

**THE CITY OF ROCHESTER, NEW YORK**  
**Comprehensive Annual Financial Report**  
**Year Ended June 30, 2010**

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

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Director of Finance

**James B. Barclay**  
Director of Accounting

**ANNUAL FINANCIAL REPORT**  
**Year Ended June 30, 2010**  
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# INTRODUCTORY SECTION



December 23, 2010

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, 2010. 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-six 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 2010 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 23, 2010

**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, 2010. 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, 2010. 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. Similarly, a schedule of state transportation assistance expended along auditor's report on internal control and compliance with Governmental Auditing Standards is also included.

The New York State and other awards section contain 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 207,294. It is divided into 66,700 real estate parcels, and serviced by 540 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

Throughout the 1900s, the presence of high-technology firms led to the City being known as a center for manufacturing in specialized industries such as photographic equipment, graphic innovation, optics, machine tooling, automotive products, and medical instrumentation. During this time, community leaders such as George Eastman sowed the seeds of education with the founding of the University of Rochester, healthcare with Strong Memorial Hospital and UR's School of Medicine, Dentistry, and Nursing, and arts with the Eastman School of Music.

The dominant feature of Rochester's economy during the previous 30 years has been the creative destruction of traditional sources of income and the birth of new firms and industries. Through much of the last century, Rochester was dominated by major manufacturers—particularly Kodak—employing highly skilled production workers, thousands of key scientists and technicians in research and development positions and many headquarters staff. As these companies restructured, the workers who left their employ have fueled the growth of numerous small and medium sized firms in a range of industries. In 1980, just over half (57%) of employment was located in small and medium-sized firms of 1,000 employees or less. Most of these firms had direct or indirect linkages to major Rochester firms like Kodak, Xerox or General Motors. By 2008, the share of employment in small and medium-sized firms had risen to about 80% (CGR estimates from County Business Patterns data). Kodak's steady employment growth from the early part of the century through 1982 and the relative stability of Kodak product sales insulated the Rochester economy from the worst of national business cycle fluctuations, including the Great Depression. At its 1982 peak, the Eastman Kodak Company directly employed over 60,000, almost 14% of workers in the Rochester Metropolitan Statistical Area (RMSA). Due to Kodak's relatively high salaries, the company was responsible for 22% of the RMSA payroll. Another fifth of total MSA payroll could be attributed to suppliers of Kodak itself plus companies supported by the purchases of Kodak workers. In all, Kodak was likely responsible for nearly half of the metropolitan economy (CGR estimates).

Kodak's market position has changed dramatically in intervening years. By the mid 1980s, foreign competitors began to challenge Kodak's market position in the U.S. and across the world. Then, the rise of digital imaging broadened the threat to Kodak's film business in the 1990s, and then decimated the firm's principal markets beginning in 2000 as digital imaging nearly replaced film. Currently Kodak employs 7,400, although continued losses are likely. The firm must still absorb the loss of motion picture film as digital capture and digital projection erode this market. The market for traditional motion picture film has been shrinking 10-15% per year in recent years. The decline is likely to accelerate before stabilizing again on the strength of headquarters and research and development employment. A weak stock price also leaves the company exposed to a buyout by private equity.

Despite being a smaller company, Kodak has successfully weathered the transition from being a manufacturer to being an R&D powerhouse. Most digital imaging applications rely heavily on Kodak's intellectual property, which continues to generate significant revenue for the firm. While the firm manufactures fewer of its inventions, breakthroughs in ink-jet printing have opened new markets for the firm in consumer printing. Kodak's "stream" technology is poised to revolutionize commercial printing. "Stream" combines the high speed and low cost of offset printing with the customization capacity of digital printing.

Kodak's legacy is also visible in the number of successful firms in the community that are remnants or spin offs of the photo firm. These firms include ITT Industries Inc. which purchased Kodak's Remote Sensing Systems unit and renamed the unit ITT's Space System Division, now a component of ITT Geospatial Systems; Champion Photochemistry Inc., a subsidiary of Champion Chemtech Ltd. which purchased Kodak's photochemicals business; Carestream Health Inc., a subsidiary of Onex Corporation's Onex Healthcare Holdings, Inc., which purchased various units of Kodak's healthcare business; Optimization Technology, which acquired Kodak's capital engineering, capitalized maintenance and construction units; Ultralife Corporation, which spun out of Kodak in 1991; and many others.

#### ***Economic Development***

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, 2009 the Rochester Economic Development Department worked with 149 companies which anticipate investing \$157.4 million in the community, currently employ approximately 3,142 people and expect to create nearly 622 new jobs over the next five years.

The average 2009 unemployment rate for the Rochester area was 7.9% compared to the national average of 9.3% and the State average of 8.4%.

### **Significant Announcements**

*Eastman Business Park.* The City and Kodak developed a specialized zoning district for Kodak Park to facilitate the conversion of the Park to a multitenant industrial park – Eastman Business Park. The high caliber of utilities, transportation systems and ability to assemble large land areas for redevelopment will give the City a solid foundation for industrial growth and expansion. Already, three newly located companies plan to hire 250 full-time employees who will specialize in research, development, and manufacturing of advanced technology products.

*ITT Geospatial Systems.* ITT announced a modest reduction in employment in July 2010 due to the loss of a contract—an expected 150 workers across four locations, including Rochester. ITT Geospatial currently employ 1,500 in Rochester.

*PAETEC Holding Corporation.* The City and PAETEC Holding Corp., a telecommunications company, announced plans on October 16, 2007 in that PAETEC would construct or cause to be constructed by a developer, a new headquarters on the site of the Midtown Plaza complex. The Midtown complex, which is currently vacant, is comprised of six buildings including a tower. The State approved \$55 million in funding for the asbestos removal and demolition of the buildings to facilitate the PAETEC project. In May 2009, the State awarded \$38.8 million in contracts relating to the asbestos removal and air monitoring. Over 200 workers have been involved at the site removing asbestos. The company will be relocating between 850-1,000 employees to this downtown location. In late 2009, the City announced plans to sell the former 17-story Midtown Tower to a developer for the renovation of 186 market rate apartments, 24 high-end condominiums and 12,000 square feet of commercial space.

*ESL Federal Credit Union.* ESL Federal Credit Union moved approximately 360 individuals into their new headquarters located at 225 Chestnut Street in March of 2010. The 170,000 square foot, five story facility was completed along with a parking garage at 280 South Clinton Avenue, with nearly 500 spaces. The project resulted in over \$50 million investment within the City. A ribbon cutting event was held on May 20, 2010.

*Xerox.* CEO Ursula Burns announced in January 2010 a reduction of 4% of the worldwide workforce. Fueled by the cost reduction of the restructuring and the \$6 billion purchase of Affiliated Computer Services earlier in the year, Xerox reported a strong increase in net earnings for the 2nd quarter of 2010 to 16 cents per share.

*Bausch & Lomb.* B&L announced in June 2010 that it planned to sell its 20 story headquarters building in downtown Rochester. The company occupies about 31% of the building. It plans to relocate to its Goodman Street manufacturing facility following the sale. Current Rochester employment at Bausch & Lomb is about 1,600.

### **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 and RHINOS Stadium, a 13,768 seat stadium, is the home of the Raging Rhinos professional soccer team.

### **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**

The recent transformation in the local economic landscape has been led in large part by the area’s higher education institutions. The University of Rochester and its affiliates ranks as the region’s largest employer—a position Eastman Kodak previously held for decades—and the 6th largest employer in the state according to a report published by the Center for Governmental Research in 2010.

The region’s 17 colleges and universities are an economic force enrolling 84,000 in 2009-10, 64,000 full time. More than size, Rochester’s higher education sector offers a diverse portfolio of high quality institutions. The three largest—Rochester Institute of Technology, Monroe Community College and the University of Rochester—are among the best institutions of their type in the nation and are joined by well-regarded public and private colleges such as Roberts Wesleyan College, the State University College at Brockport, Nazareth College, and St. John Fisher College.

*University of Rochester.* As of the end of 2009, the University was responsible for 23,000 jobs (nearly 20,000 estimated full time equivalent positions). A significant share of the University's growth has occurred at the University of Rochester Medical Center as Strong Health extends clinical service penetration beyond the metropolitan area and URMC expands its research facilities and total employment. Educational and health services employment is now 22% of total nonagricultural employment in the Rochester metropolitan area.

The University of Rochester attracted \$1.8 billion in research funding over the past five years, supporting thousands of highly skilled workers.

Beginning in 1996, the University's Medical Center has executed a series of strategic plans that have dramatically expanded the physical footprint and economic impact of the institution. The current plan—a \$50 million expansion announced in 2007—is proceeding more slowly than anticipated in response to the economic downturn. The plan calls for new technology, additional facilities, more jobs, new research equipment and marketing of the medical center. A key building component of the plan includes a \$56 million, 150,000-square-foot Clinical and Transitional Sciences Building which is expected to create 300 jobs. 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.

### ***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 was developed by Mark IV Enterprises and includes 127 luxury 1 and 2 bedroom apartments, 14,000 square feet of retail, restaurant space, and office space. As part of the development, the New State Canal Corporation constructed a river walk promenade and river wall adjacent to the Genesee River and Corn Hill Landing at a cost of over \$2 million.

*Brooks Landing.* Successful completion of the long-awaited Brooks Landing project across the Genesee River from the University of Rochester brought an 80 unit Staybridge Hotel, a retail cluster, office buildings and the 120 unit Riverview Apartments. The project has been leased to the University of Rochester to address the growing demand for offcampus housing.

### ***Center City***

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

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

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

The private market and public investment has responded with several hundred million dollars of recent new investments in Center City. These investments range from the \$30 million Monroe County Crime Lab to many private development like Capron South Lofts and Corn Hill Landing, new housing units in the Riverfront District; the Sagamore on East, Gibbs Street and Two East End housing development in the East End District; the Michaels Stern and Temple Building Housing Conversions in the Main Street District; office redevelopment at the former Genesee Hospital site (called Alexander Park), a \$4 million renovation of a largely empty downtown structure for Nothnagle Realtors, Andrews Street and ; culture and entertainment investments at the Strong Museum, Eastman Theater and RHINOS Stadium; and the reconstruction of the I-490 Troup-Howell Bridge as a dynamic suspension bridge symbolizing the Highway and Waterway gateway to Center City.

Demand for new market-rate residential units in Downtown is strong. The success of such projects as the upper-income Symphony Terrace Townhomes, the 77-unit Chevy Place, and work-live lofts in the Cascade District has spurred a renaissance in downtown living. The Temple Building, located in the core downtown area, continues conversion of vacant upper floor Class B offices into high-end loft units. The units are leased as soon as they are introduced on the market. The Temple Building has decided to convert additional vacant floors to accommodate the demand. Almost half of the 23 luxury

condominiums units at the Sagamore on East, located in the heart of the Cultural District, were sold before construction on the building ever began. Several of the units have sold for more than \$600,000. Continuing projects include the H.H. Warner Lofts project of Mark IV Construction, the Cox Building (Renaissance Lofts LLC) and the Midtown Tower. Numerous other residential projects have met with similar success and the number of new projects being proposed continue to grow.

*Midtown Plaza.* Redevelopment of Midtown Plaza, in the heart of downtown Rochester, commenced in 2008. The City of Rochester acquired the Midtown Plaza properties and with funding assistance from N.Y. State's Empire State Development and is moving forward with plans for the demolition of the buildings to accommodate the PAETEC project. Once the retail center of the Rochester region, the Midtown complex was the nation's first fully enclosed downtown mall when it opened in 1962. This pioneering development included a 1,820 space underground parking garage, hotel, office buildings, retail shops and restaurants and covered 8.6 acres of prime downtown real estate. By the 1980s, Midtown could no longer compete with the newer, spacious, suburban malls. By 1995, Midtown's three anchor stores (McCurdy's, B. Foreman, and Wegmans Food Market) had closed.

NYS financial support has enabled the City of Rochester to remove asbestos from most of the structures on the site and demolition of several of the buildings began in August 2010. The Midtown Tower will remain. A developer has been selected to convert the office tower to residential use.

*High Falls District.* There have been several mixed-use development projects occurring in the district with four projects that have added 80 plus new residential units. In addition, RG&E will be building a new substation at 296 Mill Street which will eventually eliminate the need for buildings at the Beebee station sight; Callfinity, a Telecom software company, recently moved into 298-300 State Street, bringing 40 employees; and Partners & Napier, an established advertising, marketing agency in the district recently expanded adding 3,725 additional square feet to their High Falls Offices.

**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 \$298.7 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.

<u>Community Development Block Grant/Consolidated Program</u>	
<i>(in Millions)</i>	
	<u>Allocation</u>
	<u>Through 06/30/10</u>
Residential neighborhoods	\$298.7
Business development	77.6
Urban renewal completion	15.8
Planning, management and administration	<u>54.8</u>
TOTAL:	<u>\$446.9</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 homeowners. 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 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 2009-10 that balance was \$4,948,000.

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, 2009. This was the twenty-sixth 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, 2009

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.



A stylized handwritten signature in black ink, appearing to read "JEFFREY R. EMER".

President

A handwritten signature in black ink, clearly legible as "Jeffrey R. Emer".

Executive Director

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

Robert J. Duffy, Mayor

Lovely A. Warren (Northeast District), President

Elaine M. Spaul (East District), Vice President

◇◇◇

Adam C. McFadden (South District)

Carolee A. Conklin (At-Large)

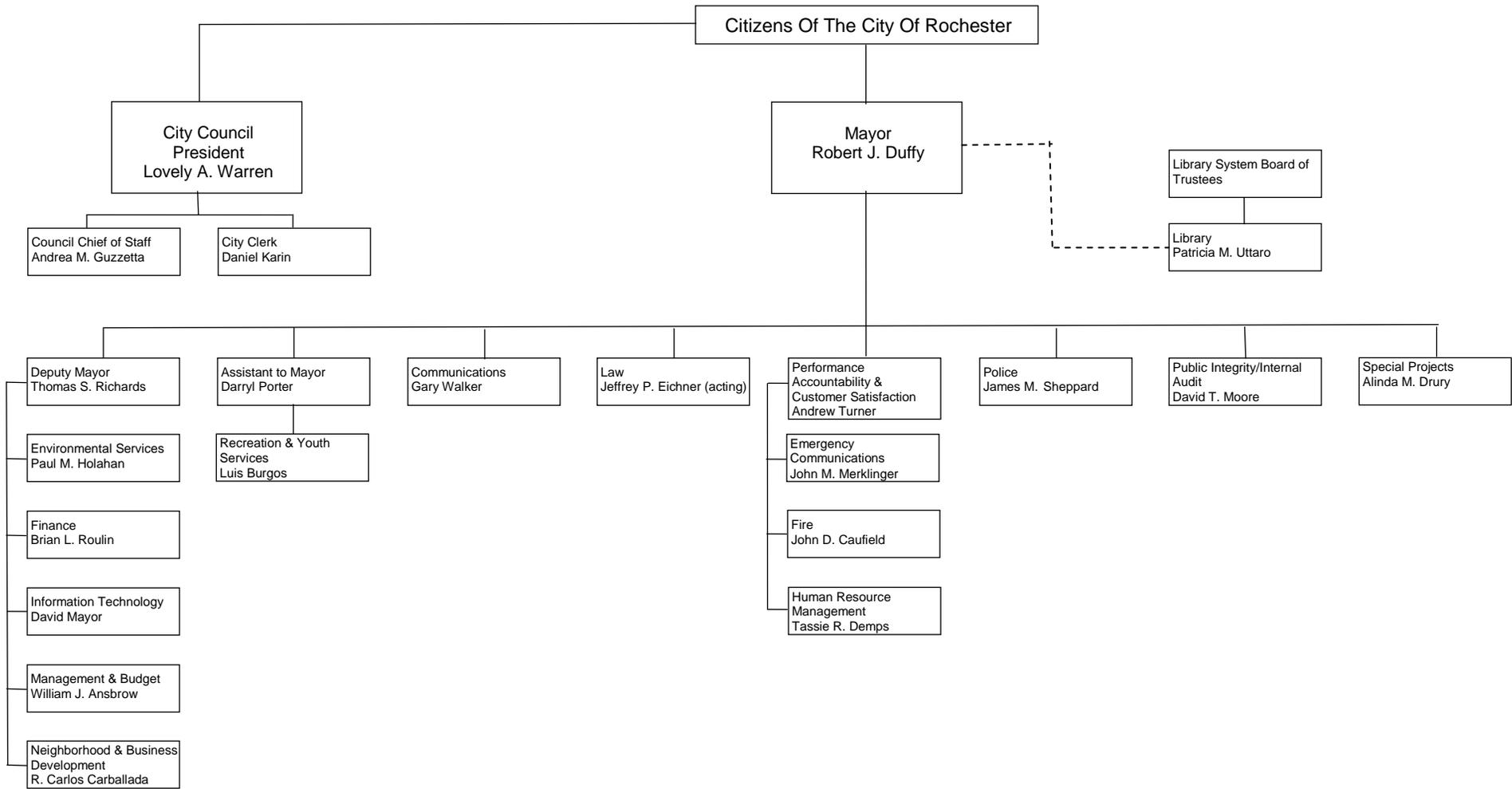
Dana K. Miller (At-Large)

Carla M. Palumbo (Northwest District)

Matt Haag (At-Large)

Loretta C. Scott (At-Large)

Jacklyn Ortiz (At-Large)



**CITY OF ROCHESTER, NEW YORK**  
**ORGANIZATIONAL UNITS AND OFFICIALS**  
Effective December 15, 2010

<b>Mayor</b> .....	Robert J. Duffy
Deputy Mayor .....	Thomas S. Richards
Assistant to Mayor .....	Darryl Porter
City Clerk .....	Daniel Karin
City Council Chief of Staff.....	Andrea M. Guzetta
Management & Budget.....	William J. Ansbro
Communications .....	Gary Walker
Performance Accountability & Customer Satisfaction .....	Andrew Turner
Human Resource Management.....	Tassie R. Demps
Public Integrity/Internal Audit.....	David T. Moore
Special Projects .....	Alinda M. Drury
<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> .....	Jeffrey P. Eichner (acting)
<b>Library</b> .....	Patricia M. Uttaro
<b>Neighborhood &amp; Business Development</b> .....	R. Carlos Carballada
<b>Police</b> .....	James M. Sheppard
<b>Recreation &amp; Youth Services</b> .....	Luis Burgos

# 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, 2010, 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, 2010, 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 20, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of funding progress for retiree health plan and the budgetary comparison on pages 16 through 26, 59 and 60 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*, and the accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR and both are not a required part of the basic financial statements of the City. 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, 110 through 116 and 117 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 20, 2010

As management of the City of Rochester, we offer readers of the City of Rochester's financial statements this narrative overview and analysis of the financial activities of the City of Rochester for the fiscal year ended June 30, 2010. 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, 2010.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$794,443 (net assets).
- The City's total net assets increased by \$13,045.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$201,333, an increase of \$26,830 from the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$4,948, or 1.2% of total general fund expenditures.

The City's total outstanding debt (net of notes refinanced as bonds) decreased by \$970 over the prior year.

