 1,715      | -                    | -        | -                | -        | 1,737      | 1,796      | 1,715      | 81       |
| Administration                       | 12,284       | 11,808     | 94                   | 94       | 285              | 285      | 12,685     | 12,663     | 12,187     | 476      |
| Law                                  | 1,999        | 1,960      | -                    | -        | -                | -        | 1,919      | 1,999      | 1,960      | 39       |
| Information technology               | 4,178        | 4,118      | -                    | -        | -                | -        | 4,277      | 4,178      | 4,118      | 60       |
| Finance                              | 5,314        | 5,212      | -                    | -        | -                | -        | 5,608      | 5,314      | 5,212      | 102      |
| Community development                | 6,185        | 5,945      | -                    | -        | -                | -        | 6,310      | 6,185      | 5,945      | 240      |
| Economic development                 | 1,328        | 1,262      | -                    | -        | 1,262            | 1,277    | 2,627      | 2,590      | 2,539      | 51       |
| Environmental services               | 28,147       | 27,397     | 9,315                | 8,293    | 39,518           | 37,596   | 77,873     | 76,980     | 73,286     | 3,694    |
| Library                              | -            | -          | 10,921               | 10,480   | -                | -        | 10,960     | 10,921     | 10,480     | 441      |
| Police                               | 78,809       | 78,225     | 1,063                | 1,050    | -                | -        | 71,040     | 79,872     | 79,275     | 597      |
| Fire                                 | 41,851       | 41,498     | -                    | -        | -                | -        | 41,936     | 41,851     | 41,498     | 353      |
| Emergency communications             | 9,956        | 9,595      | -                    | -        | -                | -        | 9,954      | 9,956      | 9,595      | 361      |
| Parks, recreation and human services | 14,106       | 14,157     | -                    | -        | 2,960            | 2,868    | 16,362     | 17,066     | 17,025     | 41       |
| Undistributed                        | 82,764       | 79,828     | 5,410                | 5,501    | 8,303            | 7,274    | 96,349     | 96,477     | 92,603     | 3,874    |
| Contingency                          | 1,554        | -          | -                    | -        | -                | -        | 10,615     | 1,554      | -          | 1,554    |
| Debt services                        | 24,238       | 23,794     | 338                  | 338      | 11,034           | 11,034   | 35,610     | 35,610     | 35,166     | 444      |
| Total expenditures                   | 314,509      | 306,514    | 27,141               | 25,756   | 63,362           | 60,334   | 405,862    | 405,012    | 392,604    | 12,408   |
| Excess of revenues over expenditures | 125,761      | 138,801    | 4,443                | 5,152    | 9,087            | 12,010   | 126,830    | 139,291    | 155,963    | 16,672   |

(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, 2008 (000's Omitted)**

(continued)

|   | General Fund     |                  | Special Revenue Fund |                 | Enterprise Funds |                   | Total            |                  |                  |                 |
|---|------------------|------------------|----------------------|-----------------|------------------|-------------------|------------------|------------------|------------------|-----------------|
|   | Final            | Actual           | Final                | Actual          | Final            | Actual            | Original         | Final            | Actual           | Variance        |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                  |                  |                      |                 |                  |                   |                  |                  |                  |                 |
| Transfers from other funds  | \$ 24,151        | \$ 20,502        | \$ -                 | \$ -            | \$ 634           | \$ 2,334          | \$ 23,240        | \$ 24,785        | \$ 22,836        | \$ (1,949)      |
| Transfers (to) other funds  | (35,341)         | (41,418)         | (5,020)              | (5,020)         | (11,963)         | (11,963)          | (36,028)         | (52,324)         | (58,401)         | (6,077)         |
| Transfers (to) component unit   | (119,100)        | (119,100)        | -                    | -               | -                | -                 | (119,100)        | (119,100)        | (119,100)        | -               |
| Total other financing uses  | <u>(130,290)</u> | <u>(140,016)</u> | <u>(5,020)</u>       | <u>(5,020)</u>  | <u>(11,329)</u>  | <u>(9,629)</u>    | <u>(131,888)</u> | <u>(146,639)</u> | <u>(154,665)</u> | <u>(8,026)</u>  |
| Appropriation of prior year fund balance  | 4,529            | -                | 577                  | -               | 2,242            | -                 | 5,058            | \$ 7,348         | \$ -             | \$ (7,348)      |
| Deficiency of revenues and other sources<br>over expenditures and other uses-Budget Basis           | <u>\$ -</u>      | <u>(1,215)</u>   | <u>\$ -</u>          | <u>132</u>      | <u>\$ -</u>      | <u>2,381</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ 1,298</u>  | <u>\$ 1,298</u> |
| Encumbrances included in actual   |                  | <u>11,802</u>    |                      | <u>386</u>      |                  | <u>407</u>        |                  |                  |                  |                 |
| Excess (deficiency) of revenues and other sources<br>over expenditures, encumbrances and other uses |                  | <u>10,587</u>    |                      | <u>518</u>      |                  | <u>2,788</u>      |                  |                  |                  |                 |
| Expenditures of prior years' encumbrances   |                  | <u>3,607</u>     |                      | <u>197</u>      |                  | <u>282</u>        |                  |                  |                  |                 |
| Excess (deficiency) of revenues and other sources<br>over expenditures and other uses               |                  | <u>6,980</u>     |                      | <u>321</u>      |                  | <u>2,506</u>      |                  |                  |                  |                 |
| Net enterprise capital revenue  |                  | -                |                      | -               |                  | (1,311)           |                  |                  |                  |                 |
| Depreciation expense  |                  | -                |                      | -               |                  | (10,417)          |                  |                  |                  |                 |
| Debt service cash basis   |                  | -                |                      | -               |                  | 7,222             |                  |                  |                  |                 |
| Contribution to reserve for capital projects  |                  | -                |                      | -               |                  | 11,963            |                  |                  |                  |                 |
| Other post employment benefits  |                  | -                |                      | -               |                  | (3,170)           |                  |                  |                  |                 |
| Capital and debt service interest   |                  | -                |                      | -               |                  | 291               |                  |                  |                  |                 |
| Capital reimbursement   |                  | -                |                      | -               |                  | 412               |                  |                  |                  |                 |
| Capital contribution  |                  | -                |                      | -               |                  | 511               |                  |                  |                  |                 |
| Debt reserve transfer in  |                  | -                |                      | -               |                  | (634)             |                  |                  |                  |                 |
| Transfer into enterprise fixed assets   |                  | -                |                      | -               |                  | 3,919             |                  |                  |                  |                 |
| Transfer from cemetery capital to debt service  |                  | -                |                      | -               |                  | (25)              |                  |                  |                  |                 |
| <b>Fund equity - beginning of year</b>  |                  | <u>21,679</u>    |                      | <u>4,193</u>    |                  | <u>183,414</u>    |                  |                  |                  |                 |
| <b>Fund equity - end of year</b>  |                  | <u>\$ 28,659</u> |                      | <u>\$ 4,514</u> |                  | <u>\$ 194,681</u> |                  |                  |                  |                 |

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# STATISTICAL SECTION

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

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

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

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

|   | <b>2001</b>       | <b>2002</b>       | <b>2003</b>       | <b>2004</b>       | <b>2005</b>       | <b>2006</b>       | <b>2007</b>       | <b>2008</b>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities                         |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt | \$ 283,119        | \$ 348,540        | \$ 372,737        | \$ 391,222        | \$ 421,921        | \$ 449,840        | \$ 462,204        | \$ 441,242        |
| Restricted                                      | 106,928           | 131,239           | 122,987           | 124,241           | 136,012           | 129,193           | 95,283            | 127,030           |
| Unrestricted                                    | 99,369            | 42,839            | 46,656            | 43,179            | 41,326            | 18,451            | 5,534             | (9,910)           |
| Total governmental activities net assets        | <u>\$ 489,416</u> | <u>\$ 522,618</u> | <u>\$ 542,380</u> | <u>\$ 558,642</u> | <u>\$ 599,259</u> | <u>\$ 597,484</u> | <u>\$ 563,021</u> | <u>\$ 558,362</u> |
| Business-type activities                        |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt | \$ 150,098        | \$ 153,047        | \$ 157,992        | \$ 157,049        | \$ 155,974        | \$ 144,262        | \$ 153,257        | \$ 158,705        |
| Restricted                                      | 19,315            | 19,001            | 14,851            | 15,871            | 17,959            | 31,161            | 27,778            | 33,854            |
| Unrestricted                                    | 6,994             | 5,087             | 5,173             | 3,105             | 5,649             | 4,250             | 2,379             | 2,105             |
| Total business-type activities net assets       | <u>\$ 176,407</u> | <u>\$ 177,135</u> | <u>\$ 178,016</u> | <u>\$ 176,025</u> | <u>\$ 179,582</u> | <u>\$ 179,673</u> | <u>\$ 183,414</u> | <u>\$ 194,664</u> |
| Primary government                              |                   |                   |                   |                   |                   |                   |                   |                   |
| Invested in capital assets, net of related debt | \$ 433,217        | \$ 501,587        | \$ 530,729        | \$ 548,271        | \$ 577,895        | \$ 594,102        | \$ 615,461        | \$ 599,947        |
| Restricted                                      | 126,243           | 150,240           | 137,838           | 140,112           | 153,971           | 160,354           | 123,061           | 160,884           |
| Unrestricted                                    | 106,363           | 47,926            | 51,829            | 46,284            | 46,975            | 22,701            | 7,913             | (7,805)           |
| Total primary government net assets             | <u>\$ 665,823</u> | <u>\$ 699,753</u> | <u>\$ 720,396</u> | <u>\$ 734,667</u> | <u>\$ 778,841</u> | <u>\$ 777,157</u> | <u>\$ 746,435</u> | <u>\$ 753,026</u> |

Note: Prior years' information not available on accrual basis

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

|  | 2001       | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Expenses</b>                                |            |            |            |            |            |            |            |            |
| Governmental activities:                       |            |            |            |            |            |            |            |            |
| General government                             | \$ 42,860  | \$ 47,630  | \$ 45,146  | \$ 60,241  | \$ 46,516  | \$ 54,702  | \$ 61,690  | \$ 75,552  |
| Police   | 71,400     | 73,383     | 76,955     | 84,091     | 90,509     | 111,195    | 113,896    | 124,310    |
| Fire   | 42,191     | 45,151     | 49,210     | 51,688     | 57,330     | 68,391     | 69,551     | 68,041     |
| Emergency communications                       | 9,504      | 9,608      | 9,834      | 10,523     | 11,988     | 14,437     | 14,798     | 15,222     |
| Transportation                                 | 26,302     | 24,922     | 26,265     | 24,937     | 27,618     | 31,630     | 31,244     | 25,468     |
| Environmental services                         | 16,143     | 14,693     | 18,496     | 20,376     | 21,204     | 21,768     | 26,268     | 31,904     |
| Parks & recreation                             | 20,683     | 20,353     | 18,958     | 18,516     | 20,815     | 21,754     | 24,886     | 15,406     |
| Library  | 12,252     | 12,075     | 11,356     | 11,148     | 10,795     | 12,121     | 12,419     | 12,324     |
| Community & economic development               | 30,963     | 38,200     | 43,275     | 30,039     | 29,907     | 35,265     | 34,423     | 33,595     |
| Interest on long-term debt                     | 5,771      | 5,370      | 4,162      | 3,921      | 4,041      | 4,500      | 8,060      | 6,049      |
| Allocation to school district                  | 127,300    | 127,300    | 126,100    | 126,100    | 119,100    | 119,100    | 119,100    | 119,100    |
| Ferry  | -          | -          | -          | -          | -          | -          | 21,259     | -          |
| Total governmental activities expenses         | 405,369    | 418,685    | 429,757    | 441,580    | 439,823    | 494,863    | 537,594    | 526,971    |
| Business-type activities expenses              |            |            |            |            |            |            |            |            |
| Water  | 21,979     | 24,354     | 23,583     | 24,950     | 25,654     | 28,797     | 28,571     | 28,505     |
| War memorial                                   | 3,469      | 3,748      | 3,426      | 3,455      | 3,209      | 3,337      | 3,219      | 3,005      |
| Parking  | 7,883      | 7,157      | 6,821      | 6,450      | 5,611      | 6,155      | 5,443      | 6,343      |
| Cemetery                                       | 1,729      | 1,948      | 2,060      | 2,285      | 2,252      | 2,516      | 2,075      | 1,953      |
| Public market                                  | 644        | 620        | 672        | 618        | 765        | 754        | 825        | 922        |
| Refuse   | 19,562     | 19,766     | 20,322     | 23,424     | 22,252     | 23,685     | 22,682     | 22,496     |
| Port of Rochester                              | 8          | 8          | 8          | -          | -          | -          | -          | -          |
| Total business-type activities expenses        | 55,274     | 57,601     | 56,892     | 61,182     | 59,743     | 65,244     | 62,815     | 63,224     |
| Total primary government expenses              | \$ 460,643 | \$ 476,286 | \$ 486,649 | \$ 502,762 | \$ 499,566 | \$ 560,107 | \$ 600,409 | \$ 590,195 |
| <b>Program Revenues</b>                        |            |            |            |            |            |            |            |            |
| Governmental activities:                       |            |            |            |            |            |            |            |            |
| Charges for services:                          |            |            |            |            |            |            |            |            |
| General government                             | \$ 8,601   | \$ 7,783   | \$ 7,400   | \$ 7,248   | \$ 7,992   | \$ 8,372   | \$ 8,968   | \$ 10,222  |
| Police   | 6,089      | 6,675      | 6,275      | 6,829      | 6,473      | 7,102      | 6,677      | 7,560      |
| Fire   | 566        | 767        | 1,057      | 888        | 1,100      | 1,006      | 764        | 1,195      |
| Emergency communications                       | 8,875      | 8,914      | 9,290      | 9,902      | 11,074     | 10,789     | 11,011     | 12,353     |
| Transportation                                 | 812        | 768        | 759        | 844        | 818        | 828        | 915        | 820        |
| Environmental services                         | 15,068     | 15,613     | 16,446     | 16,989     | 18,640     | 17,294     | 19,719     | 20,969     |
| Parks & recreation                             | 2,425      | 2,134      | 2,136      | 2,117      | 2,067      | 2,005      | 2,201      | 2,228      |
| Library  | 1,711      | 1,842      | 2,536      | 2,207      | 2,365      | 2,579      | 2,778      | 2,456      |
| Community & economic development               | 2,796      | 3,335      | 2,913      | 3,623      | 3,624      | 4,294      | 4,013      | 5,637      |
| Operating grants and contributions             | 38,997     | 52,713     | 44,557     | 35,116     | 34,382     | 41,140     | 40,208     | 37,290     |
| Capital grants and contributions               | 15,493     | 14,782     | 16,204     | 24,035     | 15,992     | 19,452     | 11,452     | 11,366     |
| Total governmental activities program revenues | 101,433    | 115,326    | 109,573    | 109,798    | 104,527    | 114,861    | 108,706    | 112,096    |

Continued

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

Continued

|   | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Business-type activities:                               |              |              |              |              |              |              |              |              |
| Charges for services:                                   |              |              |              |              |              |              |              |              |
| Water   | 28,833       | 29,666       | 29,658       | 31,603       | 32,513       | 33,641       | 33,531       | 34,241       |
| War memorial  | 1,632        | 1,222        | 1,389        | 1,595        | 1,515        | 1,541        | 1,442        | 1,460        |
| Parking   | 6,346        | 5,842        | 4,987        | 4,156        | 4,108        | 3,835        | 3,892        | 2,879        |
| Cemetery  | 1,336        | 1,634        | 1,522        | 1,573        | 1,665        | 1,399        | 1,195        | 1,147        |
| Public market   | 436          | 527          | 498          | 533          | 543          | 575          | 608          | 642          |
| Refuse  | 18,854       | 19,078       | 20,519       | 20,589       | 22,506       | 23,436       | 24,804       | 25,110       |
| Port of Rochester                                       | 11           | 9            | 7            | 2            | -            | -            | -            | -            |
| Capital grants and contributions                        | 266          | 160          | 18           | -            | -            | -            | -            | 511          |
| Total business-type activities program revenues         | 57,714       | 58,138       | 58,598       | 60,051       | 62,850       | 64,427       | 65,472       | 65,990       |
| Total primary government program revenues               | \$ 159,147   | \$ 173,464   | \$ 168,171   | \$ 169,849   | \$ 167,377   | \$ 179,288   | \$ 174,178   | \$ 178,086   |
| Net (expense)/revenue                                   |              |              |              |              |              |              |              |              |
| Governmental activities                                 | \$ (303,936) | \$ (303,359) | \$ (320,184) | \$ (331,782) | \$ (335,296) | \$ (380,002) | \$ (428,888) | \$ (414,875) |
| Business-type activities                                | 2,440        | 537          | 1,706        | (1,131)      | 3,107        | (817)        | 2,657        | 2,766        |
| Total primary government net expense                    | \$ (301,496) | \$ (302,822) | \$ (318,478) | \$ (332,913) | \$ (332,189) | \$ (380,819) | \$ (426,231) | \$ (412,109) |
| <b>General Revenues and Other Changes in Net Assets</b> |              |              |              |              |              |              |              |              |
| Governmental activities:                                |              |              |              |              |              |              |              |              |
| Taxes   |              |              |              |              |              |              |              |              |
| Property taxes  | \$ 126,421   | \$ 121,211   | \$ 125,895   | \$ 130,602   | \$ 131,917   | \$ 137,278   | \$ 139,276   | \$ 136,921   |
| Sales taxes   | 110,526      | 113,262      | 111,442      | 115,501      | 118,000      | 122,240      | 120,518      | 130,865      |
| Other taxes   | 29,177       | 28,744       | 31,717       | 30,874       | 28,007       | 26,893       | 28,860       | 28,725       |
| Governmental aid  | 57,001       | 60,803       | 61,699       | 62,097       | 77,604       | 79,149       | 91,402       | 105,188      |
| Investment earnings                                     | 8,947        | 4,607        | 2,292        | 2,087        | 3,126        | 5,971        | 8,124        | 7,143        |
| Miscellaneous   | 3,820        | 3,256        | 2,223        | 1,599        | 4,272        | 2,019        | 1,566        | 2,290        |
| Transfers   | 4,154        | 4,678        | 4,678        | 5,284        | 4,427        | 4,677        | 4,679        | (916)        |
| Total governmental activities                           | 340,046      | 336,561      | 339,946      | 348,044      | 367,353      | 378,227      | 394,425      | 410,216      |
| Business-type activities:                               |              |              |              |              |              |              |              |              |
| Taxes   |              |              |              |              |              |              |              |              |
| Property taxes  | 1,107        | 2,225        | 1,410        | 1,895        | 2,024        | 2,024        | 2,658        | 3,876        |
| Other taxes   | 919          | 846          | 844          | 933          | 985          | 905          | 905          | 905          |
| Governmental aid  | -            | -            | 117          | 31           | 34           | -            | 18           | 125          |
| Investment earnings                                     | 1,162        | 619          | 315          | 242          | 426          | 1,257        | 737          | 1,180        |
| Miscellaneous   | 1,192        | 1,179        | 1,168        | 1,323        | 1,408        | 1,399        | 1,445        | 1,482        |
| Transfers   | (4,154)      | (4,678)      | (4,678)      | (5,284)      | (4,427)      | (4,677)      | (4,679)      | 916          |
| Total business-type activities                          | 226          | 191          | (824)        | (860)        | 450          | 908          | 1,084        | 8,484        |
| Total primary government                                | \$ 340,272   | \$ 336,752   | \$ 339,122   | \$ 347,184   | \$ 367,803   | \$ 379,135   | \$ 395,509   | \$ 418,700   |
| <b>Change in Net Assets</b>                             |              |              |              |              |              |              |              |              |
| Governmental activities                                 | \$ 36,110    | \$ 33,202    | \$ 19,762    | \$ 16,262    | \$ 32,057    | \$ (1,775)   | \$ (34,463)  | \$ (4,659)   |
| Business-type activities                                | 2,666        | 728          | 882          | (1,991)      | 3,557        | 91           | 3,741        | 11,250       |
| Total primary government                                | \$ 38,776    | \$ 33,930    | \$ 20,644    | \$ 14,271    | \$ 35,614    | \$ (1,684)   | \$ (30,722)  | \$ 6,591     |

Note: Prior years' information not available on accrual basis

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

|              | <b>2001</b>       | <b>2002</b>       | <b>2003</b>       | <b>2004</b>       | <b>2005</b>       | <b>2006</b>       | <b>2007</b>       | <b>2008</b>       |
|--------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Tax | \$ 127,528        | \$ 123,436        | \$ 127,305        | \$ 132,497        | \$ 133,941        | \$ 139,302        | \$ 141,934        | \$ 140,797        |
| Sales Tax    | 110,526           | 113,262           | 111,442           | 115,501           | 118,000           | 122,240           | 120,518           | 130,865           |
| Other Taxes  | <u>30,096</u>     | <u>29,590</u>     | <u>32,561</u>     | <u>31,807</u>     | <u>28,992</u>     | <u>27,798</u>     | <u>29,765</u>     | <u>29,630</u>     |
| Total Taxes  | <u>\$ 268,150</u> | <u>\$ 266,288</u> | <u>\$ 271,308</u> | <u>\$ 279,805</u> | <u>\$ 280,933</u> | <u>\$ 289,340</u> | <u>\$ 292,217</u> | <u>\$ 301,292</u> |

Note: Prior years' information not available on accrual basis

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

|  | 1999          | 2000          | 2001              | 2002              | 2003             | 2004              | 2005              | 2006              | 2007              | 2008              |
|--|---------------|---------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General fund   |               |               |                   |                   |                  |                   |                   |                   |                   |                   |
| Reserved   | \$ 7,766      | \$ 8,883      | \$ 9,119          | \$ 9,727          | \$ 10,098        | \$ 10,412         | \$ 10,938         | \$ 11,726         | \$ 13,435         | \$ 20,283         |
| Unreserved   | <u>12,493</u> | <u>6,227</u>  | <u>6,531</u>      | <u>7,036</u>      | <u>7,361</u>     | <u>7,605</u>      | <u>7,819</u>      | <u>8,002</u>      | <u>8,244</u>      | <u>8,376</u>      |
| Total general fund   | <u>20,259</u> | <u>15,110</u> | <u>15,650</u>     | <u>16,763</u>     | <u>17,459</u>    | <u>18,017</u>     | <u>18,757</u>     | <u>19,728</u>     | <u>21,679</u>     | <u>28,659</u>     |
| All other governmental funds                               |               |               |                   |                   |                  |                   |                   |                   |                   |                   |
| Reserved   | N/A           | N/A           | 105,627           | 106,755           | 102,013          | 92,542            | 117,199           | 88,082            | 119,321           | 122,450           |
| Unreserved, designated<br>for subsequent yr's expenditures | N/A           | N/A           | -                 | -                 | -                | -                 | -                 | -                 | 577               | 661               |
| Unreserved, reported in:                                   |               |               |                   |                   |                  |                   |                   |                   |                   |                   |
| Special revenue funds                                      | N/A           | N/A           | 2,013             | 11,569            | 9,106            | 6,647             | 1,908             | 10,209            | 5,124             | 3,070             |
| Capital projects funds                                     | N/A           | N/A           | 880               | (27,357)          | (35,594)         | (3,519)           | (28,106)          | 24,746            | 20,226            | 14,641            |
| Permanent funds  | N/A           | N/A           | <u>5,176</u>      | <u>5,348</u>      | <u>5,536</u>     | <u>5,684</u>      | <u>5,860</u>      | <u>6,050</u>      | <u>6,360</u>      | <u>6,484</u>      |
| Total all other governmental funds                         | N/A           | N/A           | <u>113,696</u>    | <u>96,315</u>     | <u>81,061</u>    | <u>101,354</u>    | <u>96,861</u>     | <u>129,087</u>    | <u>151,608</u>    | <u>147,306</u>    |
| Total all governmental funds                               | N/A           | N/A           | <u>\$ 129,346</u> | <u>\$ 113,078</u> | <u>\$ 98,520</u> | <u>\$ 119,371</u> | <u>\$ 115,618</u> | <u>\$ 148,815</u> | <u>\$ 173,287</u> | <u>\$ 175,965</u> |

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

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

|  | 2001             | 2002               | 2003               | 2004             | 2005              | 2006             | 2007             | 2008            |
|--|------------------|--------------------|--------------------|------------------|-------------------|------------------|------------------|-----------------|
| <b>Revenues</b>  |                  |                    |                    |                  |                   |                  |                  |                 |
| Real property tax  | \$ 124,475       | \$ 119,623         | \$ 124,861         | \$ 129,517       | \$ 131,724        | \$ 135,751       | \$ 138,081       | \$ 135,851      |
| Sales and other taxes                                      | 140,142          | 142,694            | 144,022            | 147,213          | 147,468           | 149,934          | 150,620          | 159,940         |
| Departmental   | 31,584           | 32,909             | 33,556             | 34,788           | 36,478            | 36,408           | 39,498           | 43,404          |
| Use of money and property                                  | 10,540           | 5,990              | 2,974              | 2,536            | 3,633             | 6,840            | 9,139            | 7,896           |
| Licenses and permits                                       | 1,567            | 1,588              | 1,569              | 2,069            | 2,269             | 2,636            | 2,289            | 2,676           |
| Federal aid  | 30,292           | 39,076             | 34,842             | 40,512           | 32,379            | 39,925           | 33,671           | 27,514          |
| State aid  | 68,258           | 68,322             | 76,509             | 69,512           | 85,001            | 86,796           | 97,714           | 111,542         |
| Local sources and other                                    | 28,107           | 35,335             | 25,546             | 25,310           | 28,868            | 28,103           | 26,388           | 32,677          |
| Ferry  | -                | -                  | -                  | -                | -                 | -                | 19,287           | -               |
| Total revenues   | <u>434,965</u>   | <u>445,537</u>     | <u>443,879</u>     | <u>451,457</u>   | <u>467,820</u>    | <u>486,393</u>   | <u>516,687</u>   | <u>521,500</u>  |
| <b>Expenditures</b>  |                  |                    |                    |                  |                   |                  |                  |                 |
| Council and clerk  | 1,316            | 1,331              | 1,330              | 1,431            | 1,478             | 1,462            | 1,634            | 1,698           |
| Administration   | 8,444            | 8,891              | 9,243              | 9,349            | 9,043             | 9,492            | 10,062           | 11,201          |
| Law  | 1,663            | 1,726              | 1,653              | 1,763            | 1,816             | 1,752            | 1,743            | 1,865           |
| Information technology                                     | -                | -                  | -                  | -                | -                 | -                | -                | 4,021           |
| Finance  | 6,776            | 6,812              | 6,806              | 7,228            | 7,198             | 7,449            | 7,607            | 5,131           |
| Community development                                      | 24,739           | 32,322             | 38,926             | 25,539           | 21,911            | 28,195           | 27,015           | 26,527          |
| Economic development                                       | 1,868            | 1,843              | 1,536              | 1,655            | 1,482             | 1,530            | 1,560            | 1,226           |
| Environmental services                                     | 29,810           | 28,125             | 30,531             | 29,373           | 29,670            | 28,987           | 32,306           | 34,191          |
| Library  | 11,335           | 11,255             | 10,448             | 10,267           | 9,894             | 10,099           | 10,316           | 10,361          |
| Police   | 56,112           | 58,542             | 59,417             | 62,983           | 63,202            | 67,272           | 69,471           | 78,057          |
| Fire   | 34,092           | 35,542             | 37,288             | 37,734           | 39,316            | 40,300           | 40,909           | 41,231          |
| Emergency communications                                   | 7,634            | 7,615              | 7,651              | 7,881            | 8,360             | 8,682            | 8,943            | 9,419           |
| Parks, recreation and human services                       | 16,096           | 14,935             | 14,439             | 16,375           | 16,031            | 16,690           | 15,961           | 13,971          |
| Undistributed  | 43,716           | 49,288             | 50,127             | 60,193           | 77,583            | 83,520           | 82,340           | 83,619          |
| Allocation to school district                              | 127,300          | 127,300            | 126,100            | 126,100          | 119,100           | 119,100          | 119,100          | 119,100         |
| Capital projects   | 47,867           | 58,222             | 47,788             | 52,344           | 47,769            | 54,165           | 43,907           | 57,219          |
| Debt service:  |                  |                    |                    |                  |                   |                  |                  |                 |
| Principal  | 14,559           | 16,267             | 14,139             | 12,849           | 14,819            | 12,512           | 15,877           | 34,069          |
| Interest   | 5,208            | 6,142              | 4,458              | 3,733            | 4,082             | 3,919            | 7,822            | 6,629           |
| Total expenditures   | <u>438,535</u>   | <u>466,158</u>     | <u>461,880</u>     | <u>466,797</u>   | <u>472,754</u>    | <u>495,126</u>   | <u>496,573</u>   | <u>539,535</u>  |
| Excess of revenues<br>over (under) expenditures            | (3,570)          | (20,621)           | (18,001)           | (15,340)         | (4,934)           | (8,733)          | 20,114           | (18,035)        |
| <b>Other financing sources (uses)</b>                      |                  |                    |                    |                  |                   |                  |                  |                 |
| Transfers in   | 53,642           | 39,543             | 57,531             | 59,029           | 63,068            | 65,932           | 61,804           | 80,600          |
| Transfers out  | (52,445)         | (35,190)           | (54,088)           | (57,802)         | (61,887)          | (66,538)         | (57,446)         | (84,400)        |
| Proceeds of general obligation debt                        | 19,141           | -                  | -                  | 34,964           | -                 | 42,536           | -                | 24,513          |
| Total other financing sources (uses)                       | <u>20,338</u>    | <u>4,353</u>       | <u>3,443</u>       | <u>36,191</u>    | <u>1,181</u>      | <u>41,930</u>    | <u>4,358</u>     | <u>20,713</u>   |
| Net change in fund balances                                | <u>\$ 16,768</u> | <u>\$ (16,268)</u> | <u>\$ (14,558)</u> | <u>\$ 20,851</u> | <u>\$ (3,753)</u> | <u>\$ 33,197</u> | <u>\$ 24,472</u> | <u>\$ 2,678</u> |
| Debt service as a percentage of<br>noncapital expenditures | 5.06%            | 5.49%              | 4.49%              | 4.00%            | 4.45%             | 3.73%            | 5.24%            | 8.44%           |

Note: Prior years' information not available on accrual basis

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

|                     | <b>1999</b>       | <b>2000</b>       | <b>2001</b>       | <b>2002</b>       | <b>2003</b>       | <b>2004</b>       | <b>2005</b>       | <b>2006</b>       | <b>2007</b>       | <b>2008</b>       |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Property Tax        | \$ 127,137        | \$ 125,424        | \$ 124,475        | \$ 119,623        | \$ 142,861        | \$ 129,517        | \$ 131,724        | \$ 135,751        | \$ 138,081        | \$ 135,851        |
| Sales and Other Tax | <u>136,142</u>    | <u>136,141</u>    | <u>140,142</u>    | <u>142,694</u>    | <u>144,022</u>    | <u>147,213</u>    | <u>147,468</u>    | <u>149,934</u>    | <u>150,620</u>    | <u>159,940</u>    |
| Total Taxes         | <u>\$ 263,279</u> | <u>\$ 261,565</u> | <u>\$ 264,617</u> | <u>\$ 262,317</u> | <u>\$ 286,883</u> | <u>\$ 276,730</u> | <u>\$ 279,192</u> | <u>\$ 285,685</u> | <u>\$ 288,701</u> | <u>\$ 295,791</u> |

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

| <b>Fiscal Year</b> | <b>Assessed Value Municipal Purposes</b> | <b>Veterans Exemption (1)</b> | <b>Assessed Value School Purposes</b> | <b>Estimated Actual Value School Purposes</b> | <b>Assessed Value as a Percentage of Actual Value (2)</b> | <b>Total Direct Rate Applied to Base</b> |
|--------------------|--|-------------------------------|---------------------------------------|---|---|--|
| 1999               | \$ 4,988,153                             | \$ 84,452                     | \$ 5,072,605                          | \$ 5,108,363                                  | 99.30%  | 2.78%                                    |
| 2000               | 4,968,557                                | 75,689                        | 5,044,246                             | 4,757,376                                     | 106.03%   | 2.84%                                    |
| 2001               | 4,730,800                                | 71,607                        | 4,802,407                             | 4,751,565                                     | 101.07%   | 2.92%                                    |
| 2002               | 4,722,309                                | 67,179                        | 4,789,488                             | 4,750,062                                     | 100.83%   | 2.90%                                    |
| 2003               | 4,717,404                                | 64,714                        | 4,782,118                             | 4,738,368                                     | 100.92%   | 3.02%                                    |
| 2004               | 4,674,521                                | 60,813                        | 4,735,334                             | 5,068,865                                     | 93.42%  | 3.17%                                    |
| 2005               | 5,042,828                                | 62,979                        | 5,105,807                             | 5,169,391                                     | 98.77%  | 2.97%                                    |
| 2006               | 5,057,648                                | 60,016                        | 5,117,664                             | 5,142,348                                     | 99.52%  | 3.04%                                    |
| 2007               | 5,094,593                                | 56,887                        | 5,151,480                             | 5,284,111                                     | 97.49%  | 3.08%                                    |
| 2008               | 5,135,078                                | 54,377                        | 5,189,455                             | 5,414,142                                     | 95.85%  | 3.05%                                    |

Notes:

- (1) Subject to School Purposes but not General Municipal Purposes.
- (2) Special Equalization Ratios established by New York State Office of Real Property Services.

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

| Fiscal Year    | City of Rochester          |                 |          | Overlapping Rate  | Total Direct & Overlapping Rate |
|----------------|----------------------------|-----------------|----------|-------------------|---------------------------------|
|                | General Municipal Purposes | School Purposes | Total    | Monroe County (1) |                                 |
| 1999 Homestead | \$ 5.78                    | \$ 12.35        | \$ 18.13 | \$ 11.10          | \$ 29.23                        |
| Nonhomestead   | 13.36                      | 29.28           | 42.64    | 11.10             | 53.74                           |
| 2000 Homestead | 6.07                       | 12.36           | 18.43    | 10.49             | 28.92                           |
| Nonhomestead   | 14.12                      | 29.46           | 43.58    | 10.49             | 54.07                           |
| 2001 Homestead | 5.97                       | 12.97           | 18.94    | 10.36             | 29.30                           |
| Nonhomestead   | 13.59                      | 30.27           | 43.86    | 10.36             | 54.22                           |
| 2002 Homestead | 6.01                       | 13.46           | 19.47    | 10.04             | 29.51                           |
| Nonhomestead   | 12.89                      | 29.54           | 42.43    | 10.04             | 52.47                           |
| 2003 Homestead | 6.33                       | 14.19           | 20.52    | 9.93              | 30.45                           |
| Nonhomestead   | 13.38                      | 30.66           | 44.04    | 9.93              | 53.97                           |
| 2004 Homestead | 6.52                       | 14.64           | 21.16    | 10.96             | 32.12                           |
| Nonhomestead   | 14.26                      | 32.68           | 46.94    | 10.96             | 57.90                           |
| 2005 Homestead | 6.34                       | 13.78           | 20.12    | 11.01             | 31.13                           |
| Nonhomestead   | 13.77                      | 30.55           | 44.32    | 11.01             | 55.33                           |
| 2006 Homestead | 6.61                       | 14.38           | 20.99    | 10.94             | 31.93                           |
| Nonhomestead   | 13.92                      | 30.87           | 44.79    | 10.94             | 55.73                           |
| 2007 Homestead | 6.66                       | 14.52           | 21.18    | 9.62              | 30.80                           |
| Nonhomestead   | 14.04                      | 31.14           | 45.18    | 9.62              | 54.80                           |
| 2008 Homestead | 6.83                       | 14.89           | 21.72    | 9.97              | 31.69                           |
| Nonhomestead   | 13.53                      | 30.01           | 43.54    | 9.97              | 53.51                           |

(1) Source: Monroe County Treasury

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

**THE CITY OF ROCHESTER, NEW YORK  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT FISCAL YEAR AND NINE YEARS PRIOR  
JUNE 30, 2008  
(000's Omitted)**

|                               | 2008                   |      |  | 1999                   |      |  |
|-------------------------------|------------------------|------|--|------------------------|------|--|
|                               | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Rochester Gas and Electric    | \$ 527,221             | 1    | 10.26%                                     | \$ 323,828             | 1    | 6.49%                                      |
| Eastman Kodak Co.             | 100,400                | 2    | 1.95%                                      | 212,383                | 2    | 4.26%                                      |
| Frontier Telephone Corp.      | 70,699                 | 3    | 1.38%                                      | 60,131                 | 3    | 1.21%                                      |
| Buckingham Properties         | 27,913                 | 4    | 0.54%                                      | -                      | -    | -  |
| Chase Manhattan               | 21,709                 | 5    | 0.42%                                      | 26,943                 | 4    | 0.54%                                      |
| Maguire Family Properties     | 18,509                 | 6    | 0.36%                                      | -                      | -    | -  |
| Xerox                         | 14,250                 | 7    | 0.28%                                      | 17,500                 | 7    | 0.35%                                      |
| Landsman Development Corp.    | 13,992                 | 8    | 0.27%                                      | -                      | -    | -  |
| CSX                           | 13,594                 | 9    | 0.26%                                      | 13,365                 | 10   | 0.27%                                      |
| Midtown Rochester LLC         | 13,442                 | 10   | 0.26%                                      | 15,635                 | 8    | 0.31%                                      |
| Farash, Jalynn, Brighton Dev. | -                      | -    | -  | 23,521                 | 5    | 0.47%                                      |
| Samloff/Glazer                | -                      | -    | -  | 18,181                 | 6    | 0.36%                                      |
| ITT Automotive                | -                      | -    | -  | 14,039                 | 9    | 0.28%                                      |
| Totals                        | <u>\$ 821,729</u>      |      | <u>16.00%</u>                              | <u>\$ 725,526</u>      |      | <u>14.54%</u>                              |

Note:

- 1) The total taxable assessed value of \$5,136,517,370 was used for fiscal year 2007-08 taxes.
- 2) The total taxable assessed value of \$4,988,153,242 was used for fiscal year 1998-99 taxes.

Source: Assessment Roll of the City of Rochester

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

| Fiscal Year<br>Ended June<br>30 | Total Tax<br>Levy for<br>Fiscal Year (1) | Collected within the Fiscal<br>Year of the Levy |                       | Collections in<br>Subsequent<br>Years | Total Collections to Date |                       | Cancellations<br>and/or<br>Adjustments<br>to Tax Levy (3) | Outstanding<br>Delinquent<br>Taxes<br>(Cumulative) | Percentage<br>of<br>Outstanding<br>Delinquent<br>Taxes to<br>Total Tax |
|---------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|---|--|--|
|                                 |  | Amount  | Percentage<br>of Levy |                                       | Amount (2)                | Percentage<br>of Levy |   |  |  |
| 1999                            | \$ 169,604                               | \$ 156,623                                      | 92.35%                | \$ 8,649                              | \$ 165,272                | 97.45%                | \$ 2,476  | \$ 21,276  | 12.54%   |
| 2000                            | 168,683                                  | 155,449   | 92.15%                | 9,138                                 | 164,587                   | 97.57%                | 3,526   | 21,406   | 12.69%   |
| 2001                            | 163,894                                  | 149,749   | 91.37%                | 9,919                                 | 159,668                   | 97.42%                | 5,631   | 21,912   | 13.37%   |
| 2002                            | 160,732                                  | 146,155   | 90.93%                | 9,645                                 | 155,800                   | 96.93%                | 3,769   | 22,906   | 14.25%   |
| 2003                            | 166,991                                  | 152,270   | 91.18%                | 10,011                                | 162,281                   | 97.18%                | 4,171   | 23,507   | 14.08%   |
| 2004                            | 173,145                                  | 158,479   | 91.53%                | 10,451                                | 168,930                   | 97.57%                | 5,465   | 22,968   | 13.27%   |
| 2005                            | 178,380                                  | 163,293   | 91.54%                | 9,224                                 | 172,517                   | 96.71%                | 4,742   | 23,004   | 12.90%   |
| 2006                            | 184,086                                  | 168,297   | 91.42%                | 9,505                                 | 177,802                   | 96.59%                | 5,009   | 24,102   | 13.09%   |
| 2007                            | 189,822                                  | 174,245   | 91.79%                | 7,037                                 | 181,282                   | 95.50%                | 3,469   | 25,882   | 13.63%   |
| 2008                            | 190,298                                  | 174,902   | 91.91%                | N/A                                   | 174,902                   | 91.91%                | 2,832   | 28,448   | 14.95%   |

Notes:

- (1) Tax exempt properties with an assessed value of \$438,700,750 made payments in lieu of taxes amounting to \$11,308,035 for the fiscal year ending June 30, 2008. If these properties had been fully taxable, total revenues would have increased by \$6,705,483. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.
- (3) Cancellations are chiefly the result of foreclosure by the City and adjustments made for erroneous assessments.