### Overview of the Financial Statements

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

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

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

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

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

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**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, 2010, 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 \$794,443 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (88 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		Business-type		Total	
	activities		activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 355,170	\$ 347,032	\$ 64,730	\$ 54,106	\$ 419,900	\$ 401,138
Capital assets	637,692	612,332	256,491	250,249	894,183	862,581
<b>Total assets</b>	<b>992,862</b>	<b>959,364</b>	<b>321,221</b>	<b>304,355</b>	<b>1,314,083</b>	<b>1,263,719</b>
Long-term liabilities outstanding	274,456	223,182	79,170	77,146	353,626	300,328
Other liabilities	138,209	158,768	27,805	23,225	166,014	181,993
<b>Total liabilities</b>	<b>412,665</b>	<b>381,950</b>	<b>106,975</b>	<b>100,371</b>	<b>519,640</b>	<b>482,321</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	530,636	500,317	172,913	170,659	703,549	670,976
Restricted	122,365	121,987	43,136	27,430	165,501	149,417
Unrestricted	(72,804)	(44,890)	(1,803)	5,895	(74,607)	(38,995)
<b>Total net assets</b>	<b>\$ 580,197</b>	<b>\$ 577,414</b>	<b>\$ 214,246</b>	<b>\$ 203,984</b>	<b>\$ 794,443</b>	<b>\$ 781,398</b>

The City's total net assets increased by \$13,045, made up of an increase of \$2,783 in the net assets of governmental activities and an increase of \$10,262 in the net assets of business-type 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 increased by \$2,783. Key components of this change are summarized as follows:

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

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 67,226	\$ 64,894	\$ 65,147	\$ 64,547	\$ 132,373	\$ 129,441
Operating grants and contributions	37,669	33,162	-	-	37,669	33,162
Capital grants and contributions	20,851	15,984	905	4,994	21,756	20,978
General revenues:						
Property taxes	141,493	141,531	5,557	3,379	147,050	144,910
Sales and other taxes	147,372	147,788	905	1,131	148,277	148,919
Governmental aid	108,437	131,431	157	1,133	108,594	132,564
Other	4,430	5,558	15,739	2,183	20,169	7,741
<b>Total revenues</b>	<b>527,478</b>	<b>540,348</b>	<b>88,410</b>	<b>77,367</b>	<b>615,888</b>	<b>617,715</b>
<b>Expenses:</b>						
General government	82,702	67,301	-	-	82,702	67,301
Police	126,085	123,793	-	-	126,085	123,793
Fire	69,949	69,232	-	-	69,949	69,232
Emergency communications	16,966	16,416	-	-	16,966	16,416
Transportation	21,312	23,380	-	-	21,312	23,380
Environmental services	34,574	33,166	-	-	34,574	33,166
Parks & recreation	10,355	20,311	-	-	10,355	20,311
Library	12,723	12,387	-	-	12,723	12,387
Neighborhood business development	38,726	34,379	-	-	38,726	34,379
Interest on long term debt	3,644	3,872	-	-	3,644	3,872
Allocation to school district	119,100	119,100	-	-	119,100	119,100
Water	-	-	28,499	27,632	28,499	27,632
War memorial	-	-	2,821	2,992	2,821	2,992
Parking	-	-	7,634	5,163	7,634	5,163
Cemetery	-	-	2,398	1,789	2,398	1,789
Public market	-	-	555	1,276	555	1,276
Refuse	-	-	24,800	24,602	24,800	24,602
<b>Total expenses</b>	<b>536,136</b>	<b>523,337</b>	<b>66,707</b>	<b>63,454</b>	<b>602,843</b>	<b>586,791</b>
Excess (deficiencies) of revenues over expenses	(8,658)	17,011	21,703	13,913	13,045	30,924
Transfers	11,441	4,593	(11,441)	(4,593)	-	-
Adjustment (See note I. G. 7.)	-	12,136	-	-	-	12,136
Increase (decrease) in net assets	2,783	33,740	10,262	9,320	13,045	43,060
Net assets - beginning (as restated)	577,414	543,674	203,984	194,664	781,398	738,338
Net assets - ending	\$ 580,197	\$ 577,414	\$ 214,246	\$ 203,984	\$ 794,443	\$ 781,398

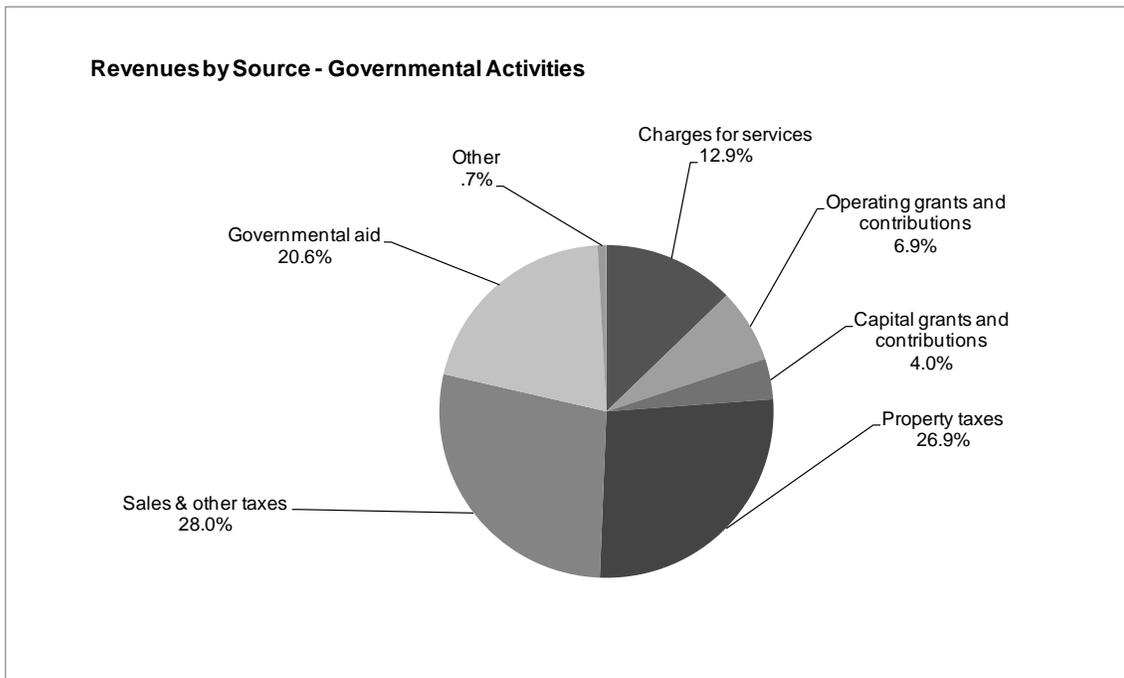
**Governmental activities revenue highlights.**

The major factors contributing to the overall revenue decrease of \$12,870 were:

- Governmental aid declined by \$22,994 due to the decline in state aid,
- Sales and other taxes declined by \$242 due to current economic conditions, and
- Declines in various other categories totaling \$1,340.

The above decreases of \$24,576 were partially offset by the following increases which total \$11,706:

- Capital grants and contributions increased by \$4,867, primarily from federal and state sources;
- Operating grants and contributions increased by \$4,507, primarily related to the federal community development aid; and
- Charges for services increased by \$2,332, primarily in the General Fund.



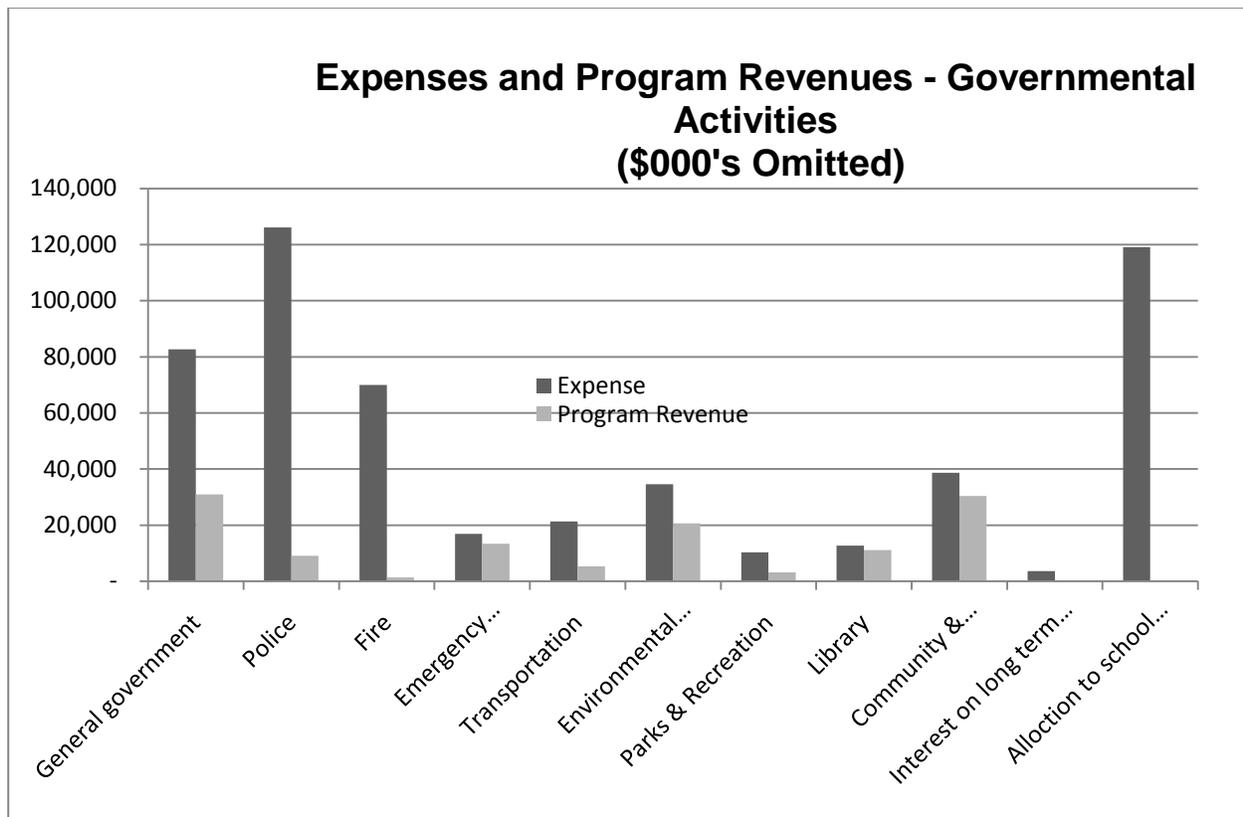
**Governmental activities expense highlights.**

The major factors contributing to an overall expense increase of \$12,799 was as follows:

- General government expenses increased by \$15,401, primarily due to capital expenses net of capitalization;
- Neighborhood and business development expenses increased by \$4,347;
- Police expenses increased by \$2,292, primarily due to employee benefits and depreciation expenses;
- Environmental services expenses increased by \$1,408; and
- Various other increases totaled \$1,603.

The above increases which total \$25,051 were partially offset by decreases of \$12,252 as follows:

- Parks and recreation expenses decreased by \$9,956, primarily to lower capital expenses net of capitalization;
- Transportation expenses decreased by \$2,068; and
- Interest on long term debt decreased by \$228.



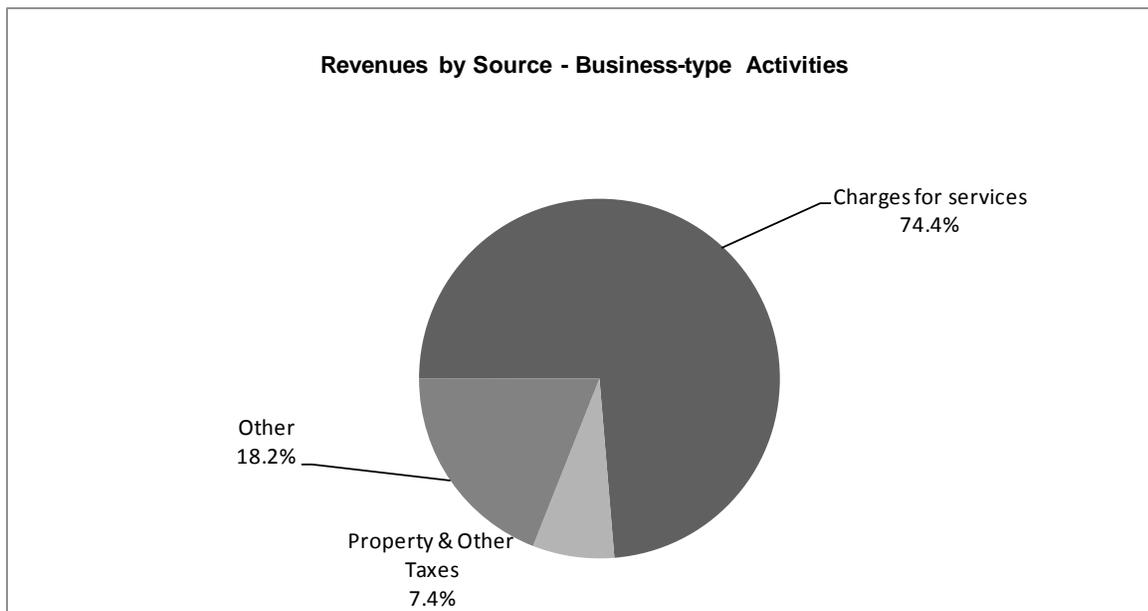
**Business-type activities revenue highlights.**

Revenues for business-type activities showed an overall increase of \$11,043:

- Other revenues increased by \$13,556 due to proceeds from the sale of the upland watershed;
- Property tax support increased by \$2,178, primarily from increased transfers to the cemeteries, war memorial, and public market funds; and
- Other smaller increases totaling \$600.

These increases amounting to \$16,334 were partially offset by decreases of \$5,291 as follows:

- Capital grants and contributions decreased by \$4,089, primarily due to lower capital contributions to the parking fund;
- Governmental aid decreases of \$976; and
- Sales and other tax revenue decreases of \$226.



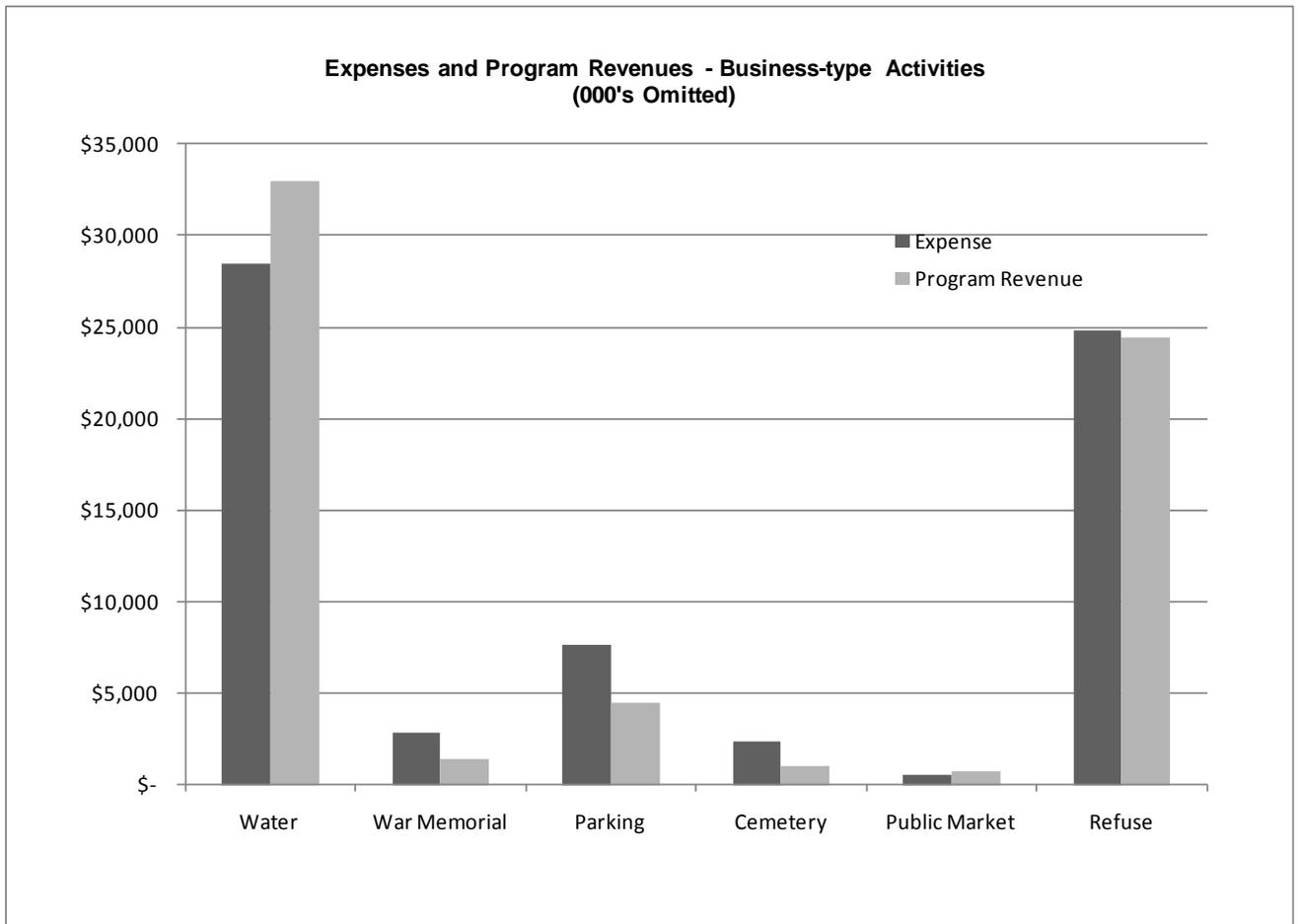
**Business-type activities expense highlights.**

The net increase in business-type activities expenses were \$3,253:

- Parking fund expenses increased by \$2,471.
- Water fund expenses increased by \$867,
- Cemetery fund expenses increased by \$609, and
- Refuse fund expenses increased by \$198.

The above increases, which total \$4,145, were partially offset by reductions of \$892 as follows:

- Public market fund expenses decreased by \$721, and
- War memorial fund expenses decreased by \$171.



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## 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 \$201,333, an increase of \$26,830 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 — \$94,975, 2) to pay debt service — \$57,345, and 3) for a variety of other restricted purposes — \$5,766. The unreserved portion of fund balance includes: \$15,631 restricted in Capital projects funds, \$4,343 of general fund money designated for use in fiscal 2010-11, \$4,948 of general fund money available for use in fiscal 2011-12, \$7,581 unreserved in special revenue funds, and \$6,744 undesignated in the cemetery perpetual care fund. The result is a total unreserved fund surplus for all governmental funds of \$43,247. 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 \$13,291 while total fund balance reached \$33,970. 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 3 percent of total fund expenditures, while total fund balance represents 8 percent of that same amount. The fund balance of the City's general fund increased by \$4,411 during the current fiscal year.

**Debt service fund.** The debt service fund has a total fund balance of \$57,345, all of which is reserved for the payment of debt service. The \$279 increase in fund balance during the current year in the debt service fund resulted from the following: a Rochester Ferry debt service payment of \$10 was offset by the transfer of \$3,223 in reprogrammed funds from cash capital funds. Transfers of (\$5,858) were made to operating funds to meet current debt service requirements. The debt service fund had \$2,443 interest earnings and \$481 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 \$72,542, of this \$44,247 was encumbered for contracts underway, and \$28,295 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 \$(3,154). This balance is the result of \$16,325 encumbered for contracts underway less a \$13,171 deficit unreserved fund balance, which will be eliminated when bond anticipation notes are converted to bonds and other governments reimburse the future expenditure of the encumbrances.

**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 \$4,657.

**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 \$214,246. The change in net assets between 2009 and 2010, which totaled to \$10,262 increase, were as follows: the Water fund increased by \$8,663, the Parking fund decreased by \$286 the War Memorial fund decreased by \$53, the Refuse fund decreased by \$317, the Cemetery fund increased by \$1,244, and the Public Market fund increased by \$1,011.

Unrestricted net assets of the proprietary funds, which totaled (\$1,803) at year end, breakdown as follows: Water — (\$1,071), Parking — \$575, War Memorial — \$146, Refuse — (\$1,604), Cemetery — (\$277), and Public Market — \$428.