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

| Fiscal Year | Government Activities    |                         | Business-Type Activities |                         | Bond Proceeds for Note Redemption | Total Primary Government | Component Unit Activities |                         | Total Entity | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|-------------------------|--------------------------|-------------------------|-----------------------------------|--------------------------|---------------------------|-------------------------|--------------|-------------------------------|------------|
|             | General Obligation Bonds | Bond Anticipation Notes | General Obligation Bonds | Bond Anticipation Notes |                                   |                          | General Obligation Bonds  | Bond Anticipation Notes |              |                               |            |
| 1999        | N/A                      | N/A                     | N/A                      | N/A                     | \$ -                              | \$ 198,407               | \$ 87,590                 | \$ 70,907               | \$ 356,904   | 5.59%                         | \$ 1,663   |
| 2000        | \$ 65,446                | \$ 29,960               | \$ 81,389                | \$ 11,124               | -                                 | 187,919                  | 98,885                    | 55,480                  | 342,284      | 5.10%                         | 1,589      |
| 2001        | 71,092                   | 65,257                  | 82,054                   | 6,267                   | (29,275)                          | 195,395                  | 116,530                   | 41,433                  | 353,358      | 5.07%                         | 1,631      |
| 2002        | 55,929                   | 45,643                  | 74,661                   | 12,407                  | -                                 | 188,640                  | 94,125                    | 62,616                  | 345,381      | 4.93%                         | 1,605      |
| 2003        | 42,942                   | 54,452                  | 67,488                   | 13,339                  | -                                 | 178,221                  | 77,759                    | 79,805                  | 335,785      | 4.78%                         | 1,574      |
| 2004        | 66,260                   | 82,043                  | 70,104                   | 6,378                   | (47,000)                          | 177,785                  | 133,017                   | 33,314                  | 344,116      | 4.67%                         | 1,624      |
| 2005        | 52,694                   | 49,987                  | 62,672                   | 11,625                  | -                                 | 176,978                  | 114,227                   | 48,542                  | 339,747      | 4.44%                         | 1,621      |
| 2006        | 84,025                   | 58,853                  | 66,223                   | 21,781                  | (41,800)                          | 189,082                  | 147,522                   | 24,296                  | 360,900      | 4.51%                         | 1,734      |
| 2007        | 69,538                   | 27,586                  | 59,402                   | 24,750                  | -                                 | 181,276                  | 131,171                   | 42,743                  | 355,190      | N/A                           | 1,718      |
| 2008        | 80,992                   | 57,712                  | 76,805                   | 7,954                   | (39,220)                          | 184,243                  | 127,319                   | 60,774                  | 372,336      | N/A                           | N/A        |

Note:

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

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

| <b>Fiscal Year</b> | <b>Total Entity General Obligation Debt</b> | <b>Less: Amounts Available for Debt</b> | <b>Total</b> | <b>Percentage of Estimated Actual Taxable Value of Property</b> | <b>Per Capita (1) (2)</b> |
|--------------------|---|---|--------------|---|---------------------------|
| 1999               | \$ 356,904                                  | \$ 55,377                               | \$ 301,527   | 6.04%   | \$ 1,405                  |
| 2000               | 342,284                                     | 61,300                                  | 280,984      | 5.66%   | 1,287                     |
| 2001               | 353,358                                     | 57,847                                  | 295,511      | 6.25%   | 1,364                     |
| 2002               | 345,381                                     | 59,969                                  | 285,412      | 6.04%   | 1,326                     |
| 2003               | 335,785                                     | 62,520                                  | 273,265      | 5.79%   | 1,281                     |
| 2004               | 344,116                                     | 61,354                                  | 282,762      | 6.05%   | 1,334                     |
| 2005               | 339,747                                     | 57,222                                  | 282,525      | 5.60%   | 1,348                     |
| 2006               | 360,900                                     | 51,799                                  | 309,101      | 6.11%   | 1,485                     |
| 2007               | 355,190                                     | 78,666                                  | 276,524      | 5.43%   | 1,337                     |
| 2008               | 372,336                                     | 72,086                                  | 300,250      | 5.85%   | 1,452                     |

Notes:

- 1) Population figure for 1999 is from "Survey of Buying Power" Sales and Marketing Management Magazine.
- 2) Population figures for 2000 - 2007 are from US Census Bureau [www.factfinder.census.gov](http://www.factfinder.census.gov), current year data unavailable, 2007 population used for 2008.

THE CITY OF ROCHESTER, NEW YORK  
 DIRECT AND OVERLAPPING DEBT  
 AS OF JUNE 30, 2008  
 (000's Omitted)

| <b>Jurisdiction</b> | <b>Gross Debt Outstanding</b> | <b>Percentage Applicable to City of Rochester</b> | <b>Amount Applicable to City of Rochester</b> |
|---------------------|-------------------------------|---|---|
| City of Rochester   | \$ 372,336                    | 100.00%   | \$ 372,336                                    |
| County of Monroe    | 429,776                       | 15.20%  | 65,326  |
| Total               | <u>\$ 802,112</u>             |   | <u>\$ 437,662</u>                             |

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

|   | 1999              | 2000              | 2001              | 2002              | 2003              | 2004              | 2005              | 2006              | 2007              | 2008              |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Debt Limit  | \$ 482,083        | \$ 448,240        | \$ 436,660        | \$ 428,504        | \$ 420,086        | \$ 431,025        | \$ 450,269        | \$ 461,655        | \$ 469,406        | \$ 515,947        |
| Total net debt applicable to limit                                      | <u>305,454</u>    | <u>294,923</u>    | <u>309,800</u>    | <u>302,985</u>    | <u>301,442</u>    | <u>308,620</u>    | <u>304,616</u>    | <u>316,237</u>    | <u>313,025</u>    | <u>328,185</u>    |
| Legal debt margin   | <u>\$ 176,629</u> | <u>\$ 153,317</u> | <u>\$ 126,860</u> | <u>\$ 125,519</u> | <u>\$ 118,644</u> | <u>\$ 122,405</u> | <u>\$ 145,653</u> | <u>\$ 145,418</u> | <u>\$ 156,381</u> | <u>\$ 187,762</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 63.36%            | 65.80%            | 70.95%            | 70.71%            | 71.76%            | 71.60%            | 67.65%            | 68.50%            | 66.69%            | 63.61%            |

**Legal Debt Margin Calculation for Fiscal Year 2008**

|  |                   |
|--|-------------------|
| Indebtedness   |                   |
| Borrowings (Bonds and Notes)                           | \$ 372,336 (1)    |
| Contract Liabilities                                   | 43,347 (2)        |
| Deductions and Exclusions                              |                   |
| Water Bonds and Notes                                  | 43,391 (3)        |
| Sanitary Sewer Bonds and Notes                         | 760 (3)           |
| Appropriation  | (4)               |
| Cash and Cash Equivalents                              | <u>43,348 (5)</u> |
| Net Indebtedness                                       | <u>328,184</u>    |
| Debt Limit (9% of five-year average<br>full valuation) | <u>515,947</u>    |
| Debt Contracting Margin                                | <u>\$ 187,763</u> |

Continued

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

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Continued

Notes:

- (1) Represents all bond and note debt of the City. Includes water and sewer debt -- listed above under "Deductions and Exclusions". Also includes bonds and bond anticipation notes issued by the City totaling \$1,095,000, the debt service on which is to be reimbursed to the City by the Rochester Pure Waters District of the County, pursuant to a lease of sewerage facilities to such district by the City.
- (2) Represents amounts due pursuant to contracts for capital improvements or the acquisition of equipment guaranteed by the City and listed under "Deductions and Exclusions".
- (3) Amounts excluded pursuant to Article VIII, Section 5 of State Constitution and Section 136.00 of Local Finance Law.
- (4) Represents outstanding indebtedness not otherwise excluded to the extent current budgetary appropriation, not yet realized as cash, may be applied to pay such indebtedness. Excluded pursuant to Section 136.00 of the Local Finance Law.
- (5) Represents cash on hand to pay principal of outstanding indebtedness not otherwise excluded, and investment of such cash at market value. The source of funds represents: (a) federal grants for projects already bonded; (b) proceeds of bonds and notes to pay outstanding contract liabilities; and (c) proceeds of notes available to pay principal of notes to the extent contracts to be financed with such proceeds were not consummated. The debt is excluded pursuant to Section 136.00 of Local Finance Law.

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

|  | <b>1999</b>   | <b>2000</b>   | <b>2001</b>   | <b>2002</b>   | <b>2003</b>   | <b>2004</b>   | <b>2005</b>   | <b>2006</b>   | <b>2007</b> | <b>2008</b> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|
| Population (1)                                     | 214,600       | 218,475       | 216,761       | 215,227       | 213,440       | 211,894       | 209,662       | 208,123       | 206,759     | 206,759     |
| Total Personal Income<br>Monroe County (2)         | \$ 21,819,665 | \$ 22,904,866 | \$ 23,666,671 | \$ 23,987,737 | \$ 24,191,939 | \$ 25,526,479 | \$ 26,665,606 | \$ 28,099,299 | N/A         | N/A         |
| Per Capita<br>Personal Income<br>Monroe County (2) | 29,740        | 31,132        | 32,168        | 32,572        | 32,891        | 34,758        | 36,476        | 38,496        | N/A         | N/A         |
| School District<br>Enrollment (3)                  | 38,261        | 37,159        | 35,435        | 35,095        | 34,526        | 33,832        | 33,035        | 33,380        | 32,586      | 32,717      |
| Unemployment Rate (4)                              | 6.9%          | 4.5%          | 5.5%          | 7.0%          | 7.2%          | 6.9%          | 6.0%          | 5.8%          | 5.8%        | 7.3%        |
| Employed (4)                                       | 107,000       | 95,000        | 93,500        | 91,200        | 89,900        | 89,700        | 90,300        | 89,100        | 88,500      | 87,500      |

Source:

- 1) Population figure for 1999 from "Survey of Buying Power" Sales and Marketing Management Magazine. 2000 - 2007 figures from US Census Bureau ( [www.factfinder.census.org](http://www.factfinder.census.org) ), current year data unavailable, 2007 population used for 2008.
- 2) US Dept. of Commerce Bureau of Economic Analysis ( [www.bea.gov](http://www.bea.gov) ).
- 3) Rochester City School District ( [www.rcsdk12.org](http://www.rcsdk12.org) ).
- 4) [www.labor.state.ny.us](http://www.labor.state.ny.us) (Average rates computed through October 2008) for City of Rochester.

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

|  | 2008             |      |  | 1999             |      |  |
|--|------------------|------|--|------------------|------|--|
|  | Employees<br>(1) | Rank | Percentage<br>of Total<br>Employment (2) | Employees<br>(1) | Rank | Percentage<br>of Total<br>Employment (2) |
| University of Rochester/Strong Memorial Hospital | 17,802           | 1    | 3.31%                                    | 11,860           | 3    | 2.12%                                    |
| Wegmans Food Markets Inc.                        | 13,642           | 2    | 2.54%                                    | 5,395            | 5    | 0.96%                                    |
| Eastman Kodak Company                            | 12,500           | 3    | 2.33%                                    | 24,600           | 1    | 4.39%                                    |
| Xerox Corporation                                | 7,670            | 4    | 1.43%                                    | 14,150           | 2    | 2.53%                                    |
| ViaHealth  | 6,878            | 5    | 1.28%                                    | 5,795            | 4    | 1.03%                                    |
| Unity Health System                              | 4,879            | 6    | 0.91%                                    | 2,457            | 8    | 0.44%                                    |
| Lifetime Healthcare Cos. Inc.                    | 3,614            | 7    | 0.67%                                    | -                | -    | -  |
| Rochester Institute of Technology                | 3,258            | 8    | 0.61%                                    | 2,291            | 10   | -  |
| Paychex  | 2,866            | 9    | 0.53%                                    | -                | -    | -  |
| Harris Corp. RF Communications Division          | 2,200            | 10   | 0.41%                                    | -                | -    | -  |
| Frontier, a Citizens Communications Company      | -                | -    | -  | 2,878            | 7    | 0.51%                                    |
| Delphi Corporation                               | -                | -    | -  | 3,200            | 6    | 0.57%                                    |
| Bausch & Lomb                                    | -                | -    | -  | 2,300            | 9    | 0.41%                                    |

(1) Source: Rochester Business Journal The Lists - 2008 Edition.

(2) Employment source: [www.labor.state.ny.us](http://www.labor.state.ny.us) employment data as of 12/31/07.

Includes Monroe, Genesee, Livingston, Ontario, Orleans and Wayne counties.

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

|                                    | <b>1999</b>    | <b>2000</b>    | <b>2001</b>    | <b>2002</b>    | <b>2003</b>    | <b>2004</b>    | <b>2005</b>    | <b>2006</b>    | <b>2007</b>    | <b>2008</b>    |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| City Council and Clerk             | 27.5           | 27.4           | 27.3           | 27.3           | 27.3           | 27.2           | 27.2           | 27.2           | 27.2           | 27.2           |
| Administration                     | 203.8          | 191.8          | 190.6          | 206.2          | 200.4          | 200.9          | 191.1          | 188.8          | 184.3          | 218.8          |
| Information Technology             | -              | -              | -              | -              | -              | -              | -              | -              | -              | 54.0           |
| Finance                            | 139.3          | 141.7          | 137.4          | 141.1          | 140.3          | 142.2          | 138.3          | 138.8          | 138.6          | 97.4           |
| Community Development              | 103.3          | 101.0          | 101.6          | 104.2          | 102.2          | 100.7          | 98.5           | 97.9           | 96.6           | 94.7           |
| Economic Development               | 28.9           | 28.3           | 41.7           | 42.2           | 27.2           | 26.2           | 25.7           | 24.7           | 22.8           | 21.9           |
| Environmental Services             | 759.4          | 754.9          | 751.3          | 765.1          | 758.5          | 749.4          | 733.3          | 731.3          | 736.2          | 738.7          |
| Emergency Communications           | 186.6          | 191.9          | 189.7          | 186.8          | 182.7          | 181.6          | 182.9          | 186.4          | 187.6          | 192.6          |
| Police                             | 883.9          | 876.6          | 916.0          | 932.5          | 922.6          | 915.0          | 912.1          | 909.1          | 923.8          | 984.1          |
| Fire                               | 593.2          | 595.3          | 579.4          | 584.7          | 578.1          | 569.6          | 568.3          | 565.5          | 562.5          | 554.2          |
| Library                            | 233.0          | 229.5          | 231.7          | 231.6          | 219.4          | 192.4          | 182.0          | 178.3          | 172.9          | 172.9          |
| Parks, Recreation & Human Services | 335.4          | 349.6          | 337.6          | 335.4          | 313.5          | 301.3          | 295.2          | 295.4          | 277.4          | 199.3          |
| Total                              | <u>3,494.3</u> | <u>3,488.0</u> | <u>3,504.3</u> | <u>3,557.1</u> | <u>3,472.2</u> | <u>3,406.5</u> | <u>3,354.6</u> | <u>3,343.4</u> | <u>3,329.9</u> | <u>3,355.8</u> |
| <br>                               |                |                |                |                |                |                |                |                |                |                |
| <b>Full-time Employees</b>         |                |                |                |                |                |                |                |                |                |                |
| <b>Last Ten Fiscal Years</b>       |                |                |                |                |                |                |                |                |                |                |
| City                               | 3,082          | 3,096          | 3,121          | 3,151          | 3,100          | 3,054          | 3,003          | 2,984          | 2,963          | 2,963          |
| School District                    | 5,833          | 6,023          | 6,221          | 6,303          | 6,068          | 6,013          | 5,864          | 5,825          | 6,099          | 6,073          |
| Total                              | <u>8,915</u>   | <u>9,119</u>   | <u>9,342</u>   | <u>9,454</u>   | <u>9,168</u>   | <u>9,067</u>   | <u>8,867</u>   | <u>8,809</u>   | <u>9,062</u>   | <u>9,036</u>   |

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

|                              | 1999      | 2000      | 2001      | 2002      | 2003      | 2004      | 2005      | 2006      | 2007      | 2008      |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                              |           |           |           |           |           |           |           |           | Estimated |           |
|                              |           |           |           |           |           |           |           |           |           |           |
| Emergency Communications     |           |           |           |           |           |           |           |           |           |           |
| Calls received               | 1,177,490 | 1,206,034 | 1,157,877 | 1,103,665 | 1,148,108 | 1,127,659 | 1,148,793 | 1,210,515 | 1,250,000 | 1,250,000 |
| Police                       |           |           |           |           |           |           |           |           |           |           |
| Calls for service            | 449,552   | 443,307   | 465,568   | 475,341   | 455,290   | 424,851   | 461,855   | 406,141   | 422,900   | 427,100   |
| Reported crimes              | 42,215    | 40,698    | 38,996    | 41,045    | 38,543    | 39,344    | 38,212    | 30,404    | 36,300    | 37,500    |
| Fire                         |           |           |           |           |           |           |           |           |           |           |
| Unit responses               | 47,056    | 43,623    | 43,025    | 43,990    | 45,257    | 45,765    | 45,003    | 46,652    | 45,235    | 47,385    |
| Refuse                       |           |           |           |           |           |           |           |           |           |           |
| Residential accounts         | 53,675    | 53,541    | 53,328    | 52,987    | 52,766    | 52,673    | 52,476    | 53,015    | 52,690    | 52,560    |
| Commercial accounts          | 2,660     | 2,972     | 2,830     | 2,767     | 2,730     | 2,660     | 2,638     | 2,641     | 2,625     | 2,650     |
| Total tonnage                | 115,583   | 118,850   | 117,285   | 116,618   | 117,277   | 120,939   | 116,054   | 113,636   | 119,121   | 119,221   |
| Residential cost per ton     | \$99.22   | \$102.63  | \$99.72   | \$100.05  | \$101.33  | \$101.93  | \$105.14  | \$100.50  | \$108.59  | N/A       |
| Commercial cost per ton      | \$121.29  | \$128.46  | \$126.16  | \$133.90  | \$154.11  | \$157.69  | \$151.81  | \$168.77  | \$169.31  | N/A       |
| Water                        |           |           |           |           |           |           |           |           |           |           |
| Millions of gallons per day  |           |           |           |           |           |           |           |           |           |           |
| Filtration plant production  | 36.50     | 32.93     | 38.59     | 28.27     | 35.64     | 37.35     | 34.50     | 35.58     | 38.46     | 36.35     |
| City water demand            | 30.42     | 30.25     | 29.46     | 30.08     | 33.71     | 32.15     | 30.15     | 29.59     | 30.55     | 30.44     |
| Library                      |           |           |           |           |           |           |           |           |           |           |
| Total circulation            | 1,526,673 | 1,539,099 | 1,612,279 | 1,788,621 | 1,680,872 | 1,667,529 | 1,626,157 | 1,298,760 | 1,315,811 | 1,436,450 |
| Parking                      |           |           |           |           |           |           |           |           |           |           |
| Total parking spaces         | 13,855    | 13,838    | 12,695    | 12,695    | 12,589    | 11,948    | 11,953    | 11,743    | 11,636    | 11,165    |
| Annual car counts            | 3,859,536 | 3,758,619 | 3,031,900 | 3,178,500 | 2,918,164 | 2,993,264 | 2,902,784 | 2,929,728 | 2,741,694 | 2,671,826 |
| Parks and Recreation         |           |           |           |           |           |           |           |           |           |           |
| Convention Center attendance | 269,364   | 280,363   | 275,702   | 260,804   | 279,528   | 312,680   | 325,000   | 363,004   | 300,000   | 300,000   |
| War Memorial                 |           |           |           |           |           |           |           |           |           |           |
| Total attendance             | 560,914   | 605,200   | 629,727   | 557,531   | 410,547   | 573,678   | 498,741   | 437,051   | 529,900   | 503,700   |

Source: City of Rochester Budget.