**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 \$21,421, a increase of \$1,325 over the prior year. The increase is the result of claims settlement expenses of \$424 of \$1,374 in transfers from the General Fund, \$33 in revenue from investments, and \$342 in refund of prior year expense.

**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 Statement No. 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, 2010, amounted to \$894,183 (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 net of depreciation for the current fiscal year was 3.66 percent, of which 2.94 percent was attributable to governmental activities and .72 percent to business-type activities.

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

- Construction and reconstruction of various streets — \$18,164,600
- Purchase of equipment and vehicles —\$21,313,000
- Construction and reconstruction of municipal facilities — \$11,695,400
- Construction and reconstruction of various water mains — \$5,700,600
- Purchase of refuse collection equipment and containers — \$4,090,600
- Ryan Community Center — \$4,461,100
- Restoration of City Hall brownstone exterior — \$3,937,200
- Rundel library structural repairs and library acquisitions — \$1,117,900
- Suite build out at Rhino Soccer Stadium — \$2,752,100

**City of Rochester's Capital Assets**  
 Net of Depreciation (000's Omitted)

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 24,566	\$ 23,433	\$ 10,166	\$ 11,097	\$ 34,732	\$ 34,530
Buildings	135,236	120,044	106,671	108,450	241,907	228,494
Improvements other than buildings	37,900	31,255	12,348	114,881	50,248	146,136
Machinery and equipment	31,910	29,467	116,783	6,700	148,693	36,167
Infrastructure	406,726	398,124	-	-	406,726	398,124
Construction in progress	1,354	10,009	10,523	9,121	11,877	19,130
<b>Total</b>	<b>\$ 637,692</b>	<b>\$ 612,332</b>	<b>\$ 256,491</b>	<b>\$ 250,249</b>	<b>\$ 894,183</b>	<b>\$ 862,581</b>

**Long-term debt.** On June 30, 2010 the City's outstanding debt was \$190,635. This was a decrease of \$970 (½%) over the prior year. A decrease of \$4,959 in the governmental activities funds was partially offset by an increase of \$3,989 in the business-type activities funds.

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

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 82,246	\$ 65,928	\$ 70,531	\$ 69,611	\$ 152,777	\$ 135,539
Bond anticipation notes	24,810	46,087	13,048	9,979	37,858	56,066
<b>Total</b>	<b>\$ 107,056</b>	<b>\$ 112,015</b>	<b>\$ 83,579</b>	<b>\$ 79,590</b>	<b>\$ 190,635</b>	<b>\$ 191,605</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 Aaa3 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 \$530 million as of the fiscal year end, an amount that was \$191 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 Notes III C and D respectively, in the Notes to the Financial Statements.

**Economic Factors**

Through much of the last century, Rochester was dominated by major manufacturers – particularly Kodak – employing highly skilled production workers, thousands of key scientists and technicians in research and development positions and many headquarters staff. As these companies restructured, the workers who left their employ have fueled the growth of numerous small and medium sized firms in a range of industries. In 1980, just over half (57%) of employment was located in small and medium-sized firms of 1,000 employees or less. Most of these firms had direct or indirect linkages to major Rochester firms like Kodak, Xerox or General Motors. By 2008, the share of employment in small and medium-sized firms has risen to about 80%.

Manifesting the shift to a services based workforce, the University of Rochester has grown to be the largest local employer with 19,596 full time positions, while Kodak has shrunk to 7,400 full time employees, from a peak of 60,000 in 1982. Nonetheless, despite declines in manufacturing employment and a general downturn in the US economy, unemployment rates in the Rochester are relatively favorable. In June of 2010 Rochester MSA unemployment was 7.5%, compared 8.9% in New York State and a national rate of 9.5%.

**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.

# **BASIC FINANCIAL STATEMENTS**

**THE CITY OF ROCHESTER, NEW YORK  
STATEMENT OF NET ASSETS  
JUNE 30, 2010 (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	\$ 208,581	\$ 30,263	\$ 238,844	\$ 122,847	\$ -
Receivables (net of allowance for uncollectibles)					
Accounts	40,247	17,884	58,131	1,844	-
Taxes	15,953	-	15,953	-	-
Due from other governments	89,236	2,249	91,485	61,471	-
Due from primary government	-	-	-	4,679	-
Due from component unit	1,100	-	1,100	-	-
Prepaid expenses	-	-	-	381	-
Interfund balances	53	(53)	-	-	-
Inventory, at cost	-	-	-	157	-
Restricted assets:					
Cash and cash equivalents	-	14,379	14,379	-	-
Accounts receivable	-	8	8	-	-
Capital assets (net of accumulated depreciation)					
Land	24,566	10,166	34,732	17,439	-
Buildings	135,236	106,671	241,907	371,146	-
Machinery and equipment	37,900	12,348	50,248	17,746	-
Improvements other than buildings	31,910	116,783	148,693	-	-
Infrastructure	406,726	-	406,726	-	-
Construction in progress	1,354	10,523	11,877	8,227	-
Total assets	\$ 992,862	\$ 321,221	\$ 1,314,083	\$ 605,937	\$ -
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities:					
Accrued interest payable	\$ 39,448	\$ 3,635	\$ 43,083	\$ 57,317	\$ -
Due to other governments	1,638	1,086	2,724	-	-
Due to component unit	13,738	251	13,989	21,126	-
Unearned revenue	4,679	-	4,679	-	-
Noncurrent liabilities:					
Due within one year	24,202	53	24,255	1,376	-
Due within more than one year	54,504	22,780	77,284	54,132	-
Total liabilities	274,456	79,170	353,626	323,176	-
Total liabilities	\$ 412,665	\$ 106,975	\$ 519,640	\$ 457,127	\$ -
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	\$ 530,636	\$ 172,913	\$ 703,549	\$ 227,099	\$ -
Restricted for:					
Capital projects	105,511	36,129	141,640	-	-
Debt service	5,453	7,007	12,460	-	-
Community development	4,657	-	4,657	-	-
Cemetery perpetual care non-expendable	6,744	-	6,744	-	-
Unrestricted (deficit)	(72,804)	(1,803)	(74,607)	(78,289)	-
Total net assets	\$ 580,197	\$ 214,246	\$ 794,443	\$ 148,810	\$ -

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, 2010 (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				
					Governmental Activities	Business-type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 82,702	\$ 13,121	\$ 287	\$ 17,620	\$ (51,674)	\$ -	\$ (51,674)	\$ -	\$ -
Police	126,085	8,234	913	-	(116,938)	-	(116,938)	-	-
Fire	69,949	809	560	-	(68,580)	-	(68,580)	-	-
Emergency communications	16,966	13,345	-	-	(3,621)	-	(3,621)	-	-
Transportation	21,312	942	1,194	3,220	(15,956)	-	(15,956)	-	-
Environmental services	34,574	20,663	-	-	(13,911)	-	(13,911)	-	-
Recreation & youth services	10,355	2,280	920	11	(7,144)	-	(7,144)	-	-
Library	12,723	3,112	7,965	-	(1,646)	-	(1,646)	-	-
Neighborhood business development	38,726	4,720	25,830	-	(8,176)	-	(8,176)	-	-
Interest on long-term debt	3,644	-	-	-	(3,644)	-	(3,644)	-	-
Education	119,100	-	-	-	(119,100)	-	(119,100)	-	-
Total governmental activities	<u>536,136</u>	<u>67,226</u>	<u>37,669</u>	<u>20,851</u>	<u>(410,390)</u>	<u>-</u>	<u>(410,390)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water	28,499	32,995	-	-	-	4,496	4,496	-	-
War memorial	2,821	1,452	-	-	-	(1,369)	(1,369)	-	-
Parking	7,634	4,437	-	905	-	(2,292)	(2,292)	-	-
Cemetery	2,398	1,062	-	-	-	(1,336)	(1,336)	-	-
Public market	555	749	-	-	-	194	194	-	-
Refuse	24,800	24,452	-	-	-	(348)	(348)	-	-
Total business-type activities	<u>66,707</u>	<u>65,147</u>	<u>-</u>	<u>905</u>	<u>-</u>	<u>(655)</u>	<u>(655)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 602,843</u>	<u>\$ 132,373</u>	<u>\$ 37,669</u>	<u>\$ 21,756</u>	<u>\$ (410,390)</u>	<u>\$ (655)</u>	<u>\$ (411,045)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component unit:</b>									
Public school system	\$ 713,317	\$ 2,669	\$ 101,612	\$ -	\$ -	\$ -	\$ -	\$ (609,036)	\$ -
<b>Component unit:</b>									
Rochester Ferry Co., LLC	\$ 188	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (188)
		General revenues:							
					\$ 141,319	\$ 5,557	\$ 146,876	\$ -	\$ -
					123,392	-	123,392	-	-
					10,903	-	10,903	-	-
					13,251	905	14,156	-	-
					108,437	157	108,594	465,073	-
					2,938	793	3,731	4,769	-
					-	-	-	119,100	-
					1,492	1,480	2,972	8,125	-
					-	13,466	13,466	-	-
					-	-	-	-	2,308
					11,441	(11,441)	-	-	-
					<u>413,173</u>	<u>10,917</u>	<u>424,090</u>	<u>597,067</u>	<u>2,308</u>
					2,783	10,262	13,045	(11,969)	2,120
					565,278	203,984	769,262	160,779	(2,120)
					12,136	-	12,136	-	-
					<u>577,414</u>	<u>203,984</u>	<u>781,398</u>	<u>160,779</u>	<u>(2,120)</u>
					<u>\$ 580,197</u>	<u>\$ 214,246</u>	<u>\$ 794,443</u>	<u>\$ 148,810</u>	<u>\$ -</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, 2010 (000's Omitted)**

	General	Debt Service	Capital Projects		Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
			General	Trans- portation	Community Development		
<b>ASSETS</b>							
Cash and cash equivalents	\$ 69,384	\$ 58,528	\$ 10,903	\$ 2,600	\$ 4,693	\$ 40,288	\$ 186,396
Receivables (net of allowance for uncollectibles)							
Accounts	7,829	6	391	-	31,193	828	40,247
Taxes	9,261	-	-	-	-	167	9,428
Due from other governments	51,785	-	16,642	2,654	1,525	5,542	78,148
Due from other funds	30,975	3,223	85,979	7,935	5	2,640	130,757
Due from component unit	1,100	-	-	-	-	-	1,100
Total assets	<u>\$ 170,334</u>	<u>\$ 61,757</u>	<u>\$ 113,915</u>	<u>\$ 13,189</u>	<u>\$ 37,416</u>	<u>\$ 49,465</u>	<u>\$ 446,076</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued liabilities	\$ 27,699	\$ -	\$ 4,243	\$ 1,968	\$ 1,632	\$ 1,768	\$ 37,310
Notes payable	-	-	22,785	673	-	1,352	24,810
Due to other funds	94,511	-	14,288	7,394	202	15,683	132,078
Due to other governments	6,033	-	-	-	7,513	192	13,738
Due to component unit	201	4,412	57	-	-	9	4,679
Deferred revenue	7,920	-	-	-	23,412	796	32,128
Total liabilities	<u>136,364</u>	<u>4,412</u>	<u>41,373</u>	<u>10,035</u>	<u>32,759</u>	<u>19,800</u>	<u>244,743</u>
<b>Fund balances:</b>							
Reserved for encumbrances	14,913	-	44,247	16,325	12,847	6,643	94,975
Reserved for noncurrent receivable	5,766	-	-	-	-	-	5,766
Reserved for debt	-	57,345	-	-	-	-	57,345
<b>Unreserved:</b>							
Designated for subsequent years' expenditures							
General fund	4,343	-	-	-	-	-	4,343
Special revenue fund	-	-	-	-	-	462	462
Designated for OPEB	4,000	-	-	-	-	-	4,000
Undesignated, reported in:							
General fund	4,948	-	-	-	-	-	4,948
Special revenue fund	-	-	-	-	(8,190)	15,309	7,119
Capital projects fund	-	-	28,295	(13,171)	-	507	15,631
Permanent fund	-	-	-	-	-	6,744	6,744
Total fund balances	<u>33,970</u>	<u>57,345</u>	<u>72,542</u>	<u>3,154</u>	<u>4,657</u>	<u>29,665</u>	<u>201,333</u>
Total liabilities and fund balances	<u>\$ 170,334</u>	<u>\$ 61,757</u>	<u>\$ 113,915</u>	<u>\$ 13,189</u>	<u>\$ 37,416</u>	<u>\$ 49,465</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	637,692
Accrual of property and sales taxes to qualify as financial resources	24,730
Internal service fund transferred to governmental activities	21,421
Accrual of interest on bonds and notes payable	(1,638)
Accrual of Medicare Part D revenue	809
Long-term liabilities are not reported in the funds	
Bonds payable	(82,246)
Compensated absences	(10,519)
Workers' compensation	(7,381)
OPEB liability	(191,471)
NYS Canal Corp. Lease	(819)
Pollution remediation liability	(11,714)
Net assets of governmental activities	<u>\$ 580,197</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, 2010 (000's Omitted)**

	General	Debt Service	Capital Projects		Special Revenue Community Development	Nonmajor Governmental Funds	Total Governmental Funds
			General	Trans- portation			
<b>REVENUES</b>							
Real property tax	\$ 135,069	\$ -	\$ -	\$ -	\$ -	\$ 6,377	\$ 141,446
Sales tax	123,338	-	-	-	-	-	123,338
Other taxes	24,983	-	-	-	-	-	24,983
Departmental	27,589	-	-	-	-	18,516	46,105
Use of money and property	803	2,443	2	-	3	65	3,316
Licenses and permits	2,693	-	-	-	-	-	2,693
Federal aid	2,103	-	8,330	-	22,143	1,358	33,934
State aid	108,788	300	8,268	3,212	265	2,398	123,231
Local sources and other	15,839	181	1,020	8	2,751	8,798	28,597
Total revenues	441,205	2,924	17,620	3,220	25,162	37,512	527,643
<b>EXPENDITURES</b>							
Current:							
Council and clerk	1,726	-	-	-	-	-	1,726
Administration	8,660	-	-	-	-	-	8,660
Law	1,757	-	-	-	-	-	1,757
Information technology	3,786	-	-	-	-	-	3,786
Finance	4,066	-	-	-	-	-	4,066
Neighborhood business developmen	11,818	-	-	-	21,427	726	33,971
Economic development	-	-	-	-	-	-	-
Environmental services	26,240	-	-	-	-	9,604	35,844
Library	-	-	-	-	-	11,029	11,029
Police	76,682	-	-	-	-	1,571	78,253
Fire	42,293	-	-	-	-	4	42,297
Emergency communications	10,493	-	-	-	-	-	10,493
Recreation & youth services	8,471	-	-	-	-	793	9,264
Undistributed	84,337	-	-	-	-	5,587	89,924
Allocation to school district	119,100	-	-	-	-	-	119,100
Capital projects	-	-	54,883	12,322	-	5,158	72,363
Debt service:							
Principal	14,885	-	-	-	-	240	15,125
Interest	3,148	10	-	-	-	26	3,184
Total expenditures	417,462	10	54,883	12,322	21,427	34,738	540,842
Excess (deficiency) of revenues over expenditures	23,743	2,914	(37,263)	(9,102)	3,735	2,774	(13,199)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds of general obligation debt	-	-	11,904	13,565	-	4,493	29,962
Transfers from other funds	28,886	3,223	36,899	6,072	-	6,151	81,231
Transfers (to) other funds	(48,218)	(5,858)	(350)	(3,128)	(4,206)	(9,404)	(71,164)
Total other financing sources (uses)	(19,332)	(2,635)	48,453	16,509	(4,206)	1,240	40,029
Net change in fund balances	4,411	279	11,190	7,407	(471)	4,014	26,830
<b>Fund Balances - beginning of year</b>	29,559	57,066	61,352	(4,253)	5,128	25,651	174,503
<b>Fund Balances - end of year</b>	\$ 33,970	\$ 57,345	\$ 72,542	\$ 3,154	\$ 4,657	\$ 29,665	\$ 201,333

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, 2010 (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	\$ 26,830
Governmental funds report capital outlays of \$49,254 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 \$23,894. This is the amount by which capital outlays exceeded depreciation in the current period	25,360
Revenues in the statement of activities that do not provide current financial resource and are not reported as revenues in the funds	(165)
Change in accrual of interest payable on notes and bonds payable	(460)
Change in net assets of the internal service fund reported in governmental activities	1,325
Change in the pollution remediation liability	1,491
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	15,125
Proceeds of general obligation debt	(29,962)
OPEB expense is not reported in the governmental funds.	(38,159)
NYS Canal Lease expense is not reported in the governmental funds	(182)
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	
Thomas P Ryan Center	2,569
Compensated absences	44
Workers' compensation	(1,033)
Change in net assets of governmental activities	<u>\$ 2,783</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, 2010 (000's Omitted)**

	Business-type Activities- Enterprise Funds							Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Funds	
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 10,011	\$ 2,782	\$ -	\$ 12,001	\$ 5,395	\$ 74	\$ 30,263	\$ 22,185
Receivables (net of allowance for uncollectibles)	14,099	260	871	2,055	599	-	17,884	-
Due from other governments	-	2,023	226	-	-	-	2,249	-
Due from other funds	357	609	99	1,900	183	697	3,845	1,374
Cash and cash equivalents - restricted	10,258	3,977	4	-	76	64	14,379	-
Due from other governments - restricted	8	-	-	-	-	-	8	-
Total current assets	34,733	9,651	1,200	15,956	6,253	835	68,628	23,559
Noncurrent assets:								
Capital assets:								
Land	573	8,551	165	30	139	708	10,166	-
Buildings	41,965	118,737	44,310	967	1,899	1,793	209,671	-
Improvements other than buildings	213,262	2,212	60	520	1,187	3,170	220,411	-
Equipment	5,833	1,648	5,542	15,194	965	33	29,215	-
Construction in progress	9,395	1,128	-	-	-	-	10,523	-
Less accumulated depreciation	(119,355)	(70,803)	(20,829)	(8,432)	(2,273)	(1,803)	(223,495)	-
Total noncurrent assets (net of accumulated depreciation)	151,673	61,473	29,248	8,279	1,917	3,901	256,491	-
Total assets	186,406	71,124	30,448	24,235	8,170	4,736	325,119	23,559
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable and accrued liabilities	2,083	471	30	1,911	62	38	4,595	2,138
Accrued interest payable	533	329	205	-	4	15	1,086	-
Notes payable	8,519	4,528	-	-	-	-	13,047	-
Bonds payable	4,382	1,891	1,015	-	25	250	7,563	-
Due to other funds	3,367	102	396	1	8	24	3,898	-
Due to other governments	118	12	-	106	11	4	251	-
Deferred revenue	-	53	-	-	-	-	53	-
Total current liabilities	19,002	7,386	1,646	2,018	110	331	30,493	2,138
Noncurrent liabilities:								
Worker's compensation	813	-	-	2,138	-	-	2,951	-
Bonds payable	30,438	17,935	13,990	-	155	450	62,968	-
OPEB liability	7,157	471	12	6,158	563	100	14,461	-
Total noncurrent liabilities	38,408	18,406	14,002	8,296	718	550	80,380	-
Total liabilities	57,410	25,792	15,648	10,314	828	881	110,873	2,138
<b>NET ASSETS</b>								
Invested in capital assets, net of related debt	108,334	37,119	14,243	8,279	1,737	3,201	172,913	-
Restricted for debt service	5,303	1,608	4	-	48	44	7,007	-
Restricted for capital projects	16,430	6,030	407	7,246	5,834	182	36,129	-
Unrestricted (deficit)	(1,071)	575	146	(1,604)	(277)	428	(1,803)	21,421
Total net assets	\$ 128,996	\$ 45,332	\$ 14,800	\$ 13,921	\$ 7,342	\$ 3,855	\$ 214,246	\$ 21,421

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, 2010 (000's Omitted)**

	Business-type Activities- Enterprise Funds							Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Funds	
<b>Operating Revenues</b>								
Charges for services	\$ 32,995	\$ 4,437	\$ 1,452	\$ 24,452	\$ 1,062	\$ 749	\$ 65,147	\$ -
<b>Operating Expenses</b>								
Personal services	6,511	883	-	6,328	675	207	14,604	-
Supplies and materials	9,030	2,076	858	12,277	1,232	62	25,535	-
Employee benefits	5,540	250	10	4,571	331	77	10,779	-
Depreciation	6,029	3,384	1,163	1,624	153	180	12,533	-
Claims settlement	-	-	-	-	-	-	-	424
Total operating expenses	27,110	6,593	2,031	24,800	2,391	526	63,451	424
Operating income (loss)	5,885	(2,156)	(579)	(348)	(1,329)	223	1,696	(424)
<b>Nonoperating revenues (expenses)</b>								
Real property taxes	-	1,922	411	-	2,407	817	5,557	-
Sales and use taxes	-	-	905	-	-	-	905	-
Interest and penalties	1,479	-	-	-	1	-	1,480	-
Interest on investments	637	83	-	31	42	-	793	33
Interest expense	(1,389)	(1,041)	(790)	-	(7)	(29)	(3,256)	-
Federal aid	2	1	-	-	-	-	3	-
State grant	24	-	-	-	130	-	154	-
Refund of prior year expense	-	-	-	-	-	-	-	342
Total nonoperating revenues (expenses)	753	965	526	31	2,573	788	5,636	375
Income (loss) before operating transfers	6,638	(1,191)	(53)	(317)	1,244	1,011	7,332	(49)
Capital Contributions	-	905	-	-	-	-	905	-
Gain on sale of land	13,466	-	-	-	-	-	13,466	-
Transfers in	-	-	-	-	-	-	-	1,374
Transfers out	(11,441)	-	-	-	-	-	(11,441)	-
Change in net assets	8,663	(286)	(53)	(317)	1,244	1,011	10,262	1,325
Total net assets-beginning	120,333	45,618	14,853	14,238	6,098	2,844	203,984	20,096
Total net assets-ending	\$ 128,996	\$ 45,332	\$ 14,800	\$ 13,921	\$ 7,342	\$ 3,855	\$ 214,246	\$ 21,421

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, 2010 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Activities- Internal Service Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 34,141	\$ 5,782	\$ 1,765	\$ 24,585	\$ 1,184	\$ 749	\$ 68,206	\$ 656
Payments to suppliers	(12,132)	(2,029)	(872)	(16,963)	(1,487)	(431)	(33,914)	(4,856)
Payments to employees	(6,496)	(859)	-	(6,308)	(681)	(206)	(14,550)	-
Net cash provided (used) by operating activities	15,513	2,894	893	1,314	(984)	112	19,742	(4,200)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Real property taxes	-	1,922	411	-	2,407	817	5,557	-
Operating grants	1,000	-	905	-	-	-	1,905	-
Transfers (to) from other funds	(11,578)	92	(416)	(1,220)	(115)	(342)	(13,579)	2,900
Refund of prior year expense	-	-	-	-	-	-	-	342
Net cash provided (used) by noncapital financing activities	(10,578)	2,014	900	(1,220)	2,292	475	(6,117)	3,242
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Proceeds from sales of bonds and notes	8,390	4,528	-	-	-	-	12,918	-
Principal paid on bonds and notes	(4,589)	(3,051)	(1,015)	-	(25)	(250)	(8,930)	-
Capital grants	24	905	-	-	199	-	1,128	-
Interest expense paid on bonds and notes	(1,230)	(1,037)	(803)	-	(4)	(20)	(3,094)	-
Payments to contractors	(10,437)	(3,348)	(44)	(3,928)	(239)	(779)	(18,775)	-
Proceeds from sale of fixed assets	13,466	-	-	-	-	-	13,466	-
Net cash provided (used) by capital and related financing activities	5,624	(2,003)	(1,862)	(3,928)	(69)	(1,049)	(3,287)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest received	637	83	-	31	42	-	793	33
Net increase (decrease) in cash and cash equivalents	11,196	2,988	(69)	(3,803)	1,281	(462)	11,131	(925)
Cash and cash equivalents at beginning of year	9,073	3,771	73	15,804	4,190	600	33,511	23,110
Cash and cash equivalents at end of year	\$ 20,269	\$ 6,759	\$ 4	\$ 12,001	\$ 5,471	\$ 138	\$ 44,642	\$ 22,185
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>								
Operating income (loss)	\$ 5,885	\$ (2,156)	\$ (579)	\$ (348)	\$ (1,329)	\$ 223	\$ 1,696	\$ (424)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
Depreciation expense	6,029	3,384	1,163	1,624	153	180	12,533	-
(Increase) decrease in accounts receivable	(333)	1,345	313	133	121	-	1,579	656
Increase (decrease) in accounts payable	817	242	3	(1,867)	(12)	(315)	(1,132)	(4,432)
Increase (decrease) in intergovernmental payables	(6)	5	-	(5)	1	2	(3)	-
Increase (decrease) in worker's compensation liability	351	-	-	574	-	-	925	-
Increase (decrease) in OPEB liability	1,291	81	(7)	1,203	81	22	2,671	-
Increase (decrease) in deferred revenue	-	(7)	-	-	-	-	(7)	-
Interest and penalties	1,479	-	-	-	1	-	1,480	-
Total adjustments	9,628	5,050	1,472	1,662	345	(111)	18,046	(3,776)
Net cash provided (used) by operating activities	\$ 15,513	\$ 2,894	\$ 893	\$ 1,314	\$ (984)	\$ 112	\$ 19,742	\$ (4,200)

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, 2010 (000's Omitted)**

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	<u>Private Grants</u>	<u>Agency</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 842	\$ 11,909
Investments	2,060	-
Receivables (net of allowance for uncollectibles)	1,010	181
Total assets	<u>3,912</u>	<u>12,090</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	12,090
Total liabilities	<u>-</u>	<u>12,090</u>
<b>NET ASSETS</b>		
Held in trust and other purposes	<u>\$ 3,912</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, 2010 (000's Omitted)**

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	<u>Private Grants</u>
<b>ADDITIONS</b>	
Local sources and other	\$ 1,345
Total additions	<u>1,345</u>
<b>DEDUCTIONS</b>	
Community services	<u>226</u>
Change in net assets	1,119
Net assets-beginning of year	2,793
Net assets-end of year	<u>\$ 3,912</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: Neighborhood and Business 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 (the 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 Joint Schools Construction Board (RJSCB) was formed to provide alternative financing for the modernization of school facilities. It is an inter-municipal board formed by the City and the District under the authorization of the New York State Rochester School Facilities Construction Board Act. The seven voting member board consists of three members appointed by the City, three members appointed by the District, and one member jointly appointed. The RJSCB has engaged legal counsel, a program management firm, a financial advisor, and is in the process of recruiting an executive director. Administrative costs of the RJSCB will be paid by the District.

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. As disclosed below in Note III. D. 3, this entity was dissolved during fiscal 2010.

### 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 is 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 City 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 **Cemetery Fund** is used to account for the revenues and expenses of 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**

During the fiscal year ended June 30, 2010, the City adopted GASB 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 and Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

The GASB has issued Statement No. 54, *Accounting and Fund Balance Reporting and Governmental Fund Type Definitions*, which will be applicable to the City of Rochester and its component unit effective June 30, 2011; Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, which will be effective for the year ending June 30, 2012; Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*; and Statement No. 59, *Financial Instruments Omnibus*, which will be effective for the year ending June 30, 2011. The City is currently studying these statements and plans on adoption 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, 2010, the City had a legal margin of \$31,679,788.

#### **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 with an aggregate market value equal to or greater than 102% of 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 as permitted by GASB Statement No. 34. The City defines capital assets as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

**4. Compensated Absences**

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

**5. Long-term Obligations**

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

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

## 6. Fund Equity

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

## 7. Restatement of Beginning Net Assets

The City's entity wide beginning net assets balance was increased by \$12,136,000 from \$769,262,000 to \$781,398,000, to include the fixed asset of a stadium facility that was acquired indirectly through default. The Rochester Rhinos Stadium, LLC built a soccer stadium on land leased from the City. The majority of construction costs were provided for through a direct grant to the company from New York State. Unfortunately, the company encountered financial difficulties which eventually led to the default of their private financing. As a consequence, based on terms in the land lease, the title to the facility reverted to the City. Due to the unusual manner of acquisition, this asset was inadvertently omitted from previous financial reports. The asset has now been recognized at fair market value.

## 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, 2010 were \$65,070,000. This amount is composed of \$44,247,000 in general government projects, \$16,325,000 in transportation projects, as well as \$4,498,000 in nonmajor governmental fund capital projects. In addition, \$12,847,000 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, 2010 were \$23,201,000. This was composed of \$10,741,000 for Water Fund projects, \$2,796,000 for Refuse Fund projects, \$4,637,000 for Parking Fund projects, \$161,000 for War Memorial projects, \$4,830,000 for Cemetery projects, and \$36,000 for Public Market projects.

At year-end the School District had total encumbrances of \$11,093,000 in their capital projects fund.

## 9. Cash and Cash Equivalent

The City's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

The City's investment policies are governed by State statutes. City funds must be deposited in FDIC insured commercial banks or trust companies located within the State. Permissible investments include demand accounts and certificates of deposit, obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, time deposits, and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

## 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 Statement No. 41 (*Budgetary Comparison Schedules – Perspective Differences*), a non-GAAP budget-to-actual schedule is presented as Required Supplemental Information after the Basic Financial Statements. An administrative level budget-to-actual schedule is presented as Other Supplemental Information following the combining and individual fund statements and schedules.

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

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

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

During the year, City Council passed budget amendments which increased total appropriations for operating budgets by \$3,379,000. Estimated revenues increased by \$17,993,000, transfers to other funds increased by \$25,375,000 and transfers from other funds increased by \$3,467,000. Appropriation of fund balance increased by \$7,294,000.

### 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 \$166,255,200 and the bank balance was \$173,623,300. 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 \$24,875,100. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

## 2. Cash Equivalents

At year-end, the City had cash equivalents of \$99,718,800 as follows: \$92,200,000 in money market accounts, \$7,225,000 (fair value) in repurchase agreements, and \$293,800 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 \$101,022,400. The fair value of money market accounts was \$97,022,400 and the fair value of repurchase agreements was \$4,000,000. 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 had \$1,849,100 of Library trust funds invested: \$956,700 was invested in US Government Securities and \$892,400 in equities. Library trust fund investments, which derive from private contributions, constitute only less than one percent of the City's deposits, cash equivalents, and investments. 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-half of this portfolio is invested in U.S. Treasury and agency obligations. The remaining is invested in stocks and mutual funds for which ratings are unavailable. These equities have been characterized as 50% growth investments and 50% value investments. Since this portfolio is not protected by the City's collateral agreements and has exposure to cyclical markets, there is greater custodial and credit risk.

At year-end, the School District had no investments.

In accordance with certain contractual provisions, investment income of \$155,300 for fiscal year 2010, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$10,000 for fiscal year 2010, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

## B. RECEIVABLES AND PAYABLES

The Primary Government had \$58,131,000 in accounts receivables at year-end. The major Governmental activities receivable was \$31,193,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major Business-type receivables were \$14,099,000 in the Water Fund, \$2,055,000 in the Refuse Fund, and \$260,000 in the Parking Fund.

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenue sources are as follows: General Fund property taxes (\$2,062,800), Water Fund (\$4,881,000), and Refuse Fund (\$1,548,000).

The amount due from other governments to the City, as presented in the fund level statements as of June 30, 2010, was \$80,405,000. This was comprised of the following items: \$31,175,000 from New York State, \$41,265,000 from Monroe County, \$7,864,000 from the Federal Government, and \$101,000 from others.

The amount due from other governments and the primary government to the School District as of June 30, 2010 was \$66,150,000. This was comprised of the following items: \$33,225,800 from New York State, \$26,089,000 from the Federal Government, and \$6,835,300 from other sources.

The Primary Government had \$43,083,000 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 \$57,317,000 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 no accounts payable and accrued liabilities at year-end.

## C. CAPITAL ASSETS

## Changes in Governmental Activities Capital Assets (000's Omitted):

Class	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>Capital assets, not being depreciated:</b>				
Land	\$ 23,433	\$ 1,178	\$ 45	\$ 24,566
Construction in progress	10,009	1,127	9,782	1,354
Total capital assets, not being depreciated	<u>\$ 33,442</u>	<u>\$ 2,305</u>	<u>\$ 9,827</u>	<u>\$ 25,920</u>
<b>Capital assets, being depreciated:</b>				
Buildings	\$ 194,678	\$ 21,421	\$ 1,280	\$ 214,819
Improvements other than buildings	44,471	3,020	38	47,453
Machinery and equipment	78,774	20,387	8,343	90,818
Infrastructure	524,149	18,165	-	542,314
Total capital assets being depreciated	<u>842,072</u>	<u>62,993</u>	<u>9,661</u>	<u>895,404</u>
<b>Less accumulated depreciation for:</b>				
Buildings	74,634	5,486	537	79,583
Improvements other than buildings	13,216	1,729	(598)	15,543
Machinery and equipment	49,307	7,116	3,505	52,918
Infrastructure	126,025	9,563	-	135,588
Total accumulated depreciation	<u>263,182</u>	<u>23,894</u>	<u>3,444</u>	<u>283,632</u>
<b>Total capital assets, being depreciated, net:</b>	<u>578,890</u>	<u>39,099</u>	<u>6,217</u>	<u>611,772</u>
<b>Governmental activities capital assets, net:</b>	<u>\$ 612,332</u>	<u>\$ 41,404</u>	<u>\$ 16,044</u>	<u>\$ 637,692</u>

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

Class	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>Capital assets, not being depreciated:</b>				
Land	\$ 11,097	\$ -	\$ 931	\$ 10,166
Construction in progress	9,121	10,560	9,158	10,523
Total capital assets, not being depreciated	<u>\$ 20,218</u>	<u>\$ 10,560</u>	<u>\$ 10,089</u>	<u>\$ 20,689</u>
<b>Capital assets, being depreciated:</b>				
Buildings	\$ 206,935	\$ 2,740	\$ 4	\$ 209,671
Improvements other than buildings	213,577	7,186	352	220,411
Machinery and equipment	28,123	7,428	6,336	29,215
Total capital assets being depreciated	<u>448,635</u>	<u>17,354</u>	<u>6,692</u>	<u>459,297</u>
<b>Less accumulated depreciation for:</b>				
Buildings	98,485	4,515		103,000
Improvements other than buildings	98,696	5,285	353	103,628
Machinery and equipment	21,423	2,733	7,289	16,867
Total accumulated depreciation	<u>218,604</u>	<u>12,533</u>	<u>7,642</u>	<u>223,495</u>
<b>Total capital assets, being depreciated, net:</b>	<u>230,031</u>	<u>4,821</u>	<u>(950)</u>	<u>235,802</u>
<b>Business-type activities capital assets, net:</b>	<u>\$ 250,249</u>	<u>\$ 15,381</u>	<u>\$ 9,139</u>	<u>\$ 256,491</u>

Depreciation expense was charged to City functions and programs as follows:

<b>Governmental activities:</b>	
General government	\$ 4,326,000
Police	2,102,300
Fire	1,495,100
Emergency communications	229,500
Transportation	9,562,700
Environmental services	2,745,300
Parks & recreation	2,023,000
Library	786,400
Community development	623,000
Total depreciation expense - governmental activities	<u>\$ 23,893,300</u>
<b>Business-type activities:</b>	
Water	\$ 6,029,300
Parking	3,383,800
War Memorial	1,162,200
Refuse	1,623,700
Cemetery	153,000
Public market	180,100
Total depreciation expense - business type activities	<u>\$ 12,532,100</u>
Total depreciation - Primary Government	<u>\$ 36,425,400</u>

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

Class	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<b>Capital assets, not being depreciated:</b>				
Land	\$ 17,169	\$ 270	\$ -	\$ 17,439
Construction in progress	50,180	18,593	60,546	8,227
Total capital assets, not being depreciated	<u>\$ 67,349</u>	<u>\$ 18,863</u>	<u>\$ 60,546</u>	<u>\$ 25,666</u>
<b>Capital assets, being depreciated:</b>				
Buildings	\$ 515,372	\$ 56,415	\$ 52	\$ 571,735
Machinery and equipment	47,181	5,246	2,677	49,750
Total capital assets being depreciated	<u>562,553</u>	<u>61,661</u>	<u>2,729</u>	<u>621,485</u>
<b>Less accumulated depreciation for:</b>				
Buildings	182,137	18,500	48	200,589
Machinery and equipment	27,894	6,659	2,549	32,004
Total accumulated depreciation	<u>210,031</u>	<u>25,159</u>	<u>2,597</u>	<u>232,593</u>
<b>Total capital assets, being depreciated, net:</b>	<u>352,522</u>	<u>36,502</u>	<u>132</u>	<u>388,892</u>
<b>School District capital assets, net:</b>	<u>\$ 419,871</u>	<u>\$ 55,365</u>	<u>\$ 60,678</u>	<u>\$ 414,558</u>

**D. LONG-TERM LIABILITIES**

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2010:

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

	Balance June 30, 2009	New Issues/ Additions	Notes Converted To Bonds	Maturities and/or Payments	Balance June 30, 2010	Due Within One Year
<b>General Obligation Bonds</b>						
Public improvement	\$ 62,207	\$ -	\$ 28,492	\$ (12,493)	\$ 78,206	\$ 15,296
Sewer	3,481	-	1,025	(911)	3,595	797
Library	240	-	445	(240)	445	55
Total General Obligation Bonds	65,928	-	29,962	(13,644)	82,246	16,148
<b>Other Noncurrent liabilities:</b>						
EFIC (Fast Ferry)	-	-	-	-	-	-
NYS Canal Corp. Lease	637	182	-	-	819	-
Municipal Bond Bank Agency Liability	1,480	-	-	(1,480)	-	-
Compensated absences	10,563	10,519	-	(10,563)	10,519	10,519
Workers' compensation	6,348	3,630	-	(2,597)	7,381	3,027
Pollution remediation	13,205	1,866	-	(3,357)	11,714	-
OPEB liability	153,312	55,747	-	(17,588)	191,471	-
Total Other Noncurrent liabilities	185,545	71,944	-	(35,585)	221,904	13,546
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 251,473</b>	<b>\$ 71,944</b>	<b>\$ 29,962</b>	<b>\$ (49,229)</b>	<b>\$ 304,150</b>	<b>\$ 29,694</b>

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

	Balance June 30, 2009	New Issues/ Additions	Notes Converted To Bonds	Maturities and/or Payments	Balance June 30, 2010	Due Within One Year
<b>General Obligation Bonds</b>						
Water	\$ 32,214	\$ -	\$ 6,695	\$ (4,089)	\$ 34,820	\$ 4,382
War Memorial	16,020	-	-	(1,015)	15,005	1,015
Parking	21,277	-	400	(1,851)	19,826	1,891
Cemeteries	-	-	180	-	180	25
Public Market	100	-	625	(25)	700	250
Total General Obligation Bonds	69,611	-	7,900	(6,980)	70,531	7,563
<b>Other Noncurrent liabilities:</b>						
Compensated absences	-	-	-	-	-	-
Workers' compensation	2,726	1,262	-	(1,038)	2,950	1,210
OPEB liability	11,790	3,748	-	(1,078)	14,460	-
Total Other Noncurrent liabilities	14,516	5,010	-	(2,116)	17,410	1,210
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>\$ 84,127</b>	<b>\$ 5,010</b>	<b>\$ 7,900</b>	<b>\$ (9,096)</b>	<b>\$ 87,941</b>	<b>\$ 8,773</b>