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

|                          | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> |
|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Miles of streets         | 537         | 539         | 539         | 539         | 539         | 539         | 539         | 539         | 539         | 539         |
| Parking garages          | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           | 8           |
| Libraries                | 11          | 11          | 11          | 11          | 11          | 11          | 11          | 11          | 11          | 11          |
| Fire houses              | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 16          | 15          | 15          |
| City-owned street lights | 11,279      | 11,609      | 11,858      | 12,460      | 12,773      | 13,200      | 10,936      | 15,037      | 11,286      | 15,900      |
| Fire hydrants            | 7,254       | 7,456       | 7,468       | 7,287       | 7,287       | 7,287       | 7,287       | 7,287       | 7,287       | 7,287       |

Source: City of Rochester Budget

# **SINGLE AUDIT REPORTS**



**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Rochester, New York (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 3, 2008, which included a disclaimer of opinion with respect to the schedule of expenditures of New York State and other awards and summary of financial assistance on pages 107 through 115. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 08-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, the significant deficiency described above is not considered to be a material weakness.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated December 3, 2008.

This report is intended solely for the information and use of the members of the City Council, management, others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Freed Maxick & Battaglia, CPAs, PC*

Rochester, New York  
December 3, 2008



**Independent Auditor's Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control Over Compliance in  
Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the City of Rochester, New York (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of audit 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 City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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.

As described in items 08-2 and 08-3 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with the requirements regarding suspension and debarment that is applicable to the 21<sup>st</sup> Century Community Learning Centers Program and allowable costs that are applicable to the Special Education Cluster and the Mathematics and Science Partnerships Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements of that cluster or programs.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2008.

## Internal Control Over Compliance

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

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

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 08-2 and 08-3 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

*Freed Maxick & Battaglia, CPAs, PC*

Rochester, New York  
December 3, 2008

**THE CITY OF ROCHESTER, NEW YORK  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED JUNE 30, 2008**

|   | Grant<br>Number  | CFDA<br>Number | Budget        | REVENUES                    |                 |                             | EXPENDITURES                |                 |                             | Net<br>(Accrued)<br>Deferred<br>Revenue |
|---|------------------|----------------|---------------|-----------------------------|-----------------|-----------------------------|-----------------------------|-----------------|-----------------------------|---|
|   |                  |                |               | Cumulative<br>June 30, 2007 | Current<br>Year | Cumulative<br>June 30, 2008 | Cumulative<br>June 30, 2007 | Current<br>Year | Cumulative<br>June 30, 2008 |   |
| <b>CITY GRANTS</b>                              |                  |                |               |                             |                 |                             |                             |                 |                             |   |
| <b>DEPT. OF HOUSING AND URBAN DEVELOPMENT:</b>  |                  |                |               |                             |                 |                             |                             |                 |                             |   |
| CDBG PY 1995                                    | B-95-MC-36-0003  | 14.218         | \$ 16,320,401 | \$ 16,235,540               | \$ -            | \$ 16,235,540               | \$ 16,235,540               | \$ -            | \$ 16,235,540               | \$ -                                    |
| CDBG PY 1996                                    | B-96-MC-36-0003  | 14.218         | 18,710,449    | 18,475,690                  | 76,700          | 18,552,390                  | 18,475,690                  | 76,700          | 18,552,390                  | -                                       |
| CDBG PY 1997                                    | B-97-MC-36-0003  | 14.218         | 14,209,646    | 14,246,885                  | 52,181          | 14,299,066                  | 14,246,885                  | 52,181          | 14,299,066                  | -                                       |
| CDBG PY 1998                                    | B-98-MC-36-0003  | 14.218         | 12,890,500    | 12,658,356                  | 29,606          | 12,687,962                  | 12,649,766                  | 38,194          | 12,687,960                  | 2                                       |
| CDBG PY 1999                                    | B-99-MC-36-0003  | 14.218         | 14,492,265    | 14,496,938                  | 3               | 14,496,941                  | 14,492,265                  | 4,676           | 14,496,941                  | -                                       |
| CDBG PY 2000                                    | B-00-MC-36-0003  | 14.218         | 13,651,489    | 13,845,721                  | 24,149          | 13,869,870                  | 13,845,609                  | 24,261          | 13,869,870                  | -                                       |
| CDBG PY 2001                                    | B-01-MC-36-0003  | 14.218         | 13,516,000    | 13,535,890                  | 227,165         | 13,763,055                  | 13,535,889                  | 227,165         | 13,763,054                  | 1                                       |
| CDBG PY 2002                                    | B-02-MC-36-0003  | 14.218         | 13,863,000    | 13,291,046                  | 216,647         | 13,507,693                  | 13,303,238                  | 214,647         | 13,517,885                  | (10,192)                                |
| CDBG PY 2003                                    | B-03-MC-36-0003  | 14.218         | 13,968,320    | 17,272,270                  | (1,689,136)     | 15,583,134                  | 15,065,304                  | 387,606         | 15,452,910                  | 130,224                                 |
| CDBG PY 2004                                    | B-04-MC-36-0003  | 14.218         | 13,707,000    | 11,594,548                  | 566,864         | 12,161,412                  | 11,641,301                  | 524,486         | 12,165,787                  | (4,375)                                 |
| CDBG PY 2005                                    | B-05-MC-36-0003  | 14.218         | 13,283,899    | 11,693,905                  | 1,956,389       | 13,650,294                  | 11,843,545                  | 1,819,065       | 13,662,610                  | (12,316)                                |
| CDBG PY 2006                                    | B-06-MC-36-0003  | 14.218         | 11,687,345    | 4,956,713                   | 2,848,133       | 7,804,846                   | 6,356,822                   | 1,442,062       | 7,798,884                   | 5,962                                   |
| CDBG PY 2007                                    | B-07-MC-36-0003  | 14.218         | 11,370,989    | -                           | 5,978,503       | 5,978,503                   | -                           | 5,991,270       | 5,991,270                   | (12,767)                                |
| Section 108 Loan Program                        | B-95-MC-36-0003  | 14.158         | 1,300,000     | 1,290,000                   | -               | 1,290,000                   | 1,290,000                   | -               | 1,290,000                   | -                                       |
| Section 108 Loan Program                        | B-99-MC-36-0003B | 14.158         | 2,000,000     | 1,000,000                   | -               | 1,000,000                   | 1,000,000                   | -               | 1,000,000                   | -                                       |
| Section 108 EDI Program                         | B-95-ED-36-0019  | 14.158         | 475,000       | 472,500                     | -               | 472,500                     | 472,500                     | -               | 472,500                     | -                                       |
| Section 108 EDI Program                         | B-99-ED-36-0017  | 14.158         | 500,000       | 250,000                     | -               | 250,000                     | 250,000                     | -               | 250,000                     | -                                       |
| Section 108 EDI Program                         | B-00-ED-36-0038  | 14.158         | 1,925,000     | 1,500,000                   | -               | 1,500,000                   | 1,500,000                   | -               | 1,500,000                   | -                                       |
| EDI Special Projects                            | B-05-SPNY-0568   | 14.158         | 99,200        | 99,200                      | -               | 99,200                      | 99,200                      | -               | 99,200                      | -                                       |
| Emergency Shelter                               | S-06-MC-36-0005  | 14.146         | 422,446       | 285,452                     | 136,994         | 422,446                     | 285,196                     | 137,250         | 422,446                     | -                                       |
| Emergency Shelter                               | S-06-MC-36-0006  | 14.146         | 426,425       | -                           | 280,519         | 280,519                     | -                           | 280,519         | 280,519                     | -                                       |
| Home Program 1992                               | M-92-MC-36-0504  | 14.239         | 2,913,000     | 2,912,230                   | -               | 2,912,230                   | 2,912,230                   | -               | 2,912,230                   | -                                       |
| Home Program 1995                               | M-95-MC-36-0504  | 14.239         | 2,879,000     | 2,878,862                   | -               | 2,878,862                   | 2,878,862                   | -               | 2,878,862                   | -                                       |
| Home Program 1996                               | M-96-MC-36-0504  | 14.239         | 3,090,000     | 3,088,275                   | -               | 3,088,275                   | 3,088,275                   | -               | 3,088,275                   | -                                       |
| Home Program 1997                               | M-97-MC-36-0504  | 14.239         | 3,296,292     | 3,289,168                   | 7,124           | 3,296,292                   | 3,289,168                   | 7,124           | 3,296,292                   | -                                       |
| Home Program 1998                               | M-98-MC-36-0504  | 14.239         | 3,413,000     | 3,368,244                   | 43,730          | 3,411,974                   | 3,368,244                   | 43,730          | 3,411,974                   | -                                       |
| Home Program 1999                               | M-99-MC-36-0504  | 14.239         | 3,710,000     | 3,675,565                   | -               | 3,675,565                   | 3,675,565                   | -               | 3,675,565                   | -                                       |
| Home Program 2000                               | M-00-MC-36-0504  | 14.239         | 3,882,000     | 3,847,510                   | 11,835          | 3,859,345                   | 3,847,510                   | 11,835          | 3,859,345                   | -                                       |
| Home Program 2001                               | M-01-MC-36-0504  | 14.239         | 4,148,000     | 3,811,312                   | 266,336         | 4,077,648                   | 3,811,312                   | 266,336         | 4,077,648                   | -                                       |
| Home Program 2002                               | M-02-MC-36-0504  | 14.239         | 3,917,000     | 3,638,555                   | 83,672          | 3,722,227                   | 3,638,555                   | 83,672          | 3,722,227                   | -                                       |
| Home Program 2003                               | M-03-MC-36-0504  | 14.239         | 3,793,619     | 2,793,709                   | 391,079         | 3,184,788                   | 2,793,709                   | 391,079         | 3,184,788                   | -                                       |
| Home Program 2004                               | M-04-MC-36-0504  | 14.239         | 4,115,135     | 2,371,818                   | 825,009         | 3,196,827                   | 2,371,818                   | 825,009         | 3,196,827                   | -                                       |
| Home Program 2005                               | M-05-MC-36-0504  | 14.239         | 3,760,753     | 1,608,517                   | 1,774,727       | 3,383,244                   | 1,608,517                   | 1,774,727       | 3,383,244                   | -                                       |
| Home Program 2006                               | M-06-MC-36-0504  | 14.239         | 3,760,753     | 2,164,537                   | 195,380         | 2,359,917                   | 1,424,391                   | 935,526         | 2,359,917                   | -                                       |
| Home Program 2007                               | M-07-MC-36-0504  | 14.239         | 3,364,582     | -                           | 2,198,709       | 2,198,709                   | -                           | 1,604,184       | 1,604,184                   | 594,525                                 |
| Lead Hazard Demonstration                       | NYLHD0003-03     | 14.905         | 2,568,248     | 1,037,437                   | 969,559         | 2,006,996                   | 1,215,064                   | 767,789         | 1,982,853                   | 24,143                                  |
| Lead Hazard Control                             | NYLHB0240-03     | 14.905         | 2,918,423     | 1,777,467                   | 969,556         | 2,747,023                   | 1,936,714                   | 776,985         | 2,713,699                   | 33,324                                  |
| Lead Hazard Demonstration II                    | NYLHD0025-04     | 14.905         | 2,499,310     | 797,780                     | 427,825         | 1,225,605                   | 825,075                     | 409,623         | 1,234,698                   | (9,093)                                 |
| Lead Hazard Control 2                           | NYLHB0379-07     | 14.905         | 1,606,710     | -                           | -               | -                           | -                           | -               | -                           | -                                       |
| HOPWA   | NY06H02F006      | 14.241         | 610,944       | 504,559                     | 70,107          | 574,666                     | 504,559                     | 70,107          | 574,666                     | -                                       |
| HOPWA   | NY06H02F007      | 14.241         | 601,687       | 17,970                      | 536,010         | 553,980                     | 17,970                      | 536,010         | 553,980                     | -                                       |
| HOPWA   | NY06H02F008      | 14.241         | 605,000       | -                           | 18,150          | 18,150                      | -                           | 18,150          | 18,150                      | -                                       |
| <b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b> |                  |                |               |                             |                 |                             |                             |                 |                             |   |
| Substance Abuse                                 | 1-H79-SP13209-01 | 93.276         | 500,000       | 126,473                     | 100,890         | 227,363                     | 107,038                     | 77,066          | 184,104                     | 43,259                                  |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

|   | Grant Number      | CFDA Number | Budget     | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|---|-------------------|-------------|------------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|   |                   |             |            | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>DEPARTMENT OF HOMELAND SECURITY</b>          |                   |             |            |                          |              |                          |                          |              |                          |                                |
| Medical Response (PASS THROUGH)                 | WM05-1161-D00     | 97.071      | 203,000    | -                        | 123,302      | 123,302                  | -                        | 137,480      | 137,480                  | (14,178)                       |
| Water -SUASP-2005 (PASS THROUGH)                | C834454           | 97.067      | 500,000    | -                        | 39,687       | 39,687                   | -                        | 39,687       | 39,687                   | -                              |
| Water -SUASP-2006 (PASS THROUGH)                | C834464           | 97.067      | 280,000    | -                        | 279,296      | 279,296                  | -                        | 279,296      | 279,296                  | -                              |
| LETPP-2006                                      | C153761           | 97.074      | 100,000    | -                        | 100,000      | 100,000                  | -                        | 100,000      | 100,000                  | -                              |
| AFG - Fire Prevention                           | EMW-2006-FP-01146 | 97.046      | 70,000     | -                        | 5,674        | 5,674                    | -                        | 66,184       | 66,184                   | (60,510)                       |
| AFG - Emergency Generators                      | EMW-2006-FG07442  | 97.046      | 120,000    | -                        | 120,000      | 120,000                  | -                        | 120,000      | 120,000                  | -                              |
| <b>U.S. DEPARTMENT OF JUSTICE</b>               |                   |             |            |                          |              |                          |                          |              |                          |                                |
| Justice Assistance Grant-2                      | 05-DJ-BX-0524     | 16.592      | 218,034    | 50,118                   | 167,916      | 218,034                  | 185,743                  | 32,291       | 218,034                  | -                              |
| Justice Assistance Grant-3                      | 06-DJ-BX-0849     | 16.592      | 142,051    | -                        | 142,051      | 142,051                  | 83,916                   | 58,135       | 142,051                  | -                              |
| Justice Assistance Grant-4                      | 07-DJ-BX-0430     | 16.592      | 248,800    | -                        | 138,116      | 138,116                  | -                        | 118,789      | 118,789                  | 19,327                         |
| ATF 06/07                                       |                   | 16.012      | 46,000     | 41,506                   | -            | 41,506                   | 41,506                   | 4,491        | 45,997                   | (4,491)                        |
| ATF 07/08                                       |                   | 16.012      | 47,000     | -                        | 20,096       | 20,096                   | -                        | 40,804       | 40,804                   | (20,708)                       |
| OCDETF  | NY-NYW-201        | 16.012      | 20,000     | -                        | 19,984       | 19,984                   | -                        | 19,984       | 19,984                   | -                              |
| OCDETF  | NY-NYW-202        | 16.012      | 20,000     | -                        | 19,981       | 19,981                   | -                        | 19,981       | 19,981                   | -                              |
| Weed & Seed Year 8 SW                           | 04-WS-Q4-0135     | 16.595      | 225,000    | 223,461                  | (1,593)      | 221,868                  | 223,461                  | (1,539)      | 221,922                  | (54)                           |
| Weed & Seed Year 8 NE                           | 04-WS-Q4-0136     | 16.595      | 225,000    | 224,169                  | (831)        | 223,338                  | 224,169                  | (831)        | 223,338                  | -                              |
| Weed & Seed Year 9 & 10 SW                      | 05-WS-Q5-0226     | 16.595      | 224,998    | 72,414                   | 138,946      | 211,360                  | 132,804                  | 85,764       | 218,568                  | (7,208)                        |
| Weed & Seed Year 9 & 10 NE                      | 05-WS-Q5-0233     | 16.595      | 225,000    | 95,969                   | 118,103      | 214,072                  | 122,783                  | 94,336       | 217,119                  | (3,047)                        |
| Weed & Seed Anti-Gang SW                        | 05-WS-Q5-0181     | 16.595      | 80,000     | -                        | 78,400       | 78,400                   | -                        | 77,984       | 77,984                   | 416                            |
| Weed & Seed Anti-Gang NE                        | 05-WS-Q5-0188     | 16.595      | 79,903     | -                        | 79,780       | 79,780                   | -                        | 79,870       | 79,870                   | (90)                           |
| PASS THROUGH (FROM DCJS)                        |                   |             |            |                          |              |                          |                          |              |                          |                                |
| Youth Violence                                  | C-521982          | 16.523      | 103,700    | 74,383                   | -            | 74,383                   | 74,383                   | 29,317       | 103,700                  | (29,317)                       |
| Edward Byrne Memorial Grant                     | 2007-DD-BX-0687   | 16.580      | 324,143    | -                        | -            | -                        | -                        | 31,212       | 31,212                   | (31,212)                       |
| Edward Byrne Truancy/Narcotics                  | C920230           | 16.580      | 150,000    | -                        | -            | -                        | -                        | 56,977       | 56,977                   | (56,977)                       |
| Project Safe Neighborhood - Police              | 2006-PG-BX-0025   | 16.609      | 46,617     | -                        | -            | -                        | -                        | 44,828       | 44,828                   | (44,828)                       |
| Project Safe Neighborhood - PTP                 |                   | 16.609      | 40,924     | -                        | -            | -                        | -                        | 40,925       | 40,925                   | (40,925)                       |
| COPS - Spotshotter                              | 2005-CK-WX-0114   | 16.609      | 305,859    | 156,329                  | 149,530      | 305,859                  | 305,859                  | -            | 305,859                  | -                              |
| Juvenile Accountability                         | C-520638          | 16.523      | 17,130     | -                        | 17,130       | 17,130                   | 17,130                   | -            | 17,130                   | -                              |
| Juvenile Accountability                         | C-520639          | 16.523      | 16,681     | -                        | 15,013       | 15,013                   | -                        | -            | -                        | 15,013                         |
| Stop Violence Against Women                     | C-554639          | 16.588      | 52,200     | -                        | 51,015       | 51,015                   | 16,574                   | 34,262       | 50,836                   | 179                            |
| Stop Violence Against Women                     | C-554638          | 16.588      | 69,600     | 69,000                   | -            | 69,000                   | 50,363                   | 19,237       | 69,600                   | (600)                          |
| Stop Violence Against Women                     | C-554640          | 16.588      | 69,600     | -                        | 34,586       | 34,586                   | -                        | -            | -                        | 34,586                         |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>        |                   |             |            |                          |              |                          |                          |              |                          |                                |
| NYS DEPARTMENT OF TRANSPORTATION (Pass Through) |                   |             |            |                          |              |                          |                          |              |                          |                                |
| Buffalo Road/West Avenue - 4512.19              | D010729           | 20.205      | 3,814,400  | 3,348,474                | -            | 3,348,474                | 3,348,474                | -            | 3,348,474                | -                              |
| Broad Street Tunnel - 4751.87                   | D009279           | 20.205      | 1,166,400  | 691,624                  | 153,934      | 845,558                  | 691,624                  | 153,934      | 845,558                  | -                              |
| Ford Street Bridge - 4752.52                    | D011399           | 20.205      | 8,800,000  | 8,420,025                | (12,546)     | 8,407,479                | 8,420,025                | (12,546)     | 8,407,479                | -                              |
| Lake Avenue - 4752.49                           | D011414           | 20.205      | 14,069,226 | 13,307,527               | 48,941       | 13,356,468               | 13,307,527               | 48,941       | 13,356,468               | -                              |
| Port  | D013858           | 20.205      | 18,887,000 | 18,222,821               | -            | 18,222,821               | 18,222,821               | -            | 18,222,821               | -                              |
| West Ridge Road                                 | D013560           | 20.205      | 20,037,600 | 18,085,373               | 531,144      | 18,616,517               | 18,085,373               | 531,144      | 18,616,517               | -                              |
| Broad Street Bridge                             | D013824           | 20.205      | 993,504    | 25,781                   | 19,631       | 45,412                   | 25,781                   | 19,631       | 45,412                   | -                              |
| CBD Signs                                       | D017579           | 20.205      | 661,900    | 158,243                  | 246,023      | 404,266                  | 158,243                  | 246,023      | 404,266                  | -                              |
| Lexington Avenue                                | D017499           | 20.205      | 4,276,061  | 4,402,593                | 34,512       | 4,437,105                | 4,402,593                | 34,512       | 4,437,105                | -                              |
| Chili Avenue                                    | D014967           | 20.205      | 5,887,800  | 5,815,322                | 58,546       | 5,873,868                | 5,815,322                | 60,670       | 5,875,992                | (2,124)                        |
| Elmwood Avenue Bridge                           | D013825           | 20.205      | 2,300,000  | 2,279,642                | 411          | 2,280,053                | 2,279,642                | 411          | 2,280,053                | -                              |
| Port Intel Trans System                         | D022323           | 20.205      | 937,500    | 185                      | 2,312        | 2,497                    | 185                      | 2,312        | 2,497                    | -                              |
| Mt. Hope Ave. & E. Henrietta Road               | D022408           | 20.205      | 480,000    | 287,789                  | 110,523      | 398,312                  | 287,789                  | 110,523      | 398,312                  | -                              |
| Smith Street Bridge                             | D024554           | 20.205      | 10,350,000 | 584,965                  | 3,805,405    | 4,390,370                | 584,965                  | 3,805,405    | 4,390,370                | -                              |
| Atlantic Avenue II                              | D030045           | 20.205      | 590,357    | -                        | 590,357      | 590,357                  | -                        | 590,357      | 590,357                  | -                              |
| PL - 2006-07                                    | D125071           | 20.205      | 113,454    | -                        | 100,504      | 100,504                  | -                        | 100,504      | 100,504                  | -                              |