The following tables summarize changes in the City's current debt related liabilities for the year ended June 30, 2010:

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

	Balance June 30, 2009	New Issues/ Additions	Notes Converted To Bonds	Maturities and/or Payments	Balance June 30, 2010	Due Within One Year
<b>Bond Anticipation Notes</b>						
Public improvement	\$ 43,955	\$ 11,797	\$ (28,492)	\$ (3,099)	\$ 24,161	\$ 24,161
Library	964	-	(445)	(55)	464	464
Sewer	1,168	115	(1,025)	(73)	185	185
Total Capital Projects Funds	46,087	11,912	(29,962)	(3,227)	24,810	24,810
Debt service fund	-	-	-	-	-	-
Total Bond Anticipation Notes	<u>\$ 46,087</u>	<u>\$ 11,912</u>	<u>\$ (29,962)</u>	<u>\$ (3,227)</u>	<u>\$ 24,810</u>	<u>\$ 24,810</u>

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

	Balance June 30, 2009	New Issues/ Additions	Notes Converted To Bonds	Maturities and/or Payments	Balance June 30, 2010	Due Within One Year
<b>Bond Anticipation Notes</b>						
Water	\$ 7,324	\$ 8,390	\$ (6,695)	\$ (499)	\$ 8,520	\$ 8,520
Parking	1,600	4,528	(400)	(1,200)	4,528	4,528
Cemeteries	205	-	(180)	(25)	-	-
Public Market	850	-	(625)	(225)	-	-
Total Bond Anticipation Notes	<u>\$ 9,979</u>	<u>\$ 12,918</u>	<u>\$ (7,900)</u>	<u>\$ (1,949)</u>	<u>\$ 13,048</u>	<u>\$ 13,048</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, 2010:

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

	Balance June 30, 2009	New Issues/ Additions	Notes Converted To Bonds	Maturities and/or Payments	Balance June 30, 2010	Due Within One Year
<b>General Obligation Bonds</b>						
General Fund	\$ 116,051	\$ -	\$ 60,180	\$ (9,856)	\$ 166,375	\$ 13,885
<b>Bond Anticipation Notes</b>						
Capital Projects Fund	83,015	13,110	(60,180)	(9,862)	26,083	26,083
<b>Other Noncurrent Liabilities</b>						
OPEB Liability	87,843	41,746	-	(13,673)	115,916	-
Municipal bond Bank Agency	1,486	-	-	(1,486)	-	-
NYS Education Department (EPE)	10,645	-	-	(2,129)	8,516	2,129
NYS Special Purpose Bonds - 2003	5,423	-	-	(1,281)	4,142	1,321
NYS Lottery advance	17,333	-	-	(666)	16,667	667
Claims payable	19,646	7,053	-	(6,124)	20,575	5,202
Compensated absences	2,222	6,754	-	(6,598)	2,378	2,378
Installment purchase debt	18,155	1,311	-	(2,808)	16,658	2,469
Total Other Non current Liabilities	<u>162,753</u>	<u>56,864</u>	<u>-</u>	<u>(34,765)</u>	<u>184,852</u>	<u>54,134</u>
<b>Total Noncurrent Liabilities</b>	<u>\$ 361,819</u>	<u>\$ 69,974</u>	<u>\$ -</u>	<u>\$ (54,483)</u>	<u>\$ 377,310</u>	<u>\$ 94,102</u>

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

As of June 30, 2010, the City had two Bond Anticipation Notes, one for \$34,305,000 at 2% maturing August 23, 2010, and one for \$29,635,000 at 1.5% maturing February 23, 2011. As reported above, these BANS were the combined short term financing for capital projects in governmental activities, business-type activities, and for the school district.

### **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. During fiscal 2010 the City and the District made scheduled principal and interest payments of \$1,686,400 and \$1,691,800, respectively. The remaining principal of \$1,465,000, effective June 30, 2010, will be fully repaid by the City and School District when the final payment is applied in fiscal 2012. This final principal and interest payment of \$1,541,900 will be satisfied from \$1,753,000 held in a debt service account by the MBBA, at which time the excess balance will be returned to the City and the District.

### **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, was 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 in 2007-08 fiscal year with proceeds from the sale of the ferry. The remaining balance was paid in full during the 2008-09 fiscal year from available cash capital.

The Company was dissolved in fiscal 2010, following the resolution of the final open matter. The lease of the terminal facility from the Toronto Port Authority was resolved through a settlement between the Company and the Authority which cancelled the remaining lease obligation valued at \$2,307,600. Effective December 2009, all obligations of the Company were cleared.

**4. Debt Service Requirements**

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 Ending June 30	Governmental Activities		Business-Type Activities		School District		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
July 3, 1905	\$ 16,148	\$ 3,389	\$ 7,563	\$ 3,095	\$ 13,885	\$ 7,491	\$ 51,571
July 4, 1905	13,917	2,638	7,222	2,747	13,934	6,592	47,050
July 5, 1905	12,095	2,147	6,850	2,458	13,322	6,067	42,939
July 6, 1905	9,530	1,669	6,240	2,178	13,110	5,507	38,234
July 7, 1905	6,980	1,305	6,145	1,918	13,263	4,941	34,552
2016-2020	14,730	3,496	23,340	6,099	64,541	16,002	128,208
2021-2025	4,685	1,365	11,190	1,784	33,615	3,393	56,032
2026-2030	3,310	526	1,980	119	705	20	6,660
2031-2032	850	29	-	-	-	-	879
	<u>\$ 82,245</u>	<u>\$ 16,564</u>	<u>\$ 70,530</u>	<u>\$ 20,398</u>	<u>\$ 166,375</u>	<u>\$ 50,013</u>	<u>\$ 406,125</u>

A schedule of outstanding bond issues for the City and the School District follows:

**Outstanding Bond Issues – June 30, 2010**

Issue	Rate (%)	Amount Issued	Principal Balance	Final Maturity	Capital Project Fund Categories (1)
General Obligation Serial Bonds-1982	8.900	\$ 55,140,000	\$ 335,000	October 1, 2011	unavailable
General Obligation-1994, Series A	5.000	63,577,000	4,130,000	August 15, 2022	G,L,P,R,S,Sc,W
General Obligation-1996, Series A	4.625	70,690,000	525,000	September 15, 2023	G,L,P,S,Sc,W
General Obligation-1996, Series B (Taxable)	6.700	9,380,000	4,830,000	September 15, 2024	P
General Obligation Serial Bonds-1997	5.000	55,960,000	5,564,023	October 1, 2025	G,L,P,S,Sc,W
General Obligation Serial Bonds-1999	5.250	69,575,000	15,423,940	October 1, 2026	G,L,R,S,Sc,W,Wm
General Obligation Serial Bonds-2001, Series A	4.125	29,275,000	2,755,000	October 15, 2027	G,L,S,Sc,W
General Obligation Serial Bonds-2001, Series B	4.125	35,350,000	3,297,199	February 15, 2028	G,Pm,S,Sc,Wm,W
Dormitory Authority 2002	3.750	30,295,000	19,829,000	February 15, 2025	Sc
General Obligation Serial Bonds-2004, Series A	3.000	47,000,000	27,070,000	October 15, 2031	G,P,Pm,S,Sc,W
General Obligation Serial Bonds-2004, Series B	3.000	54,605,000	31,700,000	February 15, 2031	G,P,S,W,Wm
General Obligation Serial Bonds-2006, Series A	3.750	58,320,000	40,705,000	February 15, 2025	G,S,Sc,W
General Obligation Serial Bonds-2006, Series B	3.750	41,800,000	20,245,000	October 15, 2024	G,P,S,Sc,W
General Obligation Serial Bonds-2008, Series A	3.000	19,005,000	13,680,000	February 1, 2022	G,P,S,W
General Obligation Serial Bonds-2008, Series B	3.000	39,220,000	31,020,000	October 15, 2026	G,S,P,Sc,W
General Obligation Serial Bonds-2009, Series C1	4.110	92,996,949	92,996,949	February 10, 2024	C,G,L,P,Pm,S,Sc,W
General Obligation Serial Bonds-2009, Series C2 (Taxable) - BAB (2)	5.521	3,215,000	3,215,000	February 10, 2019	G,P,S,Sc,W
General Obligation Serial Bonds-2009, Series C3 (Taxable) - RZB (3)	5.521	1,830,000	1,830,000	February 10, 2024	G,P,W
<b>Total</b>			<u>\$ 319,151,111</u>		

(1) Capital Project Fund Categories: C = Cemeteries, G = Public Improvements, L = Library, P = Parking, Pm = Public Market, R = Refuse, S = Sewer, Sc = School District, W = Water, Wm = War Memorial

(2) Build American Bonds as authorized under the American Recovery and Reinvestment Act (ARRA) of 2009

(3) Recovery Zone Bonds as authorized under the American Recovery and Reinvestment Act (ARRA) of 2009

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 3.0% to 8.9% with maturity dates through fiscal 2032. Bonds authorized but unissued as of June 30, 2010, amounted to \$21,290,200. The debt-contracting margin of the City as of June 30, 2010, was \$184,643,600.

The City is in compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds. No arbitrage rebate payments were due or made during fiscal 2010.

**E. POLLUTION REMEDIATION**

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASB Statement No. 49 does not require the City to search for pollution, it does require the City to reasonably estimate and report a remediation liability when any of the following obligating events has occurred:

- Pollution poses an imminent danger to the public and the City is compelled to take action;
- The City is in violation of a pollution related permit or license;
- The City is named or has evidence that it will be named as responsible party by a regulator;
- The City is named or has evidence that it will be named in a lawsuit to enforce a cleanup; or
- The City commences or legally obligates itself to conduct remediation activities.

Site investigation, planning and design, cleanup and site monitoring are typical remediation activities underway across the City. The City's Department of Environmental Services has primary responsibility for managing remediation related issues. The City has the knowledge and expertise to estimate the remediation obligations presented herein based upon prior experience in identifying and funding similar remediation activities. The standard requires the City to calculate pollution remediation liabilities using the expected cash flow technique. Excluded from current liability recognition is the remediation of two landfills, for which the extent of the City's cleanup liability, if any, is unclear.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the City's obligation. Capital assets may be created when pollution remediation outlays are made under specific circumstances.

During the fiscal year, the City recognized estimated additional liabilities of \$1,866,700, and spent \$3,357,000 in pollution remediation obligation related activities. At June 30, 2010, the City had an outstanding pollution remediation liability of \$11,714,500.

**F. 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 \$7,920,000 in the City's General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$23,412,000 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, 2010. As the funds are spent during fiscal 2010-11, revenue will be recorded.

**G. 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 2010, these debt service costs amounted to \$1,143,500 of which \$420,400 was reimbursed by MCPWD.

**H. 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, 2010, the accrued lease liability (net of receivables from a sublease) was \$818,500. 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 thirty 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, 2010, the amount of these liabilities was \$13,400,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2008 resulted from the following (000's Omitted):

	<b>Workers' Compensation</b>	<b>General Liability</b>	<b>Total</b>
Estimated claims June 30, 2008	\$ 11,168	\$ 3,154	\$ 14,322
Claims incurred 2008-09	3,026	5,242	8,268
Payments 2008-09	<u>(4,189)</u>	<u>(1,826)</u>	<u>(6,015)</u>
Estimated claims June 30, 2009	<u>\$ 10,005</u>	<u>\$ 6,570</u>	<u>\$ 16,575</u>
Claims incurred 2009-10	\$ 4,892	\$ 449	\$ 5,341
Payments 2009-10	<u>(3,635)</u>	<u>(4,881)</u>	<u>(8,516)</u>
Estimated claims June 30, 2010	<u>\$ 11,262</u>	<u>\$ 2,138</u>	<u>\$ 13,400</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, 2008 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' Compensation</b>	<b>Major Medical</b>	<b>Total</b>
Estimated claims June 30, 2008	\$ 18,143	\$ 384	\$ 18,527
Claims incurred 2008-09	5,383	2,649	8,032
Payments 2008-09	<u>(4,118)</u>	<u>(2,816)</u>	<u>(6,934)</u>
Estimated claims June 30, 2009	<u>\$ 19,408</u>	<u>\$ 217</u>	<u>\$ 19,625</u>
Claims incurred 2009-10	\$ 5,130	\$ 1,240	6,370
Payments 2009-10	<u>(4,001)</u>	<u>(1,451)</u>	<u>(5,452)</u>
Estimated claims June 30, 2010	<u>\$ 20,537</u>	<u>\$ 6</u>	<u>\$ 20,543</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, receives 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 69 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, 2010, the effective date of the biannual OPEB valuation, follows:

	City	School District	Total
Active employees	2,693	6,269	8,962
Retired employees	1,950	2,804	4,754
Spouses of retired employees	1,275	1,059	2,334
Total	5,918	10,132	16,050

*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, 2010, the City's annual OPEB cost (expense) of \$59,495,533 is not equal to the Annual Required Contribution, which is \$62,439,307. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$18,665,917 for retirees and their beneficiaries, the result was an increase in the Net OPEB Obligation of \$40,829,616 for the year ended June 30, 2010. The schedule of funding progress, presented as required supplementary information on page 59, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Considering the District's annual expense as well as the payment of current health insurance premiums, which totaled \$13,673,364, the result was an increase in the District's Net OPEB Obligation of \$28,072,927 for the year ended June 30, 2010.

**Benefit Obligations and Normal Cost**

	City	School District	Total
Actuarial Accrued Liability (AAL)			
Retired employees	\$ 261,238,438	\$ 125,090,609	\$ 386,329,047
Active employees	358,276,307	257,936,451	616,212,758
Unfunded actuarial accrued liability (UAAL)	\$ 619,514,745	\$ 383,027,060	\$ 1,002,541,805
Normal cost at beginning of year	\$ 25,589,144	\$ 20,348,130	\$ 45,937,274
Amortization factor based on 30 years	17.9837	17.9837	17.9837
Annual Covered Payroll	196,727,000	352,505,315	549,232,315
UAAL as a Percentage of Covered Payroll	314.91%	108.66%	182.54%

<b>Level Dollar Amortization</b>			
Calculation of ARC under Projected Unit Credit Method			
	City	School District	Total
ARC Normal cost with interest to end of year	\$ 26,612,708	22,150,493	\$ 48,763,201
Amortization of unfunded actuarial accrued liability (UAAL) over 30 years with interest at end of year	35,826,599	21,162,056	56,988,655
Annual required contribution (ARC)	62,439,307	43,312,549	105,751,856
Interest on Net OPEB Obligation	6,604,056	3,513,739	10,117,795
Adjustment to ARC	(9,547,830)	(5,079,997)	(14,627,827)
Annual OPEB cost (expense)	59,495,533	41,746,291	101,241,824
Contribution for fiscal year ended June 30, 2010	(18,665,917)	(13,673,364)	(32,339,281)
Increase in net OPEB obligation	40,829,616	28,072,927	68,902,543
Net OPEB obligation June 30, 2009	165,101,398	87,843,472	252,944,870
Net OPEB obligation June 30, 2010	\$ 205,931,014	\$ 115,916,399	\$ 321,847,413

The City's annual OPEB cost and contribution for year ended June 30, 2010 and the prior three years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2007	\$ 63,509,219	\$ 18,617,500	29.31%	\$ 87,290,983
2008	65,478,456	21,982,618	33.57%	130,786,821
2009	57,603,868	23,289,291	40.43%	165,101,398
2010	59,495,533	18,665,917	31.37%	205,931,014

The District's annual OPEB cost and contribution for year ended June 30, 2010 and the prior three years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2007	\$ 29,396,039	\$ 9,574,540	32.57%	\$39,276,907
2008	30,486,790	10,694,599	35.08%	59,068,798
2009	40,169,055	11,394,381	28.37%	87,843,472
2010	41,746,291	13,673,364	32.75%	115,916,399

*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, 2010 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 an 8.1% healthcare cost trend increase for fiscal year 2010-11, gradually declining to a rate of 4.5% in fiscal year 2028, 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, which were \$808,800 for the City in 2010, cannot be projected 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 2009-10 the District paid MRA claims totaling \$35,169.

**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 Laws 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. Plan members who join the ERS before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 who have less than 10 years of service or membership are required to contribute three percent of their annual salary. Employees joining on or after January 1, 2010 are required to contribute three percent of their annual salary throughout their active membership. The Comptroller of the State of New York certified the rates expressed as proportions of members' payroll annually, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

The total payroll for all employees of the City for fiscal year 2010 was \$196,727,000 of which \$82,525,400 represented payroll costs for employees covered by ERS, \$95,360,300 by PFRS, and \$18,841,300 for nonparticipating employees. Average contribution rates for fiscal year 2010 were 7.4% for ERS and 14.2% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2010 was \$352,505,315 of which \$266,599,128 represented payroll costs for employees covered by TRS, \$67,467,281 by ERS, and \$18,438,906 for nonparticipating employees. Average contribution rates for fiscal 2010 were 7.5% for TRS and 7.4% 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, 2010 were made in three monthly installments starting in September of 2010.

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

Fiscal Year	Employees' Retirement System	Police and Fire Retirement System	Total Retirement Systems
2008	\$7,736	\$14,824	\$22,560
2009	6,642	17,117	23,759
2010	6,118	13,400	19,518

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

Fiscal Year	Employees' Retirement System	Teachers' Retirement System	Total Retirement Systems
2008	\$5,490	\$19,946	\$25,436
2009	5,095	21,437	26,532
2010	4,997	20,105	25,102

The total unbilled liability for the City and the School District as of June 30, 2010, included in Due to other governments at the fund level, is as follows (000's Omitted):

Fiscal Year	Employees' Retirement System	Police and Fire Retirement System	Teachers' Retirement System	Total Retirement Systems
City	\$2,377	\$4,101	\$ -	\$ 6,478
School District	2,033	-	19,257	21,290
Total	\$4,410	\$4,101	\$19,257	\$27,768

The total liability as of June 30, 2010 includes the period of April 1, 2009 - June 30, 2010 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2009 to June 30, 2010 for the Teachers' Retirement 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, 2010, the City paid approximately \$18,600. On June 30, 2010, 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, 2010 (000's Omitted):

Due To:	Due From:								Total
	General	Debt Service	General Capital	Transportation Capital	Community Development	Nonmajor Governmental	Internal Service	Proprietary	
General	\$ -	\$ 3,223	\$ 84,074	\$ 1,074	\$ 5	\$ 916	\$ 1,374	\$ 3,845	\$ 94,511
General Capital	12,387	-	1,901	-	-	-	-	-	14,288
Transportation Capital	7,394	-	-	-	-	-	-	-	7,394
Community Development	202	-	-	-	-	-	-	-	202
Nonmajor governmental	7,101	-	4	6,861	-	1,717	-	-	15,683
Proprietary	3,891	-	-	-	-	7	-	-	3,898
Total	\$ 30,975	\$ 3,223	\$ 85,979	\$ 7,935	\$ 5	\$ 2,640	\$ 1,374	\$ 3,845	\$ 135,976

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to capital project funds. They also facilitate the contribution of enterprise earnings to the general fund. Interfund transfers for the fiscal year ending June 30, 2010, which were routine in nature, were as follows (000's Omitted):

Transfer In:								
Transfer out:	General	Debt Service	General Capital	Transpor- tation Capital	Nonmajor Govern- mental capital projects	Nonmajor Govern- mental Special Revenue	Internal Service	Total
General	\$ -	\$ 3,223	\$ 36,899	\$ 2,421	\$ 398	\$ 3,903	\$ 1,374	\$ 48,218
Debt Service	5,788	-	-	12	-	58	-	5,858
General Capital	350	-	-	-	-	-	-	350
Transportation Capital	3,128	-	-	-	-	-	-	3,128
Community Development	4,206	-	-	-	-	-	-	4,206
Nonmajor governmental capital projects	-	-	-	-	-	-	-	-
Nonmajor governmental Special revenue	3,973	-	-	3,639	1,792	-	-	9,404
Water	-	-	-	-	-	-	-	-
Proprietary	11,441	-	-	-	-	-	-	11,441
	<u>\$ 28,886</u>	<u>\$ 3,223</u>	<u>\$ 36,899</u>	<u>\$ 6,072</u>	<u>\$ 2,190</u>	<u>\$ 3,961</u>	<u>\$ 1,374</u>	<u>\$ 82,605</u>

**THE CITY OF ROCHESTER, NEW YORK  
 SCHEDULE OF FUNDING PROGRESS  
 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

<u>Fiscal Year</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Asset</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2006	April 1, 2006	\$ -	\$ 597,404,243	\$ 597,404,243	0.0%	\$ 179,257,000	333.3%
2007	April 1, 2006	-	655,061,026	655,061,026	0.0%	184,061,700	355.9%
2008	April 1, 2008	-	684,705,511	684,705,511	0.0%	192,175,200	356.3%
2009	April 1, 2008	-	593,923,730	593,923,730	0.0%	194,609,000	305.2%
2010	April 1, 2010	-	619,514,745	619,514,745	0.0%	196,727,000	314.9%

**SCHEDULE OF EMPLOYER CONTRIBUTION  
 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2006	\$ 59,250,259	\$ 16,975,327	28.65%
2007	64,265,203	18,617,500	28.97%
2008	67,034,864	21,982,618	32.79%
2009	59,935,810	23,289,291	38.86%
2010	62,439,307	18,665,917	29.89%

**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, 2010 (000's Omitted)**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Real property tax	\$ 141,090	\$ 141,089	\$ 147,003	\$ 5,914
Sales taxes	124,100	124,100	123,338	(762)
Other taxes	28,497	28,497	25,888	(2,609)
Charges for services	109,782	115,946	111,202	(4,744)
Use of money and property	430	430	962	532
Interest and penalties	1,202	1,202	1,480	278
Licenses and permits	2,947	2,947	2,693	(254)
Federal aid	1,646	2,994	2,106	(888)
State aid	108,154	111,189	110,185	(1,004)
Local sources and other	23,076	30,523	29,309	(1,214)
Total revenues	<u>540,924</u>	<u>558,917</u>	<u>554,166</u>	<u>(4,751)</u>
<b>EXPENDITURES</b>				
Council and clerk	1,817	1,858	1,757	101
Administration	9,989	10,023	9,464	559
Law	1,867	1,888	1,806	82
Information Technology	4,309	4,316	4,037	279
Finance	6,967	1,973	6,282	(4,309)
Community development	13,916	13,921	12,798	1,123
Environmental services	79,616	79,786	74,152	5,634
Library	11,153	11,170	11,063	107
Police	76,066	80,506	79,815	691
Fire	42,070	43,786	42,744	1,042
Emergency communications	10,520	10,722	10,570	152
Parks, recreation and youth services	12,317	13,933	13,011	922
Undistributed	99,763	103,721	99,430	4,291
Contingency	10,103	71	-	71
Debt services	32,529	33,729	33,544	185
Total expenditures	<u>413,002</u>	<u>411,403</u>	<u>400,473</u>	<u>10,930</u>
Excess of revenues over expenditures	<u>127,922</u>	<u>147,514</u>	<u>153,693</u>	<u>6,179</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	22,296	25,763	29,299	3,536
Transfers (to) other funds	(39,151)	(64,526)	(69,122)	(4,596)
Transfers (to) component unit	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(135,955)</u>	<u>(157,863)</u>	<u>(158,923)</u>	<u>(1,060)</u>
Appropriation of prior year fund balance	<u>8,033</u>	<u>15,327</u>	<u>-</u>	<u>(15,327)</u>
Excess of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ 4,978</u>	<u>\$ (5,230)</u>	<u>\$ (10,208)</u>
Encumbrances included in actual			\$ 10,434	
Excess of revenues and other sources over expenditures, encumbrances and other uses			5,204	
Expenditures of prior years' encumbrances			4,437	
Excess of revenues and other sources over expenditures and other uses			767	
Net enterprise capital revenue			(3,174)	
Depreciation expense			(12,533)	
Debt service cash basis			8,762	
Contribution to reserve for capital projects			22,603	
Other post employment benefits			(2,671)	
Capital and debt service interest			683	
Capital and debt reimbursement from New York State			154	
Capital and debt reimbursement - other			50	
Debt reserve transfer in			(355)	
Transfer into enterprise fixed assets			905	
Transfer from cemetery capital to debt service			-	
Fund equity - beginning of year			<u>238,943</u>	
Fund equity - end of year			<u>\$ 254,134</u>	
General fund			\$ 33,970	
Special revenue fund			5,918	
Enterprise fund			<u>214,246</u>	
Total			<u>\$ 254,134</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, 2010 (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	\$ 3,605	\$ 1,851	\$ 393	\$ 292	\$ 2,404	\$ 11,694	\$ 3,147	\$ 6,385	\$ 3,780	\$ 6,737	\$ 40,288
Receivables (net of allowance for uncollectibles)											
Accounts	-	-	-	-	32	-	-	796	-	-	828
Taxes	-	-	-	-	-	167	-	-	-	-	167
Due from other governments	1,347	47	-	-	3,859	17	110	162	-	-	5,542
Due from other funds	-	1,717	-	42	56	791	-	-	27	7	2,640
Total assets	<u>\$ 4,952</u>	<u>\$ 3,615</u>	<u>\$ 393</u>	<u>\$ 334</u>	<u>\$ 6,351</u>	<u>\$ 12,669</u>	<u>\$ 3,257</u>	<u>\$ 7,343</u>	<u>\$ 3,807</u>	<u>\$ 6,744</u>	<u>\$ 49,465</u>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities</b>											
Accounts payable and accrued liabilities	\$ 116	\$ 121	\$ -	\$ 58	\$ 751	\$ 628	\$ 89	\$ -	\$ 5	\$ -	\$ 1,768
Notes payable	-	1,167	185	-	-	-	-	-	-	-	1,352
Due to other funds	2,260	106	-	5	4,429	7,364	31	221	1,267	-	15,683
Due to component unit	-	-	-	-	9	-	-	-	-	-	9
Due to other governments	-	-	-	14	109	69	-	-	-	-	192
Deferred revenue	-	-	-	-	-	-	-	796	-	-	796
Total liabilities	<u>2,376</u>	<u>1,394</u>	<u>185</u>	<u>77</u>	<u>5,298</u>	<u>8,061</u>	<u>120</u>	<u>1,017</u>	<u>1,272</u>	<u>-</u>	<u>19,800</u>
<b>Fund balances:</b>											
Reserved for encumbrances	1,646	2,739	113	50	126	155	501	1,194	119	-	6,643
Unreserved:											
Designated for subsequent years' expenditures	-	-	-	-	200	262	-	-	-	-	462
Undesignated, reported in:											
Special revenue fund	-	-	-	207	727	4,191	2,636	5,132	2,416	-	15,309
Capital projects fund	930	(518)	95	-	-	-	-	-	-	-	507
Permanent fund	-	-	-	-	-	-	-	-	-	6,744	6,744
Total fund balances	<u>2,576</u>	<u>2,221</u>	<u>208</u>	<u>257</u>	<u>1,053</u>	<u>4,608</u>	<u>3,137</u>	<u>6,326</u>	<u>2,535</u>	<u>6,744</u>	<u>29,665</u>
Total liabilities and fund balances	<u>\$ 4,952</u>	<u>\$ 3,615</u>	<u>\$ 393</u>	<u>\$ 334</u>	<u>\$ 6,351</u>	<u>\$ 12,669</u>	<u>\$ 3,257</u>	<u>\$ 7,343</u>	<u>\$ 3,807</u>	<u>\$ 6,744</u>	<u>\$ 49,465</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, 2010 (000's Omitted)**

	Capital Projects			Animal Control	Library	Local Works	Special Revenue		State Projects	Other	Permanent Fund	Total Nonmajor Governmental Funds
	Economic Assistance	Cultural/ Recreation	Sewers				Federal Projects	Cemetery				
<b>REVENUES</b>												
Real property tax	\$ -	\$ -	\$ -	\$ 1,159	\$ 5,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,377
Departmental	-	-	-	243	3,112	15,161	-	-	-	-	-	18,516
Use of money and property	-	-	-	-	-	48	3	2	12	-	-	65
Federal aid	-	-	-	-	-	-	237	1,121	-	-	-	1,358
State aid	-	-	-	-	1,344	53	308	693	-	-	-	2,398
Local sources and other	-	11	-	-	6,621	-	607	5	1,431	123	-	8,798
Total revenues	-	11	-	1,402	16,295	15,262	1,155	1,821	1,443	123	-	37,512
<b>EXPENDITURES</b>												
Current:												
Community development	-	-	-	-	-	-	667	37	22	-	-	726
Environmental services	-	-	-	-	-	9,335	-	-	269	-	-	9,604
Library	-	-	-	-	11,029	-	-	-	-	-	-	11,029
Police	-	-	-	1,071	-	-	-	499	1	-	-	1,571
Fire	-	-	-	-	-	-	-	4	-	-	-	4
Parks, recreation and human services	-	-	-	-	-	-	293	471	29	-	-	793
Undistributed	-	-	-	286	2,719	2,361	-	-	221	-	-	5,587
Capital projects	2,800	1,957	401	-	-	-	-	-	-	-	-	5,158
Debt service:												
Principal	-	-	-	-	240	-	-	-	-	-	-	240
Interest	-	-	-	-	26	-	-	-	-	-	-	26
Total expenditures	2,800	1,957	401	1,357	14,014	11,696	960	1,011	542	-	-	34,738
Excess (deficiency) of revenues over expenditures:	(2,800)	(1,946)	(401)	45	2,281	3,566	195	810	901	123	-	2,774
<b>OTHER FINANCING SOURCES (USES)</b>												
Proceeds of general obligation debt	-	3,468	1,025	-	-	-	-	-	-	-	-	4,493
Transfers from other funds	-	2,118	72	-	58	-	-	3,878	25	-	-	6,151
Transfers (to) other funds	-	-	-	-	(1,793)	(3,639)	(290)	(415)	(3,267)	-	-	(9,404)
Total other financing sources (uses)	-	5,586	1,097	-	(1,735)	(3,639)	(290)	3,463	(3,242)	-	-	1,240
Net change in fund balances	(2,800)	3,640	696	45	546	(73)	(95)	4,273	(2,341)	123	-	4,014
<b>Fund Balances - beginning of year</b>	5,376	(1,419)	(488)	212	507	4,681	3,232	2,053	4,876	6,621	-	25,651
<b>Fund Balances - end of year</b>	\$ 2,576	\$ 2,221	\$ 208	\$ 257	\$ 1,053	\$ 4,608	\$ 3,137	\$ 6,326	\$ 2,535	\$ 6,744	\$ -	\$ 29,665

**THE CITY OF ROCHESTER, NEW YORK  
 SUPPLEMENTAL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010 (000's Omitted)**

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	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,606	\$ 15,287	\$ 17,984	\$ 11,909
Receivables (net of allowance for uncollectibles)	186	381	386	181
Total assets	<u>14,792</u>	<u>15,668</u>	<u>18,370</u>	<u>12,090</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	14,792	15,690	18,392	12,090
Total liabilities	<u>\$ 14,792</u>	<u>\$ 15,690</u>	<u>\$ 18,392</u>	<u>\$ 12,090</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, 2010(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	\$ 129,834	\$ 135,069	\$ 6,377	\$ 6,377	\$ 4,878	\$ 5,557	\$ 141,090	\$ 141,089	\$ 147,003	\$ 5,914
Sales taxes	124,100	123,338	-	-	-	-	124,100	124,100	123,338	(762)
Other taxes	27,592	24,983	-	-	905	905	28,497	28,497	25,888	(2,609)
Charges for services	32,659	27,589	18,515	18,516	64,772	65,097	109,782	115,946	111,202	(4,744)
Use of money and property	354	803	17	48	59	111	430	430	962	532
Interest and penalties	-	-	-	-	1,202	1,480	1,202	1,202	1,480	278
Licenses and permits	2,947	2,693	-	-	-	-	2,947	2,947	2,693	(254)
Federal aid	2,994	2,103	-	-	-	3	1,646	2,994	2,106	(888)
State aid	109,790	108,788	1,254	1,397	145	-	108,154	111,189	110,185	(1,004)
Local sources and other	17,054	15,839	6,620	6,621	6,849	6,849	23,076	30,523	29,309	(1,214)
Total revenues	447,324	441,205	32,783	32,959	78,810	80,002	540,924	558,917	554,166	(4,751)
<b>EXPENDITURES</b>										
Council and clerk	1,858	1,757	-	-	-	-	1,817	1,858	1,757	101
Administration	9,644	9,085	94	94	285	285	9,989	10,023	9,464	559
Law	1,888	1,806	-	-	-	-	1,867	1,888	1,806	82
Information technology	4,316	4,037	-	-	-	-	4,309	4,316	4,037	279
Finance	64	4,139	-	-	1,909	2,143	6,967	1,973	6,282	(4,309)
Community development	13,072	12,014	-	-	849	784	13,916	13,921	12,798	1,123
Environmental services	28,597	27,649	10,911	9,203	40,278	37,300	79,616	79,786	74,152	5,634
Library	-	-	11,170	11,063	-	-	11,153	11,170	11,063	107
Police	79,350	78,726	1,156	1,089	-	-	76,066	80,506	79,815	691
Fire	43,786	42,744	-	-	-	-	42,070	43,786	42,744	1,042
Emergency communications	10,722	10,570	-	-	-	-	10,520	10,722	10,570	152
Parks, recreation and youth services	12,105	11,122	-	-	1,828	1,889	12,317	13,933	13,011	922
Undistributed	89,842	85,987	5,801	5,502	8,078	7,941	99,763	103,721	99,430	4,291
Contingency	-	-	71	-	-	-	10,103	71	-	71
Debt services	21,389	21,205	321	321	12,019	12,018	32,529	33,729	33,544	185
Total expenditures	316,633	310,841	29,524	27,272	65,246	62,360	413,002	411,403	400,473	10,930
Excess of revenues over expenditures	130,691	130,364	3,259	5,687	13,564	17,642	127,922	147,514	153,693	6,179

(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, 2010 (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	\$ 25,350	\$ 28,886	\$ 58	\$ 58	\$ 355	\$ 355	\$ 22,296	\$ 25,763	\$ 29,299	\$ 3,536
Transfers (to) other funds	(36,546)	(41,142)	(5,377)	(5,377)	(22,603)	(22,603)	(39,151)	(64,526)	(69,122)	(4,596)
Transfers (to) component unit	(119,100)	(119,100)	-	-	-	-	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(130,296)</u>	<u>(131,356)</u>	<u>(5,319)</u>	<u>(5,319)</u>	<u>(22,248)</u>	<u>(22,248)</u>	<u>(135,955)</u>	<u>(157,863)</u>	<u>(158,923)</u>	<u>(1,060)</u>
Appropriation of prior year fund balance	4,583	-	2,060	-	8,684	-	8,033	15,327	-	(15,327)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ 4,978</u>	<u>(992)</u>	<u>\$ -</u>	<u>368</u>	<u>\$ -</u>	<u>(4,606)</u>	<u>\$ -</u>	<u>\$ 4,978</u>	<u>\$ (5,230)</u>	<u>\$ (10,208)</u>
Encumbrances included in actual		<u>9,545</u>		<u>292</u>		<u>597</u>				
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		8,553		660		(4,009)				
Expenditures of prior years' encumbrances		<u>4,142</u>		<u>142</u>		<u>153</u>				
Excess (deficiency) of revenues and other sources over expenditures and other uses		4,411		518		(4,162)				
Net enterprise capital expense		-		-		(3,174)				
Depreciation expense		-		-		(12,533)				
Debt service cash basis		-		-		8,762				
Contribution to reserve for capital projects		-		-		22,603				
Other post employment benefits		-		-		(2,671)				
Capital and debt service interest		-		-		683				
Capital and debt reimbursement from New York State		-		-		154				
Capital and debt reimbursement - other		-		-		50				
Debt reserve transfer in		-		-		(355)				
Transfer into enterprise fixed assets		-		-		905				
Insurance recovery		-		-		-				
<b>Fund equity - beginning of year</b>		<u>29,559</u>		<u>5,400</u>		<u>203,984</u>				
<b>Fund equity - end of year</b>		<u>\$ 33,970</u>		<u>\$ 5,918</u>		<u>\$ 214,246</u>				

# STATISTICAL SECTION

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

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

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

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 283,119	\$ 348,540	\$ 372,737	\$ 391,222	\$ 421,921	\$ 449,840	\$ 462,204	\$ 441,242	\$ 488,181	\$ 530,636
Restricted	106,928	131,239	122,987	124,241	136,012	129,193	95,283	127,030	121,987	122,365
Unrestricted	99,369	42,839	46,656	43,179	41,326	18,451	5,534	(9,910)	(44,890)	(72,804)
<b>Total governmental activities net assets</b>	<b>\$ 489,416</b>	<b>\$ 522,618</b>	<b>\$ 542,380</b>	<b>\$ 558,642</b>	<b>\$ 599,259</b>	<b>\$ 597,484</b>	<b>\$ 563,021</b>	<b>\$ 558,362</b>	<b>\$ 565,278</b>	<b>\$ 580,197</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 150,098	\$ 153,047	\$ 157,992	\$ 157,049	\$ 155,974	\$ 144,262	\$ 153,257	\$ 158,705	\$ 170,659	\$ 172,913
Restricted	19,315	19,001	14,851	15,871	17,959	31,161	27,778	33,854	27,430	43,136
Unrestricted	6,994	5,087	5,173	3,105	5,649	4,250	2,379	2,105	5,895	(1,803)
<b>Total business-type activities net assets</b>	<b>\$ 176,407</b>	<b>\$ 177,135</b>	<b>\$ 178,016</b>	<b>\$ 176,025</b>	<b>\$ 179,582</b>	<b>\$ 179,673</b>	<b>\$ 183,414</b>	<b>\$ 194,664</b>	<b>\$ 203,984</b>	<b>\$ 214,246</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 433,217	\$ 501,587	\$ 530,729	\$ 548,271	\$ 577,895	\$ 594,102	\$ 615,461	\$ 599,947	\$ 658,840	\$ 703,549
Restricted	126,243	150,240	137,838	140,112	153,971	160,354	123,061	160,884	149,417	165,501
Unrestricted	106,363	47,926	51,829	46,284	46,975	22,701	7,913	(7,805)	(38,995)	(74,607)
<b>Total primary government net assets</b>	<b>\$ 665,823</b>	<b>\$ 699,753</b>	<b>\$ 720,396</b>	<b>\$ 734,667</b>	<b>\$ 778,841</b>	<b>\$ 777,157</b>	<b>\$ 746,435</b>	<b>\$ 753,026</b>	<b>\$ 769,262</b>	<b>\$ 794,443</b>