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

|  | Grant Number    | CFDA Number  | Budget      | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|--|-----------------|--------------|-------------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|  |                 |              |             | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>              |                 |              |             |                          |              |                          |                          |              |                          |                                |
| Brownfield Grant 430-01                                  | BF98298403      | 66.811       | 280,000     | 248,967                  | 21,244       | 270,211                  | 260,182                  | 9,083        | 269,265                  | 946                            |
| Brownfield Grant 430-02                                  | BF97298603      | 66.811       | 400,000     | 198,034                  | 194,421      | 392,455                  | 195,653                  | 198,640      | 394,293                  | (1,838)                        |
| Brownfield Grant 430-03                                  | BF97259406      | 66.811       | 200,000     | -                        | 704          | 704                      | -                        | 3,029        | 3,029                    | (2,325)                        |
| Brownfield Grant 430-04                                  | BF97259406      | 66.811       | 200,000     | 982                      | 37,896       | 38,878                   | 1,906                    | 41,962       | 43,868                   | (4,990)                        |
| Brownfield Grant 430-05                                  | BF97257506      | 66.811       | 200,000     | 190,338                  | 3,017        | 193,355                  | 190,338                  | 5,680        | 196,018                  | (2,663)                        |
| Brownfield Grant 430-06                                  | BF97249307      | 66.811       | 200,000     | -                        | 16,417       | 16,417                   | -                        | 16,711       | 16,711                   | (294)                          |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                      |                 |              |             |                          |              |                          |                          |              |                          |                                |
| PASS THROUGH (From NYS Dept. of Education)               |                 |              |             |                          |              |                          |                          |              |                          |                                |
| 21st Century Grant RASA I                                | 0187041010      | 84.287       | 7,785,000   | 5,479,281                | 303,320      | 5,782,601                | 5,718,661                | 397,573      | 6,116,234                | (333,633)                      |
| 21st Century Grant RASA II                               | 0187052018      | 84.287       | 4,032,171   | 4,772,431                | 465,436      | 5,237,867                | 3,964,843                | 733,449      | 4,698,292                | 539,575                        |
| 21st Century Grant Summer                                | 0187052020      | 84.287       | 407,660     | -                        | 275,908      | 275,908                  | -                        | 311,182      | 311,182                  | (35,274)                       |
| <b>U.S. DEPARTMENT OF AGRICULTURE:</b>                   |                 |              |             |                          |              |                          |                          |              |                          |                                |
| Summer Food Service                                      | 36-079500       | 10.555       | 400,541     | -                        | 400,541      | 400,541                  | -                        | 400,541      | 400,541                  | -                              |
| SUBTOTAL CITY GRANTS                                     |                 |              | 362,514,644 | 298,438,388              | 28,859,198   | 327,297,586              | 297,343,964              | 29,258,169   | 326,602,133              | 695,453                        |
| <b>CITY SCHOOL DISTRICT GRANTS</b>                       |                 |              |             |                          |              |                          |                          |              |                          |                                |
| <b>PROJECTS CLOSED AS OF JUNE 30, 2008</b>               |                 |              |             |                          |              |                          |                          |              |                          |                                |
| <b>DIRECT FEDERAL PROJECTS</b>                           |                 |              |             |                          |              |                          |                          |              |                          |                                |
| <b>U.S. DEPARTMENT OF EDUCATION:</b>                     |                 |              |             |                          |              |                          |                          |              |                          |                                |
| IMPACT AID   |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0820 Impact Aid   | S041B-2005-3427 | 84.040       | 23,211      | \$ 23,211                | \$ (5,714)   | \$ 17,497                | \$ 10,466                | \$ 7,031     | \$ 17,497                | \$ -                           |
| OTHER DIRECT FEDERAL                                     |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0197 Foreign Languages Assistance Program (FLAP)        | 293B060047      | 84.293B      | 28,768      | 16,366                   | 14,579       | 30,945                   | 19,157                   | 11,788       | 30,945                   | -                              |
| G0335 Native American Resource Center                    | S060A042183     | 84.060A      | 101,364     | 80,482                   | 14,680       | 95,162                   | 96,169                   | (1,007)      | 95,162                   | -                              |
| G0358 Resilience Through Reading Proj.                   | 364A060392      | 84.364A      | 299,502     | 270,580                  | 25,312       | 295,892                  | 280,934                  | 14,958       | 295,892                  | -                              |
| G0374 Arts Model Development                             | 351D060136      | 351D         | 267,062     | 180,330                  | 37,800       | 218,130                  | 217,019                  | 1,111        | 218,130                  | -                              |
| G0385 Surv. Study, Invest & Special Purpose              | X897290504      | 8-97290504-( | 7,752       | 6,534                    | 1,218        | 7,752                    | -                        | -            | 7,752                    | -                              |
| G0477 USDE Tch Amer Hist Prj Pride                       | U215X040285     | 84.215X      | 468,267     | 340,784                  | 108,445      | 449,229                  | 351,080                  | 98,149       | 449,229                  | -                              |
| G0451 Integrated Schools with Mental Health              | 215M060046      | 84.215M      | 283,555     | 72,705                   | 192,200      | 264,905                  | 74,289                   | 190,616      | 264,905                  | -                              |
| <b>FEDERAL FLOW THROUGH PROJECTS</b>                     |                 |              |             |                          |              |                          |                          |              |                          |                                |
| ESEA TITLE I   |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0202-298 Title I  | 0021-07-1395    | 84.010A      | 32,106,389  | 23,526,329               | 3,972,594    | 27,498,923               | 25,953,514               | 1,545,409    | 27,498,923               | -                              |
| ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES              |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0201 Title V -No Child Left Behind                      | 0002-07-1395    | 84.298A      | 169,269     | 104,696                  | 10,338       | 115,034                  | 113,138                  | 1,896        | 115,034                  | -                              |
| ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS                   |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0450 Safe & Drug Free Schools & Communities             | 0180-07-1395    | 84.186A      | 433,279     | 212,536                  | 174,695      | 387,231                  | 288,992                  | 98,239       | 387,231                  | -                              |
| INDIVIDUALS WITH DISABILITIES EDUCATION ACT              |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0305 Support Services Handicapped                       | 0032-07-0370    | 84.027A      | 9,561,643   | 7,480,146                | 1,213,718    | 8,693,864                | 8,227,836                | 466,028      | 8,693,864                | -                              |
| G0340 Pre-School Handicapped                             | 0033-07-0370    | 84.173A      | 620,680     | 375,722                  | 244,959      | 620,681                  | 466,087                  | 154,594      | 620,681                  | -                              |
| G0362 Special Education Quality Assurance Implementation | 0031-07-2855    | 84.027A      | 115,000     | 34,957                   | 79,278       | 114,235                  | 114,465                  | (230)        | 114,235                  | -                              |
| G0390 Pre-School Administration                          | 0232-07-0370    | 84.173A      | 106,871     | 84,916                   | 21,833       | 106,749                  | 107,949                  | (1,200)      | 106,749                  | -                              |
| G0586 Medicaid Grant                                     | 0031-07-4016    | 84.027A      | 44,550      | 40,938                   | -            | 40,938                   | 40,508                   | 430          | 40,938                   | -                              |
| VOCATIONAL EDUCATION                                     |                 |              |             |                          |              |                          |                          |              |                          |                                |
| G0707 VATEA / Secondary Formula                          | 8000-07-0024    | 84.048A      | 818,099     | 601,463                  | 128,597      | 730,060                  | 737,007                  | (6,947)      | 730,060                  | -                              |
| G0754 VATEA / Adult Formula                              | 8000-07-9020    | 84.048A      | 217,149     | 183,972                  | 23,963       | 207,935                  | 207,970                  | (35)         | 207,935                  | -                              |
| G0767 Perkins 3 Tech Prep Planning                       | 8080-07-3002    | 84.243A      | 165,000     | 113,324                  | 34,436       | 147,760                  | 147,760                  | -            | 147,760                  | -                              |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

|  | Grant Number  | CFDA Number | Budget     | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|--|---------------|-------------|------------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|  |               |             |            | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>WORKFORCE INVESTMENT ACT</b>                      |               |             |            |                          |              |                          |                          |              |                          |                                |
| G0701WIA, Title II, Incarcerated & Institutionalized | 0138070015    | 84.002A     | 56,523     | 37,777                   | 18,135       | 55,912                   | 55,911                   | 1            | 55,912                   | -                              |
| G0722WIA, Title II, Adult Education & Literacy       | 2338071178    | 84.002A     | 214,302    | 192,871                  | 20,299       | 213,170                  | 213,600                  | (430)        | 213,170                  | -                              |
| G0748WIA - One Stop Center                           | 2338076113    | 84.002A     | 38,624     | 33,296                   | 5,328        | 38,624                   | 38,875                   | (251)        | 38,624                   | -                              |
| G0779WIA-Title 2 Workplace Literacy                  | 2338074102    | 84.002A     | 54,227     | 45,663                   | 6,039        | 51,702                   | 51,701                   | 1            | 51,702                   | -                              |
| <b>OTHER FEDERAL FLOW THROUGH STATE</b>              |               |             |            |                          |              |                          |                          |              |                          |                                |
| G0042 Fast Track Rochester                           | JJ05441700    | 16.540      | 185,274    | 73,739                   | 96,023       | 169,762                  | 148,457                  | 21,305       | 169,762                  | -                              |
| G0120 Title II-D - Technology                        | 0292-07-1395  | 84.318X     | 408,681    | 256,405                  | 128,253      | 384,658                  | 379,567                  | 5,091        | 384,658                  | -                              |
| G0155 Comprehensive School Reform CO/School Imp      | 0223-07-4155  | 84.332A     | 135,000    | 66,929                   | 39,351       | 106,280                  | 74,407                   | 31,873       | 106,280                  | -                              |
| G0189 CSRD ATLAS No 46                               | 0223-07-6022  | 84.332A     | 201,040    | 97,604                   | 87,663       | 185,267                  | 95,053                   | 90,214       | 185,267                  | -                              |
| G0190 CSRD ELOB Eng & Mfg                            | 0223-07-6024  | 84.332A     | 201,040    | 93,869                   | 102,264      | 196,133                  | 88,365                   | 107,768      | 196,133                  | -                              |
| G0191 CSRD ATLAS Franklin Global Med                 | 0223-07-6021  | 84.332A     | 201,040    | 83,580                   | 81,857       | 165,437                  | 75,317                   | 90,120       | 165,437                  | -                              |
| G0192 CSRD ELOB Douglas                              | 0223-07-6023  | 84.332A     | 110,000    | 78,014                   | 3,856        | 81,870                   | 81,720                   | 150          | 81,870                   | -                              |
| G0199 Title III Bilingual                            | 0293-07-1395  | 84.365A     | 889,544    | 259,905                  | 371,072      | 630,977                  | 491,926                  | 139,051      | 630,977                  | -                              |
| G0200 Title II -No Child Left Behind                 | 0147-07-1395  | 84.367A     | 5,499,915  | 3,582,134                | 1,184,619    | 4,766,753                | 4,062,041                | 704,712      | 4,766,753                | -                              |
| G0300 Title I Improvement and Choice                 | 0011-07-2016  | 84.348A     | 800,000    | 160,000                  | 608,125      | 768,125                  | 110,137                  | 657,988      | 768,125                  | -                              |
| G0302 Title I Improvement and Choice                 | 0011068016    | 84.348A     | 294,000    | 293,499                  | -            | 293,499                  | 293,498                  | 1            | 293,499                  | -                              |
| G0310 SETRC  | 0C00752007    | 84.029      | 474,329    | 377,097                  | (13,576)     | 363,521                  | 363,521                  | -            | 363,521                  | -                              |
| G0338 Urban Forum                                    | 0020-07-8000  | 84.010A     | 14,775     | 2,955                    | 5,270        | 8,225                    | 4,740                    | 3,485        | 8,225                    | -                              |
| G0349 LSTA Better Records                            | 0070080016    | 45310       | 10,000     | 2,000                    | 8,000        | 10,000                   | 689                      | 9,311        | 10,000                   | -                              |
| G0360 Homeless Children                              | 0212-07-3919  | 84.196A     | 100,000    | 62,122                   | 39,476       | 101,598                  | 122,533                  | (20,935)     | 101,598                  | -                              |
| G0364 Reading First                                  | 0243-07-0028  | 84.357A     | 3,750,000  | 3,084,600                | 499,580      | 3,584,180                | 3,565,091                | 19,089       | 3,584,180                | -                              |
| G0441 Harvard Principals Consortium School #9        | 0122063019    | 84.010A     | 4,857      | 3,262                    | -            | 3,262                    | 4,557                    | (1,295)      | 3,262                    | -                              |
| G0449 Persistently Dangerous Schools                 | 0189071001    | 84.186A     | 200,000    | 40,000                   | 100,016      | 140,016                  | 7,389                    | 132,627      | 140,016                  | -                              |
| G0734 Rochester Works Law Prep at Marshall           | RWLAW0701     | 84.002A     | 11,093     | 10,595                   | -            | 10,595                   | 10,595                   | -            | 10,595                   | -                              |
| <b>OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION</b>  |               |             |            |                          |              |                          |                          |              |                          |                                |
| G0147 Smaller Learning Communities                   | V215L050016   | 84.215L     | 233,528    | 266,660                  | (43,072)     | 223,588                  | 233,122                  | (9,534)      | 223,588                  | -                              |
| G0321 U of R / NIMH                                  | URNIMHO701    | 93.242      | 175,527    | 140,684                  | 30,654       | 171,338                  | 171,338                  | -            | 171,338                  | -                              |
| G0359 IMLS Laura Bush 21st Century Librarians        | 0106007606    | 45.313      | 13,799     | -                        | 2,038        | 2,038                    | 2,038                    | -            | 2,038                    | -                              |
| G0525 BOCES Mid-West Regional Support-Math           | 0706380BOC    | 84.367A     | 11,250     | -                        | 7,223        | 7,223                    | 7,223                    | -            | 7,223                    | -                              |
| <b>PROJECTS OPEN AS OF JUNE 30, 2008</b>             |               |             |            |                          |              |                          |                          |              |                          |                                |
| <b>DIRECT FEDERAL PROJECTS</b>                       |               |             |            |                          |              |                          |                          |              |                          |                                |
| <b>U.S. DEPARTMENT OF EDUCATION:</b>                 |               |             |            |                          |              |                          |                          |              |                          |                                |
| <b>IMPACT AID</b>                                    |               |             |            |                          |              |                          |                          |              |                          |                                |
| E0820 Impact Aid                                     | S041B20053427 | 84.040      | \$ 23,211  | \$ -                     | \$ 26,372    | \$ 26,372                | \$ -                     | \$ 16,347    | \$ 16,347                | \$ 10,026                      |
| <b>OTHER DIRECT FEDERAL</b>                          |               |             |            |                          |              |                          |                          |              |                          |                                |
| E0142 Schools on Safety Project                      | 184V070005    | 84.184V     | 521,112    | -                        | 86,551       | 86,551                   | -                        | 117,912      | 117,912                  | (31,361)                       |
| E0197 Foreign Lang. Assist Prog                      | 293B060047    | 84.293B     | 226,678    | -                        | 53,869       | 53,869                   | -                        | 79,343       | 79,343                   | (25,474)                       |
| E0335 Native American Resource Ctr                   | 060A072183    | 84.060A     | 76,775     | -                        | 51,251       | 51,251                   | -                        | 74,721       | 74,721                   | (23,470)                       |
| E0358 Resilience/Motivation Reading                  | 364A070348    | 84.364A     | 300,000    | -                        | 172,632      | 172,632                  | -                        | 279,209      | 279,209                  | (106,577)                      |
| E0374 Arts Model Development                         | 351D060136    | 84.351B     | 251,655    | -                        | 122,161      | 122,161                  | -                        | 212,732      | 212,732                  | (90,571)                       |
| E0448 Carol White Phys Ed Program                    | 215F070018    | 84.215F     | 172,099    | -                        | 12,114       | 12,114                   | -                        | 148,343      | 148,343                  | (136,229)                      |
| <b>FEDERAL FLOW THROUGH PROJECTS</b>                 |               |             |            |                          |              |                          |                          |              |                          |                                |
| <b>ESEA TITLE I</b>                                  |               |             |            |                          |              |                          |                          |              |                          |                                |
| E0202-298 Title I                                    | 0021-08-1395  | 84.010A     | 31,433,358 | -                        | 22,428,001   | 22,428,001               | -                        | 26,187,748   | 26,187,748               | (3,759,747)                    |
| <b>ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES</b>   |               |             |            |                          |              |                          |                          |              |                          |                                |
| E0201 Title V -No Child Left Behind                  | 0002-08-1395  | 84.298A     | 173,264    | -                        | 80,379       | 80,379                   | -                        | 135,178      | 135,178                  | (54,799)                       |
| <b>ESEA TITLE IV SAFE &amp; DRUG-FREE SCHOOLS</b>    |               |             |            |                          |              |                          |                          |              |                          |                                |
| E0450 Safe & Drug Free Schools & Communities         | 0180-08-1395  | 84.186A     | 418,792    | -                        | 184,724      | 184,724                  | -                        | 273,761      | 273,761                  | (89,037)                       |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

|  | Grant Number | CFDA Number | Budget    | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|--|--------------|-------------|-----------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|  |              |             |           | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| INDIVIDUALS WITH DISABILITIES EDUCATION ACT  |              |             |           |                          |              |                          |                          |              |                          |                                |
| E0305 IDEA Support Serv & Sec 611            | 0032080370   | 84.027A     | 9,530,698 | -                        | 7,680,390    | 7,680,390                | -                        | 8,623,910    | 8,623,910                | (943,520)                      |
| E0340 IDEA Preschool Serv & Sec 619          | 0033080370   | 84.173A     | 834,654   | -                        | 551,556      | 551,556                  | -                        | 671,224      | 671,224                  | (119,668)                      |
| E0362 IDEA Quality Assurance Impleme         | 0031082855   | 84.027A     | 115,000   | -                        | 46,342       | 46,342                   | -                        | 85,605       | 85,605                   | (39,263)                       |
| E0390 Pre-School Administration              | 0232080370   | 84.173A     | 118,605   | -                        | 99,919       | 99,919                   | -                        | 116,690      | 116,690                  | (16,771)                       |
| VOCATIONAL EDUCATION                         |              |             |           |                          |              |                          |                          |              |                          |                                |
| E0043 Perkins Correctional                   | 8030080001   | 84.048A     | 20,000    | -                        | 12,241       | 12,241                   | -                        | 17,251       | 17,251                   | (5,010)                        |
| E0707 Perkins Secondary                      | 8000080024   | 84.048A     | 705,848   | -                        | 505,169      | 505,169                  | -                        | 648,976      | 648,976                  | (143,807)                      |
| E0754 Perkins Adult                          | 8000089020   | 84.048A     | 225,663   | -                        | 199,228      | 199,228                  | -                        | 220,341      | 220,341                  | (21,113)                       |
| E0767 Perkins Tech Prep                      | 8080083002   | 84.243A     | 165,000   | -                        | 133,274      | 133,274                  | -                        | 158,190      | 158,190                  | (24,916)                       |
| WORKFORCE INVESTMENT ACT                     |              |             |           |                          |              |                          |                          |              |                          |                                |
| E0701 Title II - WIA - Correction Ed         | 0138080015   | 84.002A     | 56,523    | -                        | 48,445       | 48,445                   | -                        | 55,804       | 55,804                   | (7,359)                        |
| E0722 WIA Title II                           | 2338081178   | 84.002A     | 214,302   | -                        | 137,896      | 137,896                  | -                        | 213,669      | 213,669                  | (75,773)                       |
| E0748 WIA One Stop Center                    | 2338086113   | 84.002A     | 38,624    | -                        | 33,579       | 33,579                   | -                        | 38,010       | 38,010                   | (4,431)                        |
| OTHER FEDERAL FLOW THROUGH STATE             |              |             |           |                          |              |                          |                          |              |                          |                                |
| E0042 Fast Track Rochester                   | JJ05441701   |             | 185,274   | -                        | 52,924       | 52,924                   | -                        | 149,662      | 149,662                  | (96,737)                       |
| E0119 Title IIB Math Partnership             | 0294080107   | 84.366B     | 799,991   | -                        | 159,998      | 159,998                  | -                        | 304,296      | 304,296                  | (144,298)                      |
| E0120 Title II-D - Technology                | 0292081395   | 84.318X     | 314,317   | -                        | 239,611      | 239,611                  | -                        | 279,313      | 279,313                  | (39,702)                       |
| E0121 Title IID Competitive                  | 0291080009   | 84.318X     | 500,000   | -                        | 100,000      | 100,000                  | -                        | -            | -                        | 100,000                        |
| E0199 Title III - Bilingual Educ             | 0293081395   | 84.365A     | 538,807   | -                        | 383,818      | 383,818                  | -                        | 487,705      | 487,705                  | (103,887)                      |
| E0200 Title IIA - Tchr & Prin Tr/Rec         | 0147081395   | 84.367A     | 5,030,193 | -                        | 2,966,946    | 2,966,946                | -                        | 4,066,449    | 4,066,449                | (1,099,503)                    |
| E0300 Title I - Improvement/Choice           | 0011082004   | 84.010A     | 1,310,000 | -                        | 221,000      | 221,000                  | -                        | 13,082       | 13,082                   | 207,918                        |
| E0303 DICA Audit Grant                       | 0011080004   | 84.010A     | 4,849,215 | -                        | 969,843      | 969,843                  | -                        | 131,441      | 131,441                  | 838,402                        |
| E0310 SETRC                                  | C007559      | 84.027A     | 488,559   | -                        | 277,622      | 277,622                  | -                        | 424,364      | 424,364                  | (146,742)                      |
| E0338 Urban Forum                            | 0020080001   | 84.010A     | 50,000    | -                        | 15,563       | 15,563                   | -                        | 15,190       | 15,190                   | 373                            |
| E0360 Homeless Children & Youth              | 0212083919   | 84.196A     | 125,000   | -                        | 25,000       | 25,000                   | -                        | 76,110       | 76,110                   | (51,110)                       |
| E0364 Reading First                          | 0243080215   | 84.357A     | 2,988,000 | -                        | 2,377,526    | 2,377,526                | -                        | 2,883,031    | 2,883,031                | (505,505)                      |
| E0458 Title IV SDFSCA8                       | 0189081001   | 84.186      | 52,998    | -                        | 15,095       | 15,095                   | -                        | 20,438       | 20,438                   | (5,343)                        |
| E0718 EDGE                                   | C011381082   | 84.002A     | 127,160   | -                        | 124,440      | 124,440                  | -                        | 125,681      | 125,681                  | (1,241)                        |
| E0719 EDGE FFFS                              | C011381081   | 84.002A     | 266,832   | -                        | 63,240       | 63,240                   | -                        | 1,662        | 1,662                    | 61,578                         |
| E0779 WIA II Workplace Literacy              | 2338084102   | 84.002A     | 54,227    | -                        | 21,230       | 21,230                   | -                        | 53,539       | 53,539                   | (32,309)                       |
| OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION |              |             |           |                          |              |                          |                          |              |                          |                                |
| E0147 Smaller Learning Communities           | GREECE0601   | 84.215L     | 231,487   | -                        | 276,479      | 276,479                  | -                        | 196,895      | 196,895                  | 79,584                         |
| E0321 U of R / NIMH                          | URNIMH0801   | 93.242B     | 170,268   | -                        | 95,565       | 95,565                   | -                        | 169,572      | 169,572                  | (74,007)                       |
| E0359 Librarians for 21st Century            | 0106007606   | 45.313B     | 52,165    | -                        | 426          | 426                      | -                        | 27,493       | 27,493                   | (27,067)                       |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

|   | Grant<br>Number | CFDA<br>Number | Budget                | REVENUES                    |                      |                             | EXPENDITURES                |                      |                             | Net<br>(Accrued)<br>Deferred<br>Revenue |
|---|-----------------|----------------|-----------------------|-----------------------------|----------------------|-----------------------------|-----------------------------|----------------------|-----------------------------|---|
|   |                 |                |                       | Cumulative<br>June 30, 2007 | Current<br>Year      | Cumulative<br>June 30, 2008 | Cumulative<br>June 30, 2007 | Current<br>Year      | Cumulative<br>June 30, 2008 |   |
| <b>SCHOOL FOOD SERVICE FUND:</b>                      |                 |                |                       |                             |                      |                             |                             |                      |                             |   |
| U.S. DEPARTMENT OF AGRICULTURE                        | ---             | 10.559         | 12,746,554            | -                           | 12,746,554           | 12,746,554                  | -                           | 12,746,554           | 12,746,554                  | -                                       |
| TOTAL SCHOOL DISTRICT GRANTS                          |                 |                | 136,628,685           | 43,095,251                  | 63,480,397           | 106,575,648                 | 48,215,503                  | 65,108,613           | 113,324,116                 | (6,748,466)                             |
| TOTAL CITY GRANTS                                     |                 |                | 362,514,644           | 298,438,388                 | 28,859,198           | 327,297,586                 | 297,343,964                 | 29,258,169           | 326,602,133                 | 695,453                                 |
| GRAND TOTAL CITY GRANTS AND SCHOOL<br>DISTRICT GRANTS |                 |                | <u>\$ 499,143,329</u> | <u>\$ 341,533,639</u>       | <u>\$ 92,339,595</u> | <u>\$ 433,873,234</u>       | <u>\$ 345,559,467</u>       | <u>\$ 94,366,782</u> | <u>\$ 439,926,249</u>       | <u>\$ (6,053,013)</u>                   |

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

(concluded)

# **CITY OF ROCHESTER, NEW YORK**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2008**

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### **NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs administered by the City of Rochester, New York (the City), an entity as defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through from other government agencies are included in the schedule.

### **NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1.C. to the City's basic financial statements.

### **NOTE 3 - NON-MONETARY FEDERAL PROGRAM**

The Rochester City School District (the District) is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2008, the District received \$791,243 of commodities from the U.S. Department of Agriculture and is included in the current year revenues and expenditures.

### **NOTE 4 - OTHER**

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

### **NOTE 5 - ASSET CONTROL AREA AGREEMENT ("ACA")**

Participating in this program (CFDA# 14.311), the City purchased houses from the Department of Housing and Urban Development at a discount. In turn, to revitalize the City's housing stock, these units are rehabilitated and resold to low to moderate-income families. The value of these discounts was \$1,233,491 and \$1,367,487 in the 2008 and 2007 program years, respectively. While the cost of the property purchases and the revenue from sales are reported in the City's basic financial statements, the expenses for rehabilitation are reported in the schedule of expenditures of federal awards under the CDBG Program (CFDA#14.218) and the Home Program (CFDA# 14.239). The combined acquisition and rehabilitation costs of these properties exceed the final sale prices.

# CITY OF ROCHESTER, NEW YORK

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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### I. SUMMARY OF AUDITOR'S RESULTS

#### *Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None

Noncompliance material to financial statements noted?  Yes  No

#### *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  Yes  None

Type of auditor's report issued on compliance for major programs: Qualified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Programs or Clusters</u>         |
|-----------------------|---|
| 20.205                | NYS Department of Transportation                    |
| 84.287                | 21 <sup>st</sup> Century Community Learning Centers |
| 84.027/84.173         | Special Education Cluster                           |
| 10.555/10.559         | Child Nutrition Cluster                             |
| 84.366                | Mathematics and Science Partnerships                |

Dollar threshold used to distinguish between type A and type B programs \$ 2,831,003

Auditee qualified as low-risk auditee?  Yes  No

# CITY OF ROCHESTER, NEW YORK

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008 (Continued)

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### II. FINANCIAL STATEMENT FINDINGS

#### ***SIGNIFICANT DEFICIENCY***

##### **08-1 Financial Accounting and Reporting**

*Condition:* Internal controls related to the financial closing and reporting process of the School District (a component unit of the City) are not operating effectively. In the prior year(s) the School District reported compensated absences and an accounts receivable as designations of fund balance in the amount of \$2,139,004 and \$20,000,000, respectively. Compensated absences should have been recorded as a liability in the general fund and, therefore, a prior period adjustment has been recorded in the current year to correct the misstatement. The accounts receivable was recorded based on information received by New York State, however, this receivable was not recorded in accordance with generally accepted accounting principles and has also been reversed through a prior period adjustment in the current year.

*Criteria:* Management is responsible for the fair presentation of the School District's financial statements.

*Cause:* Internal controls related to the financial closing and reporting process of the District are not operating effectively.

*Effect:* Compensated absences were understated, receivables were overstated and fund balance was overstated in the prior year(s).

*Recommendation:* We recommend that the School District fully evaluate the reporting of all fund balance designations to ensure that the School District is in compliance with generally accepted accounting principles.

*Management Response:* The District has accepted the recommendation of our external auditors and have recorded the adjustments in the financials dated June 30, 2008. The proper accounting adjustments have been made in association with the prior years' designations of compensated absences and the Chapter 94 Laws of 2002, issued by New York State.

The District will commence a process to evaluate all fund balance designations of the District to ensure that generally accepted accounting principles are applied. Procedures will be documented and training will occur in the proper recording and use of future fund balance designations. We will also investigate the new requirements for the presentation of fund balances.

# CITY OF ROCHESTER, NEW YORK

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008 (Continued)

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### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

#### *SIGNIFICANT DEFICIENCIES*

##### **08-2 Suspension and Debarment**

*Federal Program:* 21<sup>st</sup> Century Community Learning Centers Program CFDA# 84.287

*Condition:* We noted that the City did not perform a verification check for covered transactions related to suspended and debarred vendors for the 21<sup>st</sup> Century Community Learning Centers Program.

*Criteria:* Under the program requirements related to federal expenditures for suspension and debarment, all non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.

*Cause:* The City did not perform testing on vendors for suspension or debarment related to the 21<sup>st</sup> Century Community Learning Centers Program.

*Effect:* The City is not in compliance with OMB Circular A-133 requirements for suspension and debarment.

*Questioned Costs:* There are no quantifiable questioned costs for this finding.

*Recommendation:* We recommend that all vendors related to federal expenditures are verified to the EPLS website ([www.epls.gov](http://www.epls.gov)) to confirm they are neither a suspended nor a debarred vendor prior to contracting or purchasing from them.

*Management Response:* The City will modify the procedures for the processing of contracts to assure that the suspension and debarment checking occurs as required.

##### **08-3 Payroll Time Certifications**

*Federal Program:* Special Education Cluster CFDA# 84.027/84.173  
Mathematics and Science Partnerships CFDA# 84.366

# CITY OF ROCHESTER, NEW YORK

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008 (Continued)

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### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)

*Condition:* During our audit of the financial statements it was observed that the School District (a component unit of the City) does not maintain a certification of time allocation for all Federal program employees. In accordance with OMB Circular A-87, all employees working and charged to federally funded programs are required to complete time certifications of the percentage of time spent working in federally funded programs or maintain a log of all time spent working in federally funded programs. Certifications are required to be completed at least semiannually.

*Criteria:* All employees working and charged to federally funded programs are required to complete time certifications of the percentage of time spent working in federally funded programs or maintain a log of all time spent working in federally funded programs.

*Effect:* No certifications were completed by the employees working and charged to federally funded programs.

*Questioned Costs:* There are no quantifiable questioned costs for this finding.

*Recommendation:* We recommend that the School District implement procedures to ensure compliance with OMB Circular A-87.

*Management Response:* A cross-functional team is in place to develop an accurate reporting system to be used for the completion of payroll time certifications for the District. This will be implemented by December 31, 2008 for Federal programs as well as the New York State Contract for Excellence. The team consists of individuals from IT, grant development, budgeting and grant monitors. The team has been charged with developing the process and will include the format to be used, instructions, reviews and approvals, change procedures, as well as the training on the process. The process will initially be a manual process to be in immediate compliance with OMB Circular A-87. Continual development will include an automated process to be used for programs through the use of the PeopleSoft software as the District's financial system of record.

An assessment of grant funding will be completed to ensure that the payroll time certifications are completed for the necessary grants. The procedures will be documented and communicated to grant monitors, principals, and program directors for this fiscal year.

# CITY OF ROCHESTER, NEW YORK

## SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008

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### II. FINANCIAL STATEMENT FINDINGS

#### ***SIGNIFICANT DEFICIENCIES***

##### **07-1 Overall Risk Assessment**

*Condition:* The City and the Rochester City School District (the School District) had not performed an enterprise-wide risk assessment of risks facing the City and the School District. Such an assessment should include a fraud risk assessment.

*Status:* There was no recurrence of this finding in the current year.

##### **07-2 Disaster Recovery Plan**

*Condition:* A formal, comprehensive disaster recovery plan for the School District's electronic data processing (EDP) systems did not exist. There was no plan detailing steps of how computer systems and business processes would be restored in the event of an emergency.

*Status:* There was no recurrence of this finding in the current year.

##### **07-3 Financial Reporting**

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

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

# CITY OF ROCHESTER, NEW YORK

## **SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2008 (Continued)**

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### II. FINANCIAL STATEMENT FINDINGS (Continued)

- Within the capital project fund, revenue had been overstated for anticipated borrowings not yet received.

*Status:* There was no specific recurrence of the adjustments listed above during the current year; however, a financial reporting significant deficiency is noted relating to another matter at 08-1.

### III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No findings or questioned costs for federal awards were noted 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, 2008**

|   | Grant Number | Budget     | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|---|--------------|------------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|   |              |            | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2007 |                                |
| <b>CITY GRANTS</b>                            |              |            |                          |              |                          |                          |              |                          |                                |
| <b>STATE OF NEW YORK:</b>                     |              |            |                          |              |                          |                          |              |                          |                                |
| <b>DIV. OF CRIMINAL JUSTICE SERVICE:</b>      |              |            |                          |              |                          |                          |              |                          |                                |
| Motor Vehicle Theft                           | C-016707     | \$ 100,000 | \$ 2,807                 | \$ 87,141    | \$ 89,948                | \$ 2,807                 | \$ 87,141    | \$ 89,948                | \$ -                           |
| Motor Vehicle Theft                           | C-016708     | 86,012     | -                        | 8,350        | 8,350                    | -                        | 8,350        | 8,350                    | -                              |
| Impact III - Pathways                         | C-068768     | 49,582     | -                        | 49,582       | 49,582                   | -                        | 49,582       | 49,582                   | -                              |
| Impact IV                                     | C-068712     | 561,941    | -                        | 561,941      | 561,941                  | -                        | 561,941      | 561,941                  | -                              |
| Rolling Thunder                               |              | 3,820      | -                        | 3,820        | 3,820                    | -                        | 3,820        | 3,820                    | -                              |
| Sen. Robach Legislative Aid                   | C058644      | 150,000    | -                        | 150,000      | 150,000                  | -                        | 150,000      | 150,000                  | -                              |
| <b>DEPARTMENT OF TRANSPORTATION:</b>          |              |            |                          |              |                          |                          |              |                          |                                |
| Broad Street Tunnel - 4751.87                 | D009279      | 191,250    | 131,085                  | 27,457       | 158,542                  | 131,085                  | 27,457       | 158,542                  | -                              |
| Ford Street Bridge - 4752.52                  | D011399      | 1,650,000  | 1,506,109                | (239)        | 1,505,870                | 1,506,109                | (239)        | 1,505,870                | -                              |
| Lake Avenue - 4752.49                         | D011414      | 1,819,900  | 1,644,085                | 75,761       | 1,719,846                | 1,644,085                | 75,761       | 1,719,846                | -                              |
| Broad Street Bridge                           | D013824      | 70,500     | -                        | -            | -                        | -                        | -            | -                        | -                              |
| Elmwood Bridge                                | D013825      | 431,250    | 371,941                  | 56,540       | 428,481                  | 371,941                  | 56,540       | 428,481                  | -                              |
| Chili Avenue                                  | D014967      | 1,153,818  | 523,779                  | 564,745      | 1,088,524                | 523,779                  | 564,745      | 1,088,524                | -                              |
| CBD Wayfinding Signs                          | D017579      | 116,500    | 11,550                   | 59,063       | 70,613                   | 11,550                   | 59,063       | 70,613                   | -                              |
| Lexington Avenue                              | D017499      | 823,436    | 429,901                  | 400,513      | 830,414                  | 429,901                  | 400,513      | 830,414                  | -                              |
| West Ridge Road                               | D013560      | 5,255,400  | 4,520,025                | 134,104      | 4,654,129                | 4,520,025                | 134,104      | 4,654,129                | -                              |
| Port of Rochester                             | D013858      | 1,063,975  | 1,059,836                | (2,822)      | 1,057,014                | 1,059,836                | (2,822)      | 1,057,014                | -                              |
| Brooks Village/Genesee Street                 | A809         | 407,000    | 23,500                   | 372,681      | 396,181                  | 23,500                   | 372,681      | 396,181                  | -                              |
| Charlotte Port                                | A-218        | 1,000,000  | -                        | -            | -                        | -                        | -            | -                        | -                              |
| South Ave./Byron-Gregory                      | A-741        | 300,000    | 240,812                  | 59,188       | 300,000                  | 240,812                  | 59,188       | 300,000                  | -                              |
| Smith Street Bridge                           | D024554      | 129,000    | 109,452                  | 693,430      | 802,882                  | 109,452                  | 693,430      | 802,882                  | -                              |
| Snow & Ice Control                            | D005375      | 47,840     | -                        | 47,840       | 47,840                   | -                        | 47,840       | 47,840                   | -                              |
| Consolidated Street & Highway Improvements    |              | 2,647,884  | -                        | 2,647,884    | 2,647,884                | -                        | 2,647,884    | 2,647,884                | -                              |
| <b>EMPIRE STATE DEVELOPMENT CORPORATION</b>   |              |            |                          |              |                          |                          |              |                          |                                |
| Restore NY - Demolition                       | U-966        | 2,000,000  | -                        | 804,013      | 804,013                  | -                        | 804,013      | 804,013                  | -                              |
| Restore NY - Demolition 2                     |              | 1,900,000  | -                        | -            | -                        | -                        | -            | -                        | -                              |
| Midtown Master Plan                           |              | 970,000    | -                        | 42,000       | 42,000                   | -                        | 42,000       | 42,000                   | -                              |
| <b>DORMITORY AUTHORITY OF NEW YORK STATE</b>  |              |            |                          |              |                          |                          |              |                          |                                |
| South Avenue Garage                           | 1879         | 4,200,000  | 3,717,979                | -            | 3,717,979                | 3,717,979                | -            | 3,717,979                | -                              |
| <b>OFFICE OF CHILDREN AND FAMILY SERVICES</b> |              |            |                          |              |                          |                          |              |                          |                                |
| Adolescent Pregnancy 06-07                    | C008250      | 319,700    | 319,700                  | -            | 319,700                  | 269,902                  | 49,798       | 319,700                  | -                              |
| Adolescent Pregnancy 07-08                    | C008250      | 377,396    | 13,162                   | 319,495      | 332,657                  | 3,676                    | 269,697      | 273,373                  | 59,284                         |
| Adolescent Pregnancy 08-09                    | C008250      | 320,000    | -                        | 134,806      | 134,806                  | -                        | 20,324       | 20,324                   | 114,482                        |
| <b>CRIME VICTIMS BOARD:</b>                   |              |            |                          |              |                          |                          |              |                          |                                |
| Victims Assistance 06-07                      | C-401137     | 245,364    | 182,625                  | 56,595       | 239,220                  | 182,625                  | 56,595       | 239,220                  | -                              |
| Victims Assistance 07-08                      | C-401137     | 245,364    | -                        | 177,645      | 177,645                  | -                        | 177,645      | 177,645                  | -                              |
| <b>NYS DEPARTMENT OF EDUCATION</b>            |              |            |                          |              |                          |                          |              |                          |                                |
| State Library Construction (Arnett)           |              | 32,513     | 29,261                   | 3,252        | 32,513                   | 29,261                   | 3,252        | 32,513                   | -                              |
| State Library Construction (Rundel)           |              | 511,481    | 460,332                  | 51,149       | 511,481                  | 460,332                  | 51,149       | 511,481                  | -                              |
| Ryan Project                                  |              | 554,731    | -                        | 499,257      | 499,257                  | -                        | 499,257      | 499,257                  | -                              |
| Teen Center Project                           |              | 24,261     | -                        | 24,261       | 24,261                   | -                        | 24,261       | 24,261                   | -                              |
| LGRMIF-Records                                |              | 59,300     | -                        | 59,290       | 59,290                   | -                        | 59,290       | 59,290                   | -                              |
| LGRMIF  |              | 101,772    | -                        | 101,772      | 101,772                  | -                        | 101,772      | 101,772                  | -                              |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2008**