Note: Prior years' information not available on accrual basis

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>										
Governmental activities:										
General government	\$ 42,860	\$ 47,630	\$ 45,146	\$ 60,241	\$ 46,516	\$ 54,702	\$ 61,690	\$ 75,552	\$ 67,301	\$ 82,702
Police	71,400	73,383	76,955	84,091	90,509	111,195	113,896	124,310	123,793	126,085
Fire	42,191	45,151	49,210	51,688	57,330	68,391	69,551	68,041	69,232	69,949
Emergency communications	9,504	9,608	9,834	10,523	11,988	14,437	14,798	15,222	16,416	16,966
Transportation	26,302	24,922	26,265	24,937	27,618	31,630	31,244	25,468	23,380	21,312
Environmental services	16,143	14,693	18,496	20,376	21,204	21,768	26,268	31,904	33,166	34,574
Recreation & youth services	20,683	20,353	18,958	18,516	20,815	21,754	24,886	15,406	20,311	10,355
Library	12,252	12,075	11,356	11,148	10,795	12,121	12,419	12,324	12,387	12,723
Neighborhood business development	30,963	38,200	43,275	30,039	29,907	35,265	34,423	33,595	34,379	38,726
Interest on long-term debt	5,771	5,370	4,162	3,921	4,041	4,500	8,060	6,049	3,872	3,644
Education	127,300	127,300	126,100	126,100	119,100	119,100	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	523,337	536,136
Business-type activities expenses										
Water	21,979	24,354	23,583	24,950	25,654	28,797	28,571	28,505	27,632	28,499
War memorial	3,469	3,748	3,426	3,455	3,209	3,337	3,219	3,005	2,992	2,821
Parking	7,883	7,157	6,821	6,450	5,611	6,155	5,443	6,343	5,163	7,634
Cemetery	1,729	1,948	2,060	2,285	2,252	2,516	2,075	1,953	1,789	2,398
Public market	644	620	672	618	765	754	825	922	1,276	555
Refuse	19,562	19,766	20,322	23,424	22,252	23,685	22,682	22,496	24,602	24,800
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	63,454	66,707
Total primary government expenses	\$ 460,643	\$ 476,286	\$ 486,649	\$ 502,762	\$ 499,566	\$ 560,107	\$ 600,409	\$ 590,195	\$ 586,791	\$ 602,843
<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	\$ 10,987	\$ 13,121
Police	6,089	6,675	6,275	6,829	6,473	7,102	6,677	7,560	8,062	8,234
Fire	566	767	1,057	888	1,100	1,006	764	1,195	887	809
Emergency communications	8,875	8,914	9,290	9,902	11,074	10,789	11,011	12,353	13,113	13,345
Transportation	812	768	759	844	818	828	915	820	386	942
Environmental services	15,068	15,613	16,446	16,989	18,640	17,294	19,719	20,969	21,713	20,663
Recreation & youth services	2,425	2,134	2,136	2,117	2,067	2,005	2,201	2,228	3,322	2,280
Library	1,711	1,842	2,536	2,207	2,365	2,579	2,778	2,456	2,933	3,112
Neighborhood business development	2,796	3,335	2,913	3,623	3,624	4,294	4,013	5,637	3,491	4,720
Operating grants and contributions	38,997	52,713	44,557	35,116	34,382	41,140	40,208	37,290	33,162	37,669
Capital grants and contributions	15,493	14,782	16,204	24,035	15,992	19,452	11,452	11,366	15,984	20,851
Total governmental activities program revenues	101,433	115,326	109,573	109,798	104,527	114,861	108,706	112,096	114,040	125,746

Continued

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

Continued

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities:										
Charges for services:										
Water	28,833	29,666	29,658	31,603	32,513	33,641	33,531	34,241	33,018	32,995
War memorial	1,632	1,222	1,389	1,595	1,515	1,541	1,442	1,460	1,781	1,452
Parking	6,346	5,842	4,987	4,156	4,108	3,835	3,892	2,879	3,139	4,437
Cemetery	1,336	1,634	1,522	1,573	1,665	1,399	1,195	1,147	1,117	1,062
Public market	436	527	498	533	543	575	608	642	675	749
Refuse	18,854	19,078	20,519	20,589	22,506	23,436	24,804	25,110	24,817	24,452
Port of Rochester	11	9	7	2	-	-	-	-	-	-
Capital grants and contributions	266	160	18	-	-	-	-	511	4,994	905
Total business-type activities program revenues	57,714	58,138	58,598	60,051	62,850	64,427	65,472	65,990	69,541	66,052
Total primary government program revenues	\$ 159,147	\$ 173,464	\$ 168,171	\$ 169,849	\$ 167,377	\$ 179,288	\$ 174,178	\$ 178,086	\$ 183,581	\$ 191,798
Net (expense)/revenue										
Governmental activities	\$ (303,936)	\$ (303,359)	\$ (320,184)	\$ (331,782)	\$ (335,296)	\$ (380,002)	\$ (428,888)	\$ (414,875)	\$ (409,297)	\$ (410,390)
Business-type activities	2,440	537	1,706	(1,131)	3,107	(817)	2,657	2,766	6,087	(655)
Total primary government net expense	\$ (301,496)	\$ (302,822)	\$ (318,478)	\$ (332,913)	\$ (332,189)	\$ (380,819)	\$ (426,231)	\$ (412,109)	\$ (403,210)	\$ (411,045)
<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	\$ 141,531	\$ 141,319
Sales taxes	110,526	113,262	111,442	115,501	118,000	122,240	120,518	130,865	122,077	123,392
Payment in-lieu of tax	-	-	-	-	-	-	-	-	-	10,903
Other taxes	29,177	28,744	31,717	30,874	28,007	26,893	28,860	28,725	25,711	13,251
Governmental aid - (unrestricted)	57,001	60,803	61,699	62,097	77,604	79,149	91,402	105,188	131,431	108,437
Investment earnings	8,947	4,607	2,292	2,087	3,126	5,971	8,124	7,143	3,228	2,938
Miscellaneous	3,820	3,256	2,223	1,599	4,272	2,019	1,566	2,290	2,330	1,492
Transfers	4,154	4,678	4,678	5,284	4,427	4,677	4,679	(916)	4,593	11,441
Total governmental activities	340,046	336,561	339,946	348,044	367,353	378,227	394,425	410,216	430,901	413,173
Business-type activities:										
Taxes										
Property taxes	1,107	2,225	1,410	1,895	2,024	2,024	2,658	3,876	3,379	5,557
Other taxes	919	846	844	933	985	905	905	905	1,131	905
Governmental aid	-	-	117	31	34	-	18	125	1,133	157
Investment earnings	1,162	619	315	242	426	1,257	737	1,180	711	793
Miscellaneous	1,192	1,179	1,168	1,323	1,408	1,399	1,445	1,482	1,472	1,480
Gain on Sale of land	-	-	-	-	-	-	-	-	-	13,466
Transfers	(4,154)	(4,678)	(4,678)	(5,284)	(4,427)	(4,677)	(4,679)	916	(4,593)	(11,441)
Total business-type activities	226	191	(824)	(860)	450	908	1,084	8,484	3,233	10,917
Total primary government	\$ 340,272	\$ 336,752	\$ 339,122	\$ 347,184	\$ 367,803	\$ 379,135	\$ 395,509	\$ 418,700	\$ 434,134	\$ 424,090
<b>Change in Net Assets</b>										
Governmental activities	\$ 36,110	\$ 33,202	\$ 19,762	\$ 16,262	\$ 32,057	\$ (1,775)	\$ (34,463)	\$ (4,659)	\$ 21,604	\$ 2,783
Business-type activities	2,666	728	882	(1,991)	3,557	91	3,741	11,250	9,320	10,262
Total primary government	\$ 38,776	\$ 33,930	\$ 20,644	\$ 14,271	\$ 35,614	\$ (1,684)	\$ (30,722)	\$ 6,591	\$ 30,924	\$ 13,045

Note: Prior years' information not available on accrual basis

**THE CITY OF ROCHESTER, NEW YORK**  
**GOVERNMENTAL ACTIVITIES**  
**TAX REVENUES BY SOURCE**  
**LAST TEN 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>	<b>2009</b>	<b>2010</b>
Property Tax	\$ 127,528	\$ 123,436	\$ 127,305	\$ 132,497	\$ 133,941	\$ 139,302	\$ 141,934	\$ 140,797	\$ 144,910	\$ 146,876
Sales Tax	110,526	113,262	111,442	115,501	118,000	122,240	120,518	130,865	122,077	123,392
Payment in-lieu of tax	-	-	-	-	-	-	-	-	-	10,903
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>	<u>26,842</u>	<u>14,156</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>	<u>\$ 293,829</u>	<u>\$ 295,327</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)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 9,119	\$ 9,727	\$ 10,098	\$ 10,412	\$ 10,938	\$ 11,726	\$ 13,435	\$ 20,283	\$ 21,033	\$ 20,679
Unreserved	6,531	7,036	7,361	7,605	7,819	8,002	8,244	8,376	8,526	13,291
Total general fund	<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>	<u>29,559</u>	<u>33,970</u>
All other governmental funds										
Reserved	105,627	106,755	102,013	92,542	117,199	88,082	119,321	122,450	133,568	137,407
Unreserved, designated for subsequent yr's expenditures	-	-	-	-	-	-	577	661	2,028	462
Unreserved, reported in:										
Special revenue funds	2,013	11,569	9,106	6,647	1,908	10,209	5,124	3,070	3,987	7,119
Capital projects funds	880	(27,357)	(35,594)	(3,519)	(28,106)	24,746	20,226	14,641	(1,260)	15,631
Permanent funds	5,176	5,348	5,536	5,684	5,860	6,050	6,360	6,484	6,621	6,744
Total all other governmental funds	<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>	<u>144,944</u>	<u>167,363</u>
Total all governmental funds	<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>	<u>\$ 174,503</u>	<u>\$ 201,333</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 TEN FISCAL YEARS**  
**(modified accrual basis of accounting)**  
**(000's Omitted)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Real property tax	\$ 124,475	\$ 119,623	\$ 124,861	\$ 129,517	\$ 131,724	\$ 135,751	\$ 138,081	\$ 135,851	\$ 144,594	\$ 141,446
Sales tax	140,142	142,694	144,022	147,213	147,468	149,934	150,620	159,940	149,616	123,338
Other taxes	-	-	-	-	-	-	-	-	-	24,983
Departmental	31,584	32,909	33,556	34,788	36,478	36,408	39,498	43,404	43,530	46,105
Use of money and property	10,540	5,990	2,974	2,536	3,633	6,840	9,139	7,896	4,254	3,316
Licenses and permits	1,567	1,588	1,569	2,069	2,269	2,636	2,289	2,676	2,384	2,693
Federal aid	30,292	39,076	34,842	40,512	32,379	39,925	33,671	27,514	26,132	33,934
State aid	68,258	68,322	76,509	69,512	85,001	86,796	97,714	111,542	143,471	123,231
Local sources and other	28,107	35,335	25,546	25,310	28,868	28,103	26,388	32,677	29,587	28,597
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>	<u>543,568</u>	<u>527,643</u>
<b>Expenditures</b>										
Council and clerk	1,316	1,331	1,330	1,431	1,478	1,462	1,634	1,698	1,674	1,726
Administration	8,444	8,891	9,243	9,349	9,043	9,492	10,062	11,201	11,047	8,660
Law	1,663	1,726	1,653	1,763	1,816	1,752	1,743	1,865	1,898	1,757
Information technology	-	-	-	-	-	-	-	4,021	3,579	3,786
Finance	6,776	6,812	6,806	7,228	7,198	7,449	7,607	5,131	5,180	4,066
Neighborhood business development	24,739	32,322	38,926	25,539	21,911	28,195	27,015	26,527	21,600	33,971
Economic development	1,868	1,843	1,536	1,655	1,482	1,530	1,560	1,226	1,545	-
Environmental services	29,810	28,125	30,531	29,373	29,670	28,987	32,306	34,191	36,082	35,844
Library	11,335	11,255	10,448	10,267	9,894	10,099	10,316	10,361	10,687	11,029
Police	56,112	58,542	59,417	62,983	63,202	67,272	69,471	78,057	77,775	78,253
Fire	34,092	35,542	37,288	37,734	39,316	40,300	40,909	41,231	42,412	42,297
Emergency communications	7,634	7,615	7,651	7,881	8,360	8,682	8,943	9,419	10,189	10,493
Recreation & youth services	16,096	14,935	14,439	16,375	16,031	16,690	15,961	13,971	12,967	9,264
Undistributed	43,716	49,288	50,127	60,193	77,583	83,520	82,340	83,619	89,894	89,924
Allocation to school district	127,300	127,300	126,100	126,100	119,100	119,100	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	58,057	72,363
Debt service:										
Principal	14,559	16,267	14,139	12,849	14,819	12,512	15,877	34,069	37,620	15,125
Interest	5,208	6,142	4,458	3,733	4,082	3,919	7,822	6,629	4,476	3,184
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>	<u>545,782</u>	<u>540,842</u>
Excess of revenues over (under) expenditures	(3,570)	(20,621)	(18,001)	(15,340)	(4,934)	(8,733)	20,114	(18,035)	(2,214)	(13,199)
<b>Other financing sources (uses)</b>										
Transfers in	53,642	39,543	57,531	59,029	63,068	65,932	61,804	80,600	88,831	81,231
Transfers out	(52,445)	(35,190)	(54,088)	(57,802)	(61,887)	(66,538)	(57,446)	(84,400)	(88,079)	(71,164)
Proceeds of general obligation debt	19,141	-	-	34,964	-	42,536	-	24,513	-	29,962
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>	<u>752</u>	<u>40,029</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>	<u>\$ (1,462)</u>	<u>\$ 26,830</u>
Debt service as a percentage of noncapital expenditures	5.06%	5.49%	4.49%	4.00%	4.45%	3.73%	5.24%	8.44%	8.63%	3.72%

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)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Property Tax	\$ 124,475	\$ 119,623	\$ 142,861	\$ 129,517	\$ 131,724	\$ 135,751	\$ 138,081	\$ 135,851	\$ 144,594	\$ 141,446
Sales Tax	140,142	142,694	144,022	147,213	147,468	149,934	150,620	159,940	149,616	123,338
Other Taxes	-	-	-	-	-	-	-	-	-	24,983
Total Taxes	<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>	<u>\$ 294,210</u>	<u>\$ 289,767</u>

Sales Tax included Other Taxes up through 2009

**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 Municipal 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>
2001	4,730,800	71,607	4,802,407	4,680,716	4,751,565	101.07%	2.92%
2002	4,722,309	67,179	4,789,488	4,683,436	4,750,062	100.83%	2.90%
2003	4,717,404	64,714	4,782,118	4,674,400	4,738,368	100.92%	3.02%
2004	4,674,521	60,813	4,735,334	5,003,769	5,068,865	93.42%	3.17%
2005	5,042,828	62,979	5,105,807	5,140,497	5,204,696	98.10%	2.97%
2006	5,057,648	60,016	5,117,664	5,127,900	5,188,750	98.63%	3.04%
2007	5,094,593	56,887	5,151,480	5,610,785	5,673,436	90.80%	3.08%
2008	5,135,078	54,377	5,189,455	5,764,569	5,825,612	89.08%	3.05%
2009	5,690,818	56,782	5,747,600	5,996,647	6,056,480	94.90%	2.86%
2010	5,723,157	54,217	5,777,374	6,245,261	6,299,309	91.71%	2.85%

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)	
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
2009 Homestead	5.59	14.98	20.57	9.20	29.77
Nonhomestead	10.93	29.74	40.67	9.20	49.87
2010 Homestead	5.33	14.28	19.61	9.20	28.81
Nonhomestead	11.21	30.48	41.69	9.20	50.89

(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, 2010  
 (000's Omitted)**

	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Rochester Gas and Electric	\$ 663,810	1	11.60%	\$ 337,400	1	7.13%
Eastman Kodak Co.	77,822	2	1.36%	153,046	2	3.24%
Frontier Telephone Corp.	70,219	3	1.23%	56,776	3	1.20%
Buckingham Properties	33,464	4	0.58%	-	-	-
Maguire Family Properties	19,895	5	0.35%	-	-	-
CSX (Conrail)	18,711	6	0.33%	13,366	10	0.28%
JP Morgan/Chase (Chase Manhattan)	18,670	7	0.33%	26,615	4	0.56%
Max M. Farash (Farash,Jalynn,Brighton Dev.)	16,671	8	0.29%	17,450	8	-
NK-TCC Property, LLC	16,296	9	0.28%	-	-	-
Landsman Development Corp.	15,143	10	0.26%	-	-	-
Pioneer/City Center	-	-	-	23,000	5	0.49%
Midtown Rochester LLC	-	-	-	19,582	6	0.41%
Xerox	-	-	-	19,250	7	0.41%
Samloff/Glazer	-	-	-	14,147	9	0.30%
Totals	<u>\$ 950,701</u>		<u>16.61%</u>	<u>\$ 680,632</u>		<u>14.02%</u>

Note:

- 1) The total taxable assessed value of \$5,723,156,652 was used for fiscal year 2009-10 taxes.
- 2) The total taxable assessed value of \$4,730,799,907 was used for fiscal year 2000-01 taxes.

Source: Assessment Roll of the City of Rochester

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Cancellations and/or Adjustments to Tax Levy (3)	Outstanding Delinquent Taxes (Cumulative)	Percentage of Outstanding Delinquent Taxes to Total Tax
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy			
2001	163,894	149,749	91.37%	9,953	159,702	97.44%	5,631	21,912	13.37%
2002	160,732	146,155	90.93%	9,684	155,839	96.96%	3,769	22,906	14.25%
2003	166,991	152,270	91.18%	10,079	162,349	97.22%	4,171	23,507	14.08%
2004	173,145	158,479	91.53%	10,577	169,056	97.64%	5,465	22,968	13.27%
2005	178,380	163,293	91.54%	9,520	172,813	96.88%	4,742	23,004	12.90%
2006	184,086	168,297	91.42%	10,360	178,657	97.05%	5,009	24,102	13.09%
2007	189,822	174,245	91.79%	10,062	184,307	97.09%	3,469	25,882	13.63%
2008	190,298	174,902	91.91%	8,506	183,408	96.38%	2,832	28,448	14.95%
2009	196,088	181,218	92.42%	7,524	188,742	96.25%	4,220	20,890	10.65%
2010	197,219	182,281	92.43%	N/A	182,281	92.43%	1,182	21,084	10.69%

Notes:

- (1) Tax exempt properties with an assessed value of \$427,946,475 made payments in lieu of taxes amounting to \$10,332,179 for the fiscal year ending June 30, 2010. If these properties had been fully taxable, total revenues would have increased by \$6,490,132. 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	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	Proceeds for Note Redemption		General Obligation Bonds	Bond Anticipation Notes			
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	4.77%	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	4.49%	1,621
2006	84,025	58,853	66,223	21,781	(41,800)	189,082	147,522	24,296	360,900	4.56%	1,734
2007	69,538	27,586	59,402	24,750	-	181,276	131,171	42,743	355,190	4.20%	1,718
2008	80,992	57,712	76,805	7,954	(39,220)	184,243	127,319	60,774	372,336	4.28%	1,800
2009	65,928	46,087	69,611	9,979	-	191,605	116,051	83,015	390,671	N/A	1,885
2010	82,246	24,810	70,531	13,048	-	190,635	166,375	26,083	383,093	N/A	N/A

Note:

- 1) Population figures from US Census Bureau [www.factfinder.census.gov](http://www.factfinder.census.gov).
- 2) Per Capita Personal Income figures for Monroe County from US Dept. of Commerce Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)).

**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)</b>
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%	1,451
2009	390,671	63,856	326,815	5.74%	1,577
2010	383,091	64,352	318,739	5.57%	1,538

Notes:

1) Population figures for 2001 - 2009 are from US Census Bureau [www.factfinder.census.gov](http://www.factfinder.census.gov), current year data unavailable, 2009 population used for 2010.