|  | Grant Number | Budget    | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|--|--------------|-----------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|  |              |           | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>NYS OFFICE OF PARKS, RECREATION &amp; HISTORIC PRESERVATION</b> |              |           |                          |              |                          |                          |              |                          |                                |
| High Falls Interpretive Signs                                      | C560118      | 30,000    | 17,205                   | 12,683       | 29,888                   | 17,205                   | 12,683       | 29,888                   | -                              |
| Clarrissa Street Reunion   |              | 5,000     | -                        | 5,000        | 5,000                    | -                        | 5,000        | 5,000                    | -                              |
| Image Out Film Festival  |              | 65,000    | -                        | 65,000       | 65,000                   | -                        | 65,000       | 65,000                   | -                              |
| <b>DEPARTMENT OF MOTOR VEHICLES</b>                                |              |           |                          |              |                          |                          |              |                          |                                |
| Aggressive Driving   | PT-2801112   | 17,972    | 8,437                    | 9,535        | 17,972                   | 8,437                    | 9,535        | 17,972                   | -                              |
| Aggressive Driving   | PT-2801113   | 20,726    | -                        | 10,810       | 10,810                   | -                        | 10,810       | 10,810                   | -                              |
| <b>AFFORDABLE HOUSING CORP.:</b>                                   |              |           |                          |              |                          |                          |              |                          |                                |
| Affordable Housing   | AHC-2EO7     | 300,000   | 298,177                  | 1,823        | 300,000                  | 235,144                  | 64,856       | 300,000                  | -                              |
| Affordable Housing   | AHC-2EE53    | 300,000   | 172,950                  | 127,050      | 300,000                  | 199,385                  | 87,465       | 286,850                  | 13,150                         |
| Affordable Housing   | AHC-2GG46    | 300,000   | -                        | 201,425      | 201,425                  | -                        | 208,755      | 208,755                  | (7,330)                        |
| <b>NYS OFFICE OF REAL PROPERTY SERVICES</b>                        |              |           |                          |              |                          |                          |              |                          |                                |
| Technology Improvement Grant                                       |              | 110,000   | 34,000                   |              | 34,000                   | 34,000                   |              | 34,000                   | -                              |
| <b>NYS DEPARTMENT OF STATE</b>                                     |              |           |                          |              |                          |                          |              |                          |                                |
| Corn Hill Improvements   | C-002608     | 400,000   | 250,000                  | 137,813      | 387,813                  | 250,000                  | 137,813      | 387,813                  | -                              |
| Brownfield Opportunities   |              | 90,000    | -                        | 66,429       | 66,429                   | -                        | 66,429       | 66,429                   | -                              |
| Trail Signage III  |              | 50,000    | -                        | 44,660       | 44,660                   | -                        | 44,660       | 44,660                   | -                              |
| <b>NYS ENVIRONMENTAL PROTECTION AGENCY</b>                         |              |           |                          |              |                          |                          |              |                          |                                |
| Durand Eastman Park  |              | 20,000    | -                        | 20,000       | 20,000                   | -                        | 20,000       | 20,000                   | -                              |
| <b>NYS DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>                |              |           |                          |              |                          |                          |              |                          |                                |
| Hemlock Lake Dam and Spillway                                      |              | 1,000,000 | -                        | 1,000,000    | 1,000,000                | 1,000,000                | -            | 1,000,000                | -                              |
| Orchard/Whitney Cleanup  |              | 885,010   | -                        | 79,995       | 79,995                   | -                        | 79,995       | 79,995                   | -                              |
| 24 Seneca Street Cleanup   |              | 130,299   | -                        | 38,971       | 38,971                   | -                        | 38,971       | 38,971                   | -                              |
| <b>NYS ENERGY RESEARCH &amp; DEVELOPMENT AGENCY</b>                |              |           |                          |              |                          |                          |              |                          |                                |
| Water Operations Center  |              | 127,000   | -                        | 127,000      | 127,000                  | -                        | 127,000      | 127,000                  | -                              |
| <b>NYS DEPARTMENT OF LABOR</b>                                     |              |           |                          |              |                          |                          |              |                          |                                |
| Summer of Opportunity  |              | 300,000   | -                        | 300,000      | 300,000                  | -                        | 300,000      | 300,000                  | -                              |
| <b>NYS RECORDS AND ARCHIVES</b>                                    |              |           |                          |              |                          |                          |              |                          |                                |
| Records Archival System  |              | 23,894    | -                        | 23,894       | 23,894                   | -                        | 23,894       | 23,894                   | -                              |
| <b>MONROE COUNTY:</b>  |              |           |                          |              |                          |                          |              |                          |                                |
| <b>MONROE COUNTY DEPARTMENT OF TRANSPORTATION</b>                  |              |           |                          |              |                          |                          |              |                          |                                |
| Norton Street Improvement  |              | 192,000   | 164,179                  | 27,821       | 192,000                  | 164,179                  | 27,821       | 192,000                  | -                              |
| <b>MONROE COUNTY DEPARTMENT OF PUBLIC HEALTH</b>                   |              |           |                          |              |                          |                          |              |                          |                                |
| Underage Tobacco   |              | 32,000    | -                        | 32,000       | 32,000                   | -                        | 32,000       | 32,000                   | -                              |
| <b>MONROE COUNTY DEPARTMENT OF PUBLIC SAFETY</b>                   |              |           |                          |              |                          |                          |              |                          |                                |
| Stop DWI Enforcement - 2007  |              | 135,575   | -                        | 133,830      | 133,830                  | -                        | 133,830      | 133,830                  | -                              |
| Stop DWI Enforcement - 2008  |              | 91,323    | -                        | 50,261       | 50,261                   | -                        | 50,261       | 50,261                   | -                              |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2008**

|   | Grant Number | Budget        | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|---|--------------|---------------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|   |              |               | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>PUBLIC AUTHORITY:</b>                      |              |               |                          |              |                          |                          |              |                          |                                |
| <b>MONROE COUNTY WATER AUTHORITY</b>          |              |               |                          |              |                          |                          |              |                          |                                |
| Lexington Avenue                              |              | 6,600         | 5,966                    | 634          | 6,600                    | 5,966                    | 634          | 6,600                    | -                              |
| <b>LOCAL FOUNDATIONS:</b>                     |              |               |                          |              |                          |                          |              |                          |                                |
| <b>ST. JOSEPHS VILLA</b>                      |              |               |                          |              |                          |                          |              |                          |                                |
| DMC   |              | 7,510         | -                        | 7,510        | 7,510                    | 5,966                    | -            | 5,966                    | 1,544                          |
| DMC   |              | 10,010        | -                        | 963          | 963                      | 5,966                    | -            | 5,966                    | (5,003)                        |
| <b>JOAN &amp; HAROLD FEINBLOOM FOUNDATION</b> |              |               |                          |              |                          |                          |              |                          |                                |
| Juvenile Crime Prevention                     |              | 20,000        | -                        | 20,000       | 20,000                   | 5,966                    | -            | 5,966                    | 14,034                         |
| <b>GREATER ROCHESTER HEALTH FOUNDATION</b>    |              |               |                          |              |                          |                          |              |                          |                                |
| Lead Safe Homes                               |              | 1,500,000     | -                        | 18,750       | 18,750                   | -                        | -            | -                        | 18,750                         |
| <b>ROCHESTER AREA COMMUNITY FOUNDATION</b>    |              |               |                          |              |                          |                          |              |                          |                                |
| Rochester Heritage Trail                      |              | 200,000       | -                        | 1,875        | 1,875                    | -                        | 1,875        | 1,875                    | -                              |
| RACF Afterschool                              |              | 35,000        | -                        | 24,065       | 24,065                   | -                        | 24,065       | 24,065                   | -                              |
| RACF YVOV                                     |              | 40,000        | -                        | 40,000       | 40,000                   | -                        | 40,000       | 40,000                   | -                              |
| SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH) |              | 36,365,909    | 16,248,855               | 10,900,311   | 27,149,166               | 17,170,871               | 9,769,384    | 26,940,255               | 208,911                        |
| <b>CITY SCHOOL DISTRICT GRANTS</b>            |              |               |                          |              |                          |                          |              |                          |                                |
| <b>PROJECTS OPEN AS OF JUNE 30, 2008</b>      |              |               |                          |              |                          |                          |              |                          |                                |
| <b>STATE OF NEW YORK</b>                      |              |               |                          |              |                          |                          |              |                          |                                |
| E0023-024, 0085 Universal Pre-K               | 0409087506   | \$ 10,557,501 | \$ -                     | \$ 7,471,029 | \$ 7,471,029             | \$ -                     | \$ 9,772,291 | \$ 9,772,291             | \$ (2,301,262)                 |
| E0031-032 Empl Preparation Ed                 | 00SA432008   | 2,679,438     | -                        | 666,538      | 666,538                  | -                        | 2,665,590    | 2,665,590                | (1,999,052)                    |
| E0041 Incarcerated Youth                      | 0000SA8107   | 1,877,800     | -                        | 834,000      | 834,000                  | -                        | 1,860,246    | 1,860,246                | (1,026,246)                    |
| E0050-080 Summer Program - Instruction        | 0000900008   | 4,390,642     | -                        | 273,609      | 273,609                  | -                        | 3,944,914    | 3,944,914                | (3,671,305)                    |
| E0100 School Health Services                  | 0432080002   | 6,292,705     | -                        | 3,146,352    | 3,146,352                | -                        | 6,081,666    | 6,081,666                | (2,935,314)                    |
| E0123 Learn Tech SWW                          | 0647080053   | 49,997        | -                        | 44,997       | 44,997                   | -                        | 48,564       | 48,564                   | (3,567)                        |
| E0124 Learn Tech Monroe                       | 0647080056   | 50,000        | -                        | 39,816       | 39,816                   | -                        | 48,052       | 48,052                   | (8,236)                        |
| E0125 Learn Tech Monroe Marshall Wil          | 0647070052   | 49,915        | -                        | 23,152       | 23,152                   | -                        | 34,608       | 34,608                   | (11,456)                       |
| E0126 Learn Tech Douglass SWW Jeffer          | 0647080054   | 49,915        | -                        | 23,146       | 23,146                   | -                        | 33,158       | 33,158                   | (10,012)                       |
| E0127 Learn Tech East                         | 0647080055   | 49,999        | -                        | 12,499       | 12,499                   | -                        | 22,510       | 22,510                   | (10,011)                       |
| E0128 Learn Tech East Charlotte               | 0647080057   | 50,000        | -                        | 12,500       | 12,500                   | -                        | 30,603       | 30,603                   | (18,103)                       |
| E0198 Refugee School Impact Grant             | C020183071   | 205,174       | -                        | 74,699       | 74,699                   | -                        | 94,131       | 94,131                   | (19,431)                       |
| E0339 SURR New and Former                     | 0436080012   | 80,000        | -                        | 20,000       | 20,000                   | -                        | 57,363       | 57,363                   | (37,363)                       |
| E0345 Rochester Teacher Center                | 0425080086   | 579,000       | -                        | 392,537      | 392,537                  | -                        | 531,132      | 531,132                  | (138,595)                      |
| E0347 Mentor Intern Program                   | 0663080006   | 351,386       | -                        | 249,373      | 249,373                  | -                        | 325,009      | 325,009                  | (75,636)                       |
| E0350 Roch School Library Systems             | 0365080046   | 99,162        | -                        | 99,162       | 99,162                   | -                        | 98,596       | 98,596                   | 566                            |
| E0351 Extend Day/Violence Prevention          | 0640081395   | 739,865       | -                        | 546,228      | 546,228                  | -                        | 697,443      | 697,443                  | (151,215)                      |
| E0352 Sch Lib Sys Aid 4 Automation            | 0364080046   | 9,916         | -                        | 9,916        | 9,916                    | -                        | 6,733        | 6,733                    | 3,184                          |
| E0353 Library Automation Rollover             | LIBROL0801   | 3,386         | -                        | 3,386        | 3,386                    | -                        | 3,051        | 3,051                    | 335                            |
| E0354 Library Systems Rollover                | LIBROL0802   | 4,288         | -                        | 4,288        | 4,288                    | -                        | 4,279        | 4,279                    | 9                              |
| E0356 School Library Suppl Aid                | 0365081046   | 49,848        | -                        | 49,848       | 49,848                   | -                        | 47,872       | 47,872                   | 1,976                          |
| E0420 Missing Child Prevention                | 0544087059   | 9,999         | -                        | 2,499        | 2,499                    | -                        | 9,751        | 9,751                    | (7,252)                        |
| E0721 Welfare Ed Prog Lit & Basic Ed          | 2396081105   | 300,000       | -                        | 211,484      | 211,484                  | -                        | 287,276      | 287,276                  | (75,792)                       |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2008**

|   | Grant Number | Budget     | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|---|--------------|------------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|   |              |            | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>STATE OF NEW YORK (continued)</b>          |              |            |                          |              |                          |                          |              |                          |                                |
| E0749 Citizenship Initiative Program          | OSWEGO0801   | 14,333     | -                        | -            | -                        | -                        | 13,356       | 13,356                   | (13,356)                       |
| E0755 SURR Grant                              | 0436080005   | 118,000    | -                        | 64,313       | 64,313                   | -                        | 71,688       | 71,688                   | (7,376)                        |
| E0764 ARSIP - Apprenticeship                  | 0140080024   | 84,254     | -                        | -            | -                        | -                        | 83,320       | 83,320                   | (83,320)                       |
| E0783 Teachers of Tomorrow                    | 0644080012   | 1,711,600  | -                        | 855,800      | 855,800                  | -                        | 1,565,000    | 1,565,000                | (709,200)                      |
| <b>COUNTY PROJECTS:</b>                       |              |            |                          |              |                          |                          |              |                          |                                |
| E0140 CCSI Silence Violence                   | CCSI08Y102   | 1,000      | -                        | 1,000        | 1,000                    | -                        | 1,000        | 1,000                    | -                              |
| E0154 OASAS                                   | 00CCSI0801   | 28,385     | -                        | 8,542        | 8,542                    | -                        | 13,771       | 13,771                   | (5,230)                        |
| E0317 Pre-Sch Intgrtd/Hndcpdd                 | 0000916508   | 1,052,268  | -                        | 402,366      | 402,366                  | -                        | 931,328      | 931,328                  | (528,962)                      |
| E0370 Pre-School Related Services             | 0000920008   | 468,088    | -                        | 167,941      | 167,941                  | -                        | 433,642      | 433,642                  | (265,701)                      |
| E0375 Preschool S.E.I.T.                      | 0000913508   | 132,611    | -                        | 35,600       | 35,600                   | -                        | 104,743      | 104,743                  | (69,143)                       |
| E0391 Pre-Sch Admin/County                    | COUNTY0801   | 235,422    | -                        | -            | -                        | -                        | 233,082      | 233,082                  | (233,082)                      |
| E0772 MCDSS CAREERS                           | MCDSS47407   | 466,666    | -                        | 116,690      | 116,690                  | -                        | 444,766      | 444,766                  | (328,077)                      |
| <b>PRIVATE PROJECTS:</b>                      |              |            |                          |              |                          |                          |              |                          |                                |
| E0739 LAW ENFORCEMENT PROG @ MARSHAL          | CITYRO0801   | 16,377     | -                        | 13,927       | 13,927                   | -                        | 13,927       | 13,927                   | -                              |
| E0747 GARDEN PLOTS @ Marshall                 | CITYRO0805   | 12,042     | -                        | 11,974       | 11,974                   | -                        | 11,974       | 11,974                   | -                              |
| E0795 City of Roch. Jr. Rec. Leader           | CITYRO0803   | 18,233     | -                        | -            | -                        | -                        | -            | -                        | -                              |
| E0796 City of Roch. Teens on Patrol           | CITYRO0803   | 37,226     | -                        | -            | -                        | -                        | -            | -                        | -                              |
| E0797 City of Roch Summer of Opportu          | CITYRO0803   | 52,118     | -                        | -            | -                        | -                        | -            | -                        | -                              |
| E0798 City of Roch Comm Conserv Corp          | CITYRO0803   | 183,392    | -                        | -            | -                        | -                        | -            | -                        | -                              |
| E0141 Youth Venture                           | YSAYOUTH08   | 1,000      | -                        | 500          | 500                      | -                        | 737          | 737                      | (237)                          |
| E0304 Roch Early Enhancemnt Prg-RPPP          | CHILDR0801   | 131,232    | -                        | 109,360      | 109,360                  | -                        | 127,210      | 127,210                  | (17,850)                       |
| E0313 School #12/United Way                   | UNITWY0801   | 155,254    | -                        | 77,898       | 77,898                   | -                        | 146,949      | 146,949                  | (69,051)                       |
| E0371 Gates Fndtn @ Career Academy            | GATESF0801   | 13,340     | -                        | 13,340       | 13,340                   | -                        | 11,999       | 11,999                   | 1,340                          |
| E0445 Teachers As Learners                    | NAZARE0801   | 10,000     | -                        | 10,000       | 10,000                   | -                        | 4,805        | 4,805                    | 5,195                          |
| E0513 The Primary Project                     | CHILDR0802   | 101,000    | -                        | 58,364       | 58,364                   | -                        | 83,942       | 83,942                   | (25,579)                       |
| E0515 The Primary Project                     | CHILDR0804   | 73,600     | -                        | 33,465       | 33,465                   | -                        | 54,924       | 54,924                   | (21,459)                       |
| E0700 Virtual Enterprise Membership           | VIRTUA0801   | 22,000     | -                        | 20,500       | 20,500                   | -                        | 21,993       | 21,993                   | (1,493)                        |
| E0703 Health Care Apprenticeship              | ROCGEN0801   | 162,000    | -                        | -            | -                        | -                        | 37,598       | 37,598                   | (37,598)                       |
| E0734 Law Prep Summer Internship @ M          | RWILAW0801   | 17,000     | -                        | 16,707       | 16,707                   | -                        | 16,707       | 16,707                   | -                              |
| E0742 Cuban/Haitian Entrants                  | CFCCHESS08   | 27,606     | -                        | 6,735        | 6,735                    | -                        | 26,922       | 26,922                   | (20,187)                       |
| E0769 ESL NAF Summer Intern                   | ESLNAF0801   | 11,616     | -                        | 8,749        | 8,749                    | -                        | 8,749        | 8,749                    | -                              |
| E0770 Workplace Literacy UAW                  | UAWGEN0801   | 16,134     | -                        | 16,133       | 16,133                   | -                        | 16,129       | 16,129                   | -                              |
| E0773 Monroe County Transition Servi          | MCDSS16807   | 82,320     | -                        | 37,200       | 37,200                   | -                        | 78,396       | 78,396                   | (41,196)                       |
| E0775 Workplace Literacy Companies            | WORKPL0801   | 16,220     | -                        | 1,425        | 1,425                    | -                        | 3,267        | 3,267                    | (1,842)                        |
| E0776 Workplace Lit - Strong Hosp             | UOFROC0803   | 31,710     | -                        | 13,650       | 13,650                   | -                        | 28,560       | 28,560                   | (14,910)                       |
| E0783 Urban League Youth Build                | URBANL0801   | 51,000     | -                        | -            | -                        | -                        | 9,794        | 9,794                    | (9,794)                        |
| <b>PROJECTS CLOSED AS OF JUNE 30, 2008</b>    |              |            |                          |              |                          |                          |              |                          |                                |
| <b>STATE OF NEW YORK:</b>                     |              |            |                          |              |                          |                          |              |                          |                                |
| G 0010 Teacher Support Aid                    | 0646-07-1395 | 1,076,000  | \$ 968,400               | \$ 107,597   | \$ 1,075,997             | \$ 1,075,997             | \$ -         | \$ 1,075,997             | \$ -                           |
| G 0020 Improving Pupil Performance            | 0621-07-1395 | 6,950,000  | 6,255,000                | 668,282      | 6,923,282                | 6,923,144                | 138          | 6,923,282                | -                              |
| G 0023 Universal Pre-K                        | 0409-07-1094 | 7,060,000  | 5,469,650                | 1,590,350    | 7,060,000                | 7,210,276                | (150,276)    | 7,060,000                | -                              |
| G 0024 UPK Supplemental Grant                 | 0415074118   | 732,000    | 366,000                  | 348,784      | 714,784                  | 718,918                  | (4,134)      | 714,784                  | -                              |
| G 0031-032 Employee Preparation Education     | SA4320       | 2,271,722  | 589,993                  | 1,706,978    | 2,296,971                | 2,296,995                | (24)         | 2,296,971                | -                              |
| G 0038 State Magnet School Program            | 0634-07-1395 | 11,000,000 | 9,466,704                | 1,409,910    | 10,876,614               | 10,882,855               | (6,241)      | 10,876,614               | -                              |
| G 0041 Incarcerated Youth                     | SA81         | 1,888,300  | 791,049                  | 1,132,649    | 1,923,698                | 1,923,698                | -            | 1,923,698                | -                              |
| G 0045 Categorical Reading                    | 0629-07-1395 | 5,500,000  | 4,950,000                | 464,188      | 5,414,188                | 5,420,629                | (6,441)      | 5,414,188                | -                              |
| G 0050-080 Summer Program                     | 9000         | 4,296,659  | 1,286,963                | 2,233,299    | 3,520,262                | 4,291,592                | (771,330)    | 3,520,262                | -                              |
| G 0055 State Early Grade Class Size Reduction | 0417-07-0092 | 5,254,672  | 4,729,204                | 525,468      | 5,254,672                | 5,255,198                | (526)        | 5,254,672                | -                              |
| G 0085 NYS Experimental Pre-K Program         | 0400-07-1395 | 1,352,979  | 823,318                  | 529,661      | 1,352,979                | 1,351,859                | 1,120        | 1,352,979                | -                              |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2008**

|  | Grant Number | Budget    | REVENUES                 |              |                          | EXPENDITURES             |              |                          | Net (Accrued) Deferred Revenue |
|--|--------------|-----------|--------------------------|--------------|--------------------------|--------------------------|--------------|--------------------------|--------------------------------|
|  |              |           | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year | Cumulative June 30, 2008 |                                |
| <b>STATE OF NEW YORK (continued)</b>                   |              |           |                          |              |                          |                          |              |                          |                                |
| G0100 School Health Services                           | 0432070002   | 6,292,705 | 4,380,927                | 1,841,956    | 6,222,883                | 6,238,044                | (15,161)     | 6,222,883                | -                              |
| G0101 RCZ Community Planning                           | 0800060020   | 75,000    | 18,750                   | 56,250       | 75,000                   | 72,185                   | 2,815        | 75,000                   | -                              |
| G0122 Computer Lab Set Aside School #22                | 7066070001   | 29,500    | 26,550                   | 1,661        | 28,211                   | 28,210                   | 1            | 28,211                   | -                              |
| G0123 Learning Technology Grant - SWW                  | 0647070053   | 49,997    | 14,007                   | 8,216        | 22,223                   | 22,211                   | 12           | 22,223                   | -                              |
| G0124 Learn Tech Monroe Spec Ed                        | 0647070056   | 50,000    | 21,814                   | 28,065       | 49,879                   | 49,878                   | 1            | 49,879                   | -                              |
| G0125 Learn Tech Monroe Marshall Wil                   | 0647070052   | 49,915    | 12,478                   | 35,789       | 48,267                   | 48,267                   | -            | 48,267                   | -                              |
| G0126 Learn Tech Douglass SWW Jeffer                   | 0647070054   | 49,915    | 12,478                   | 34,900       | 47,378                   | 47,379                   | (1)          | 47,378                   | -                              |
| G0127 Learning Technology Grant - East                 | 0647070055   | 49,999    | 12,499                   | 24,955       | 37,454                   | 37,455                   | (1)          | 37,454                   | -                              |
| G0128 Learning Technology Grant - East, Charlotte      | 0647070057   | 50,000    | 12,500                   | 22,251       | 34,751                   | 34,752                   | (1)          | 34,751                   | -                              |
| G0150 East High Fence                                  | 7241070001   | 35,000    | 8,750                    | 26,250       | 35,000                   | 35,000                   | -            | 35,000                   | -                              |
| G0198 Refugee School Impact Grant                      | C020183071   | 205,174   | 70,335                   | (1)          | 70,334                   | 9,398                    | 60,936       | 70,334                   | -                              |
| G0339 SURR New and Former                              | 0436070012   | 24,642    | 6,160                    | (106)        | 6,054                    | 6,054                    | -            | 6,054                    | -                              |
| G0345 Rochester Teacher Center                         | 0425070083   | 537,000   | 275,380                  | 250,443      | 525,823                  | 527,595                  | (1,772)      | 525,823                  | -                              |
| G0347 Mentor Teacher Internship Program                | 0663070006   | 272,500   | 244,607                  | 22,203       | 266,810                  | 266,810                  | -            | 266,810                  | -                              |
| G0350 Rochester School Library Systems(rev rec)        | 0365070046   | 113,467   | 117,754                  | (4,287)      | 113,467                  | 113,814                  | (347)        | 113,467                  | -                              |
| G0351 Extended School Day & Violence Prevention        | 0640071395   | 739,865   | 526,539                  | 193,816      | 720,355                  | 720,629                  | (274)        | 720,355                  | -                              |
| G0352 School Library System Aid for Automation         | 0364070046   | 6,494     | 9,880                    | (3,386)      | 6,494                    | 6,494                    | -            | 6,494                    | -                              |
| G0353 School Library System Categorical Aid - Rollover | LIBROL0701   | 2,687     | 2,687                    | 0            | 2,687                    | 2,539                    | 148          | 2,687                    | -                              |
| G0419 NYS Health Rochester Community Coalition         | UOFROC0705   | 7,009     | 6,529                    | 0            | 6,529                    | 6,783                    | (254)        | 6,529                    | -                              |
| G0420 Child Abduction Prevention Grant                 | 0544077059   | 9,999     | 2,499                    | 6,942        | 9,441                    | 9,441                    | -            | 9,441                    | -                              |
| G0587 Medicaid Grant                                   | C008806MED   | 74,250    | -                        | 61,896       | 61,896                   | 10,068                   | 51,828       | 61,896                   | -                              |
| G0720 Welfare Education                                | 2396071053   | 36,058    | 36,058                   | 0            | 36,058                   | 36,889                   | (831)        | 36,058                   | -                              |
| G0721 WEP-Welfare Education Program                    | 2396071105   | 150,000   | 131,584                  | 11,530       | 143,114                  | 144,721                  | (1,607)      | 143,114                  | -                              |
| G0755 SURR Lofton/Thomas/Douglass                      | 0436070005   | 50,004    | 33,275                   | 8,877        | 42,152                   | 42,152                   | -            | 42,152                   | -                              |
| G0764 ARSIP / Apprenticeship                           | 0140070024   | 89,957    | -                        | 84,254       | 84,254                   | 75,424                   | 8,830        | 84,254                   | -                              |
| G0825 Teachers of Tomorrow                             | 0644070012   | 1,507,500 | 753,750                  | 550,198      | 1,303,948                | 1,303,948                | -            | 1,303,948                | -                              |
| <b>COUNTY PROJECTS:</b>                                |              |           |                          |              |                          |                          |              |                          |                                |
| G 0154 OASAS   | ---          | 28,226    | 11,990                   | 14,698       | 26,688                   | 12,595                   | 14,093       | 26,688                   | -                              |
| G 0317 Pre-School Integrated / Handicapped             | ---          | 1,052,268 | 72,235                   | 159,196      | 231,431                  | 856,436                  | (625,005)    | 231,431                  | -                              |
| G 0370 Community Pre-School Related Services           | ---          | 468,088   | 9,300                    | 63,475       | 72,775                   | 469,426                  | (396,651)    | 72,775                   | -                              |
| G 0375 Special Education / Itinerant Teachers          | ---          | 132,611   | 14,608                   | 43,912       | 58,520                   | 126,066                  | (67,546)     | 58,520                   | -                              |
| G 0391 Pre-School Administration / County              | ---          | 235,422   | -                        | 0            | -                        | 235,909                  | (235,909)    | -                        | -                              |
| <b>PRIVATE PROJECTS:</b>                               |              |           |                          |              |                          |                          |              |                          |                                |
| G 0111 Group Workcamp                                  | GROUPW0701   | 30,597    | 28,397                   | 1            | 28,398                   | 29,513                   | (1,115)      | 28,398                   | -                              |
| G 0112 Adolescent Literacy Initiative Study            | JOHNHOPK07   | 58,056    | -                        | 58,056       | 58,056                   | 58,793                   | (737)        | 58,056                   | -                              |
| G 0113 Adolescent Literacy Initiative Study            | JOHNHOP071   | 3,010     | -                        | 3,009        | 3,009                    | 3,009                    | -            | 3,009                    | -                              |
| G 0130 Quad A For Kids #30                             | ---          | 4,200     | 2,350                    | 653          | 3,003                    | 3,003                    | -            | 3,003                    | -                              |
| G 0134 Quad A For Kids #34                             | ---          | 48,813    | -                        | 39,150       | 39,150                   | 38,595                   | 555          | 39,150                   | -                              |
| G 0143 Hydroponics Study                               | TOSHIB0701   | 4,620     | 4,620                    | (517)        | 4,103                    | 4,103                    | -            | 4,103                    | -                              |
| G 0144 Ewing Marion Kaufmann Foundation @ Jefferson    | KAUFMA0701   | 101,260   | 101,260                  | (19,015)     | 82,245                   | 82,245                   | -            | 82,245                   | -                              |
| G 0304 Rochester Early Enhancement Program             | CHILDR0701   | 162,016   | 135,010                  | 27,006       | 162,016                  | 165,405                  | (3,389)      | 162,016                  | -                              |
| G 0313 School #12 United Way                           | UNITWY0701   | 158,833   | 125,012                  | 31,070       | 156,082                  | 154,740                  | 1,342        | 156,082                  | -                              |
| G 0337 Smithsonian Native American Program             | SMITHS0701   | 9,900     | -                        | 6,339        | 6,339                    | 6,339                    | -            | 6,339                    | -                              |
| G 0372 Arts & Cultural Council                         | ---          | 2,500     | 1,250                    | 1,250        | 2,500                    | 1,250                    | 1,250        | 2,500                    | -                              |
| G 0378 Arts and Cultural - East                        | ARTSCO 702   | 1,600     | 1,600                    | -            | 1,600                    | 1,600                    | -            | 1,600                    | -                              |
| G 0418 RESHAPE The Future                              | GRROCHEA94   | 111,678   | 27,920                   | 73,693       | 101,613                  | 44,500                   | 57,113       | 101,613                  | -                              |
| G 0445 Teachers As Learners                            | NAZARE0701   | 10,000    | 10,000                   | -            | 10,000                   | -                        | 10,000       | 10,000                   | -                              |
| G 0513 Primary Mental Health Project / #43 & 44        | CHILDR0702   | 101,000   | 25,000                   | 61,502       | 86,502                   | 75,708                   | 10,794       | 86,502                   | -                              |
| G 0515 PMHP Additional Funding                         | ---          | 73,600    | -                        | 68,355       | 68,355                   | 68,355                   | -            | 68,355                   | -                              |
| G 0700 Virtual Enterprise - Membership                 | VIRTUA0701   | 29,500    | 6,000                    | -            | 6,000                    | 27,484                   | (21,484)     | 6,000                    | -                              |

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2008**

|  | Grant Number | Budget                | REVENUES                 |                      |                          | EXPENDITURES             |                      |                          | Net (Accrued) Deferred Revenue |
|--|--------------|-----------------------|--------------------------|----------------------|--------------------------|--------------------------|----------------------|--------------------------|--------------------------------|
|  |              |                       | Cumulative June 30, 2007 | Current Year         | Cumulative June 30, 2008 | Cumulative June 30, 2007 | Current Year         | Cumulative June 30, 2008 |                                |
| <b>PRIVATE PROJECTS (continued):</b>                   |              |                       |                          |                      |                          |                          |                      |                          |                                |
| G 0703 Health Care Apprenticeship                      | ROCGEN0701   | 162,000               | 23,062                   | 75,860               | 98,922                   | 41,749                   | 57,173               | 98,922                   | -                              |
| G 0730 Chase Active Learning                           | ---          | 1,296                 | 1,296                    | 1                    | 1,297                    | 1,277                    | 20                   | 1,297                    | -                              |
| G 0743 MCC Stage                                       | MCCSTA0701   | 43,667                | 31,133                   | 12,534               | 43,667                   | 43,667                   | -                    | 43,667                   | -                              |
| G 0747 GGP - Students Write for Comm Serv.             | CITYRO0705   | 12,567                | 12,567                   | -                    | 12,567                   | 13,876                   | (1,309)              | 12,567                   | -                              |
| G 0749 New Citizenship Initiative (Oswego County BOCES | OSWEGO0701   | 45,641                | 42,947                   | 2,650                | 45,597                   | 32,810                   | 12,787               | 45,597                   | -                              |
| G 0761 RHA Family Investment Cente                     | ROCHOU0701   | 8,000                 | 5,300                    | 2,700                | 8,000                    | 7,666                    | 334                  | 8,000                    | -                              |
| G 0766 CCCS-Student Interr                             | CCCSIN0701   | 2,100                 | 2,100                    | -                    | 2,100                    | 2,022                    | 78                   | 2,100                    | -                              |
| G 0769 ESL NAF Summer Interr                           | ESLPRO0701   | 9,600                 | 7,229                    | 334                  | 7,563                    | 5,654                    | 1,909                | 7,563                    | -                              |
| G 0770 Workplace Literacy UAW                          | UAWGEN0701   | 102,717               | 78,844                   | 23,873               | 102,717                  | 92,660                   | 10,057               | 102,717                  | -                              |
| G 0775 Rochester Industries / Workplace Literacy       | WORKPL0701   | 21,462                | 10,063                   | 7,612                | 17,675                   | 22,005                   | (4,330)              | 17,675                   | -                              |
| G 0795 Junior Rec Leader                               | CITYRO0703   | 18,428                | -                        | 17,874               | 17,874                   | -                        | 17,874               | 17,874                   | -                              |
| G 0796 Teens on Patrol - Police Dept (TOPS             | CITYRO0703   | 37,624                | -                        | 29,234               | 29,234                   | -                        | 29,234               | 29,234                   | -                              |
| G 0797 City of Roch Summer of Opport                   | ---          | 56,436                | -                        | 69,058               | 69,058                   | 832                      | 68,226               | 69,058                   | -                              |
| G 0798 Community Conservation Corp (CCC)               | CITYRO0703   | 208,446               | -                        | 167,757              | 167,757                  | 14,594                   | 153,163              | 167,757                  | -                              |
| G 0800-0804 Rochester Area Community/Gates Foundatio   | ---          | 1,794,777             | 807,343                  | 778,130              | 1,585,473                | 1,290,728                | 294,745              | 1,585,473                | -                              |
| <b>SCHOOL FOOD SERVICE FUND:</b>                       |              |                       |                          |                      |                          |                          |                      |                          |                                |
| N.Y.S. EDUCATION DEPARTMENT                            | ---          | 544,732               | -                        | 544,732              | 544,732                  | -                        | 544,732              | 544,732                  | -                              |
| CITY OF ROCHESTER                                      | ---          | 21,687                | -                        | 21,687               | 21,687                   | -                        | 21,687               | 21,687                   | -                              |
| TOTAL SCHOOL DISTRICT GRANTS                           |              | 97,923,243            | 44,032,507               | 32,657,257           | 76,689,764               | 61,281,915               | 30,399,728           | 91,681,643               | (14,991,879)                   |
| TOTAL CITY GRANTS                                      |              | 36,387,596            | 16,248,855               | 10,921,998           | 27,170,853               | 17,170,871               | 9,791,071            | 26,961,942               | 208,911                        |
| GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS     |              | <u>\$ 134,310,839</u> | <u>\$ 60,281,362</u>     | <u>\$ 43,579,255</u> | <u>\$ 103,860,617</u>    | <u>\$ 78,452,786</u>     | <u>\$ 40,190,799</u> | <u>\$ 118,643,585</u>    | <u>\$ (14,782,968)</u>         |

Note:

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

(concluded)

# **SUMMARY OF FINANCIAL ASSISTANCE**

**THE CITY OF ROCHESTER, NEW YORK  
SUMMARY OF FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2008**

|   | REVENUES              |                             |                       |                             | EXPENSES                    |                       |                             | Net<br>(Accrued)<br>Deferred<br>Revenue |
|---|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------------|-----------------------|-----------------------------|---|
|   | Budget                | Cumulative<br>June 30, 2007 | Current<br>Year       | Cumulative<br>June 30, 2008 | Cumulative<br>June 30, 2007 | Current<br>Year       | Cumulative<br>June 30, 2008 |   |
| <b>CITY GRANTS</b>  |                       |                             |                       |                             |                             |                       |                             |   |
| Schedule of Expenditures of Federal Awards *                  | \$ 362,514,644        | \$ 298,438,388              | \$ 28,859,198         | \$ 327,297,586              | \$ 297,343,964              | \$ 29,258,169         | \$ 326,602,133              | \$ 695,453                              |
| Schedule of Expenditures of NYS and Other Awards              | 36,387,596            | 16,248,855                  | 10,921,998            | 27,170,853                  | 17,170,871                  | 9,791,071             | 26,961,942                  | 208,911                                 |
| Subtotal City Grants  | 398,902,240           | 314,687,243                 | 39,781,196            | 354,468,439                 | 314,514,835                 | 39,049,240            | 353,564,075                 | 904,364                                 |
| <b>CITY SCHOOL DISTRICT GRANTS</b>                            |                       |                             |                       |                             |                             |                       |                             |   |
| Schedule of Expenditures of Federal Awards *                  | 136,628,685           | 43,095,251                  | 63,480,397            | 106,575,648                 | 48,215,503                  | 65,108,613            | 113,324,116                 | (6,748,468)                             |
| Schedule of Expenditures of NYS and Other Awards              | 97,923,243            | 44,032,507                  | 32,657,257            | 76,689,764                  | 61,281,915                  | 30,399,728            | 91,681,643                  | (14,991,879)                            |
| Subtotal School District Grants                               | 234,551,928           | 87,127,758                  | 96,137,654            | 183,265,412                 | 109,497,418                 | 95,508,341            | 205,005,759                 | (21,740,347)                            |
| <b>GRAND TOTAL CITY GRANTS AND<br/>SCHOOL DISTRICT GRANTS</b> | <b>\$ 633,454,168</b> | <b>\$ 401,815,001</b>       | <b>\$ 135,918,850</b> | <b>\$ 537,733,851</b>       | <b>\$ 424,012,253</b>       | <b>\$ 134,557,581</b> | <b>\$ 558,569,834</b>       | <b>\$ (20,835,983)</b>                  |

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

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