THE CITY OF ROCHESTER, NEW YORK  
 DIRECT AND OVERLAPPING DEBT  
 AS OF JUNE 30, 2010  
 (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	\$ 383,091	100.00%	\$ 383,091
County of Monroe	<u>412,505</u>	14.85%	<u>61,257</u>
Total	<u>\$ 795,596</u>		<u>\$ 444,348</u>

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 436,660	\$ 428,504	\$ 420,086	\$ 431,025	\$ 450,269	\$ 461,655	\$ 469,406	\$ 515,947	\$ 522,808	\$ 522,785
Total net debt applicable to limit	<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>	<u>350,662</u>	<u>338,141</u>
Legal debt margin	<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>	<u>\$ 172,146</u>	<u>\$ 184,644</u>
Total net debt applicable to the limit as a percentage of debt limit	70.95%	70.71%	71.76%	71.60%	67.65%	68.50%	66.69%	63.61%	67.07%	64.68%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Indebtedness	
Borrowings (Bonds and Notes)	\$ 383,091 (1)
Contract Liabilities	- (2)
	\$ 383,091
Deductions and Exclusions	
Water Bonds and Notes	43,339 (3)
Sanitary Sewer Bonds and Notes	225 (3)
Appropriation	- (4)
Cash and Cash Equivalents	<u>1,386 (5)</u>
Net Indebtedness	<u>44,950</u>
	338,141
Debt Limit (9% of five-year average full valuation)	<u>522,785</u>
Debt Contracting Margin	<u>\$ 184,644</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 \$335,000, 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**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population (1)	216,761	215,227	213,440	211,894	209,662	208,123	206,759	206,886	207,294	207,294
Total Personal Income Monroe County (2)	\$ 23,774,875	\$ 24,045,230	\$ 24,318,999	\$ 25,561,687	\$ 26,432,460	\$ 27,756,344	\$ 29,854,421	\$ 30,785,053	N/A	N/A
Per Capita Personal Income Monroe County (2)	\$ 32,186	\$ 32,543	\$ 32,978	\$ 34,745	\$ 36,121	\$ 37,999	\$ 40,861	\$ 42,082	N/A	N/A
School District Enrollment (3)	35,435	35,095	34,526	33,832	33,055	33,380	32,586	32,717	32,132	31,511
Unemployment Rate (4)	5.5%	7.0%	7.2%	6.9%	6.0%	5.9%	5.9%	7.2%	10.2%	10.3%
Employed (4)	93,500	91,200	89,900	89,800	90,300	89,100	88,500	88,200	85,600	85,000

Source:

- 1) 2001 - 2009 figures from US Census Bureau ([www.factfinder.census.org](http://www.factfinder.census.org)). Current year data unavailable, 2009 population used for 2010.
- 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 August 2010) for City of Rochester.

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

	2010			2001		
	Employees (1)	Rank	Percentage of Total Employment (2)	Employees (1)	Rank	Percentage of Total Employment (2)
University of Rochester/Strong Memorial Hospital	19,441	1	3.72%	12,920	2	2.36%
Wegmans Food Markets Inc.	13,381	2	2.56%	5,438	5	1.00%
Eastman Kodak Company	8,500	3	1.63%	24,640	1	4.51%
Rochester General Health System (ViaHealth)	7,210	4	1.38%	7,000	4	1.28%
Xerox Corporation	6,935	5	1.33%	11,500	3	2.10%
Unity Health System	5,280	6	1.01%	2,809	7	0.51%
Lifetime Healthcare Cos. Inc.	3,542	7	0.68%	-	-	-
Paychex	3,331	8	0.64%	-	-	-
Rochester Institute of Technology	3,138	9	0.60%	2,546	9	0.47%
Harris Corp. RF Communications Division	2,300	10	0.44%	-	-	-
Delphi Corporation	-	-	-	2,700	8	0.49%
Excellus Inc.	-	-	-	2,864	6	0.52%
RGS Energy Group	-	-	-	2,260	10	0.41%

(1) Source: Rochester Business Journal The Lists - 2010 Edition.

(2) Employment source: [www.labor.state.ny.us](http://www.labor.state.ny.us) employment data as of 12/31/09  
 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>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
City Council and Clerk	27.3	27.3	27.3	27.2	27.2	27.2	27.2	27.2	27.2	26.7
Administration	190.6	206.2	200.4	200.9	191.1	188.8	184.3	218.8	208.3	138.9
Information Technology	-	-	-	-	-	-	-	54.0	43.6	47.6
Finance	137.4	141.1	140.3	142.2	138.3	138.8	138.6	97.4	94.4	107.0
Neighborhood & Business Development (1)	-	-	-	-	-	-	-	-	-	154.5
Community Development	101.6	104.2	102.2	100.7	98.5	97.9	96.6	94.7	90.8	-
Economic Development	41.7	42.2	27.2	26.2	25.7	24.7	22.8	21.9	20.8	-
Environmental Services	751.3	765.1	758.5	749.4	733.3	731.3	736.2	738.7	728.2	716.1
Emergency Communications	189.7	186.8	182.7	181.6	182.9	186.4	187.6	192.6	192.6	198.6
Police	916.0	932.5	922.6	915.0	912.1	909.1	923.8	984.1	989.5	958.9
Fire	579.4	584.7	578.1	569.6	568.3	565.5	562.5	554.2	537.9	534.9
Library	231.7	231.6	219.4	192.4	182.0	178.3	172.9	172.9	169.7	166.6
Recreation & Youth Services	337.6	335.4	313.5	301.3	295.2	295.4	277.4	199.3	195.4	194.8
Total	<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>	<u>3,298.4</u>	<u>3,244.6</u>

**Full-time Employees  
 Last Ten Fiscal Years**

City	3,121	3,151	3,100	3,054	3,003	2,984	2,963	2,963	2,893	2,840
School District	<u>6,221</u>	<u>6,303</u>	<u>6,068</u>	<u>6,013</u>	<u>5,864</u>	<u>5,825</u>	<u>6,099</u>	<u>6,073</u>	<u>6,296</u>	<u>6,053</u>
Total	<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>	<u>9,189</u>	<u>8,893</u>

**Note:**

(1) Community Development and Economic Development merged into Neighborhood & Business Development

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

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
									<b>Estimated</b>	
<b>Emergency Communications</b>										
Calls received	1,157,877	1,103,665	1,148,108	1,127,659	1,148,793	1,210,515	1,104,893	1,092,231	1,127,000	1,115,000
<b>Police</b>										
Calls for service	465,568	475,341	455,290	424,851	461,855	406,141	413,820	465,268	431,900	441,575
Reported crimes	38,996	41,045	38,543	39,344	38,212	30,404	47,369	30,907	40,500	33,190
<b>Fire</b>										
Unit responses	43,025	43,990	45,257	45,765	45,003	46,652	52,548	53,226	53,260	54,450
<b>Refuse</b>										
Residential accounts	53,328	52,987	52,766	52,673	52,476	53,015	52,690	52,560	52,337	52,340
Commercial accounts	2,830	2,767	2,730	2,660	2,638	2,641	2,625	2,650	2,672	2,663
Total tonnage	117,285	116,618	117,277	120,939	116,054	113,636	109,835	109,258	114,698	113,797
Residential cost per ton	\$99.72	\$100.05	\$101.33	\$101.93	\$105.14	\$100.50	\$108.59	N/A	N/A	N/A
Commercial cost per ton	\$126.16	\$133.90	\$154.11	\$157.69	\$151.81	\$168.77	\$169.31	N/A	N/A	N/A
<b>Water</b>										
Millions of gallons per day										
Filtration plant production	38.59	28.27	35.64	37.35	34.50	35.58	38.46	36.35	37.29	36.90
City water demand	29.46	30.08	33.71	32.15	30.15	29.59	30.55	30.44	28.90	27.86
<b>Library</b>										
Total circulation	1,612,279	1,788,621	1,680,872	1,667,529	1,626,157	1,298,760	1,315,811	1,436,450	1,474,828	1,540,559
<b>Parking</b>										
Total parking spaces	12,695	12,695	12,589	11,948	11,953	11,743	11,637	11,165	8,926	11,008
Annual car counts	3,031,900	3,178,500	2,918,164	2,993,264	2,902,784	2,929,728	2,396,205	2,671,826	2,667,998	2,574,767
<b>Parks and Recreation</b>										
Convention Center attendance	275,702	260,804	279,528	312,680	325,000	363,004	274,000	278,845	300,000	282,000
<b>War Memorial</b>										
Total attendance	629,727	557,531	410,547	573,678	498,741	437,051	536,927	472,428	538,300	398,142

Source: City of Rochester Budget.

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

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Miles of streets	539	539	539	539	539	539	539	539	540	540
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	15	15	15	15
City-owned street lights	11,858	12,460	12,773	13,200	10,936	15,037	15,348	15,673	16,400	27,800
Fire hydrants	7,468	7,287	7,287	7,287	7,287	7,287	7,287	7,287	7,287	7,686

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  
The City of Rochester, New York

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2010 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 110 through 117. 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.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weakness have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, as item 10-1, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

**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 20, 2010.

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

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 20, 2010



**Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

The Honorable Mayor and Members of City Council  
The 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 could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the members of the City Council, management, the 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 20, 2010

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>CITY GRANTS</b>										
<b>AMERICAN RECOVERY AND REINVESTMENT ACT</b>										
CDBG - R	B-09-MY-36-0003	14.253	\$ 2,585,159	\$ 646,000	\$ 1,253,159	\$ 1,899,159	\$ 646,000	\$ 1,253,159	\$ 1,899,159	\$ -
HPRP	S-09-MY-36-0005	14.257	3,954,235	-	510,468	510,468	-	510,468	510,468	-
Energy Conservation Block Grant	DE-EE0000964	81.128	2,199,800	-	94,200	94,200	-	94,200	94,200	-
Clean Cities FY09 (Pass through from NYSERDA)	DE-PS26-09NT01236	81.086	26,150	-	26,150	26,150	-	26,150	26,150	-
Neighborhood Stabilization Program		14.218	4,257,581	-	-	-	-	-	-	-
Justice Assistance Grant	2009-SB-B9-0612	16.804	1,573,108	-	495,130	495,130	-	495,130	495,130	-
Stop VAWA Recovery	C652025	16.588	100,000	-	29,875	29,875	-	29,875	29,875	-
DOT Grants		20.205	11,683,242	-	3,217,106	3,217,106	-	3,217,106	3,217,106	-
University Ave. Artwalk		20.205	5,215,000	-	253,690	253,690	-	253,690	253,690	-
<b>DEPT. OF HOUSING AND URBAN DEVELOPMENT:</b>										
CDBG PY 1995	B-95-MC-36-0003	14.218	16,320,401	16,236,040	26,313	16,262,353	16,236,040	26,313	16,262,353	-
CDBG PY 1996	B-96-MC-36-0003	14.218	18,710,449	18,566,201	134,523	18,700,724	18,566,201	134,523	18,700,724	-
CDBG PY 1997	B-97-MC-36-0003	14.218	14,209,646	14,305,766	38,115	14,343,881	14,305,766	38,115	14,343,881	-
CDBG PY 1998	B-98-MC-36-0003	14.218	12,890,500	12,758,460	130,039	12,888,499	12,758,460	130,039	12,888,499	-
CDBG PY 1999	B-99-MC-36-0003	14.218	14,492,265	14,557,473	131,451	14,688,924	14,557,473	131,451	14,688,924	-
CDBG PY 2000	B-00-MC-36-0003	14.218	13,651,489	13,876,773	271,735	14,148,508	13,876,773	271,735	14,148,508	-
CDBG PY 2001	B-01-MC-36-0003	14.218	13,516,000	13,897,254	4,239	13,901,493	13,897,253	4,240	13,901,493	-
CDBG PY 2002	B-02-MC-36-0003	14.218	13,863,000	13,770,104	24,170	13,794,274	13,770,104	24,170	13,794,274	-
CDBG PY 2003	B-03-MC-36-0003	14.218	13,968,320	15,870,987	(267,211)	15,603,776	15,578,819	28,957	15,607,776	(4,000)
CDBG PY 2004	B-04-MC-36-0003	14.218	13,707,000	13,166,948	334,382	13,501,330	13,166,948	334,382	13,501,330	-
CDBG PY 2005	B-05-MC-36-0003	14.218	13,283,899	14,275,484	999,160	15,274,644	14,275,484	999,160	15,274,644	-
CDBG PY 2006	B-06-MC-36-0003	14.218	11,687,345	9,086,645	2,036,535	11,123,180	9,088,848	2,034,332	11,123,180	-
CDBG PY 2007	B-07-MC-36-0003	14.218	11,370,989	9,063,441	2,677,091	11,740,532	9,071,363	2,634,516	11,705,879	34,653
CDBG PY 2008	B-08-MC-36-0003	14.218	10,421,039	4,298,376	2,602,100	6,900,476	4,298,376	2,597,130	6,895,506	4,970
CDBG PY 2009	B-09-MC-36-0003	14.218	10,237,040	-	5,002,765	5,002,765	-	5,549,163	5,549,163	(546,398)
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	-
Emergency Shelter	S-08-MC-36-0006	14.146	425,305	278,605	151,046	429,651	278,605	151,046	429,651	-
Emergency Shelter	S-09-MC-36-0006	14.146	423,909	-	304,762	304,762	-	304,732	304,732	30
Home Program 1999	M-99-MC-36-0504	14.239	3,710,000	3,709,798	-	3,709,798	3,709,798	-	3,709,798	-
Home Program 2000	M-00-MC-36-0504	14.239	3,882,000	3,882,000	-	3,882,000	3,882,000	-	3,882,000	-
Home Program 2001	M-01-MC-36-0504	14.239	4,148,000	4,139,112	8,390	4,147,502	4,139,112	8,390	4,147,502	-
Home Program 2002	M-02-MC-36-0504	14.239	3,917,000	3,792,050	-	3,792,050	3,792,050	-	3,792,050	-
Home Program 2003	M-03-MC-36-0504	14.239	3,793,619	3,344,714	103,433	3,448,147	3,344,714	103,433	3,448,147	-
Home Program 2004	M-04-MC-36-0504	14.239	4,115,135	3,420,131	432,557	3,852,688	3,420,131	432,557	3,852,688	-
Home Program 2005	M-05-MC-36-0504	14.239	3,760,753	3,655,170	36,998	3,692,168	3,655,170	36,998	3,692,168	-
Home Program 2006	M-06-MC-36-0504	14.239	3,760,753	2,930,167	270,133	3,200,300	2,930,167	270,133	3,200,300	-
Home Program 2007	M-07-MC-36-0504	14.239	3,364,582	2,345,219	666,965	3,012,184	2,345,219	666,965	3,012,184	-
Home Program 2008	M-08-MC-36-0504	14.239	3,229,286	996,568	918,949	1,915,517	646,638	1,268,879	1,915,517	-
Home Program 2009	M-09-MC-36-0504	14.239	3,614,256	-	872,083	872,083	-	563,716	563,716	308,367
Lead Hazard Control	NYLHB0240-03	14.905	2,918,423	2,765,224	-	2,765,224	2,720,224	-	2,720,224	45,000
Lead Hazard Control 2	NYLHB0379-07	14.905	1,606,710	921,193	531,728	1,452,921	921,193	533,728	1,454,921	(2,000)
Lead Based Paint Abatement Program	NYLHD0185-08	14.905	3,999,700	222	1,211,173	1,211,395	222	1,357,069	1,357,291	(145,896)
CPD Technical Assistance (CDB3)	B08NINY0023	14.905	152,880	-	143,830	143,830	-	145,780	145,780	(1,950)
Lead Based Paint Abatement Program	NYLHD0185-09	14.905	2,199,613	-	-	-	-	1,025	1,025	(1,025)
HOPWA	N-YH-07-F003	14.241	605,000	605,823	18,195	624,018	605,823	18,195	624,018	-
HOPWA	N-YH-08-F003	14.241	640,000	-	560,112	560,112	-	560,112	560,112	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>U.S. DEPARTMENT OF JUSTICE</b>										
Justice Assistance Grant-5	2008-DJ-BX-0243	16.738	82,530	56,674	25,856	82,530	56,674	25,856	82,530	-
Justice Assistance Grant-6	2009-DJ-BX-0250	16.738	366,909	-	88,784	88,784	-	88,784	88,784	-
ATF 08/09	09-NY-333-AFF	16.012	77,000	7,210	46,864	54,074	39,161	20,361	59,522	(5,448)
ATF 09/10	10-NY-333-AFF	16.012	77,000	-	20,019	20,019	-	32,568	32,568	(12,549)
Edward Byrne Memorial Grant	2007-DD-BX-0687	16.580	324,143	239,133	81,240	320,373	240,130	80,244	320,374	(1)
COPS Secure Our Schools	2008CKWX0735	16.710	70,500	-	49,725	49,725	-	49,725	49,725	-
COPS Methamphetamine Initiative	2009CKWX0098	16.710	675,000	-	82,396	82,396	-	84,307	84,307	(1,911)
PASS THROUGH FROM DCJS:										
Edward Byrne Graffiti Sensors	T632067	16.738	25,000	-	17,454	17,454	-	17,454	17,454	-
Edward Byrne Radar Speed Signs	T632154	16.738	45,000	-	45,000	45,000	-	45,000	45,000	-
Juvenile Accountability Conferencing 2009	T612021	16.540	11,564	-	11,549	11,549	5,172	6,377	11,549	-
Juvenile Accountability Conferencing 2010	T612075	16.540	14,052	-	5,730	5,730	-	5,730	5,730	-
Stop Violence Against Women 2009	C-554641	16.588	67,303	35,045	31,427	66,472	35,045	31,427	66,472	-
Stop Violence Against Women 2010	C-554642	16.588	71,208	-	28,667	28,667	-	29,757	29,757	(1,090)
PASS THROUGH FROM OFFICE OF VICTIMS SERVICES:										
Crime Victims Assistance 2008-2009	C-401137	16.575	208,000	152,397	52,000	204,397	141,709	59,781	201,490	2,907
Crime Victims Assistance 2009-2010	C-501131	16.575	206,470	-	148,343	148,343	-	146,819	146,819	1,524
PASS THROUGH FROM COUNTY OF MONROE:										
Grants to Encourage Arrest- Domestic Abuse Response Te	G240300012.0911	16.590	113,950	-	8,380	8,380	-	10,271	10,271	(1,891)
PASS THROUGH FROM RIT:										
Rochester Safe & Sound Initiative	2009-PG-BX-0002	16.744	572,536	235,714	197,797	433,511	241,535	197,797	439,332	(5,821)
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>										
NYS DEPARTMENT OF TRANSPORTATION (Pass Through)										
Broad Street Tunnel - 4751.87	D009279	20.205	16,566,400	1,258,899	3,863,273	5,122,172	1,258,899	3,863,273	5,122,172	-
Ford Street Bridge - 4752.52	D011399	20.205	8,800,000	8,407,479	-	8,407,479	8,407,479	-	8,407,479	-
Lake Avenue - 4752.49	D011414	20.205	14,069,226	13,356,468	1,709	13,358,177	13,356,468	1,709	13,358,177	-
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	18,656,772	99,071	18,755,843	18,656,772	99,071	18,755,843	-
Broad Street Bridge	D013824	20.205	1,686,880	733,190	144,859	878,049	733,190	144,859	878,049	-
CBD Signs	D017579	20.205	661,900	644,714	3,707	648,421	644,714	3,707	648,421	-
Lexington Avenue	D017499	20.205	4,431,261	4,479,776	-	4,479,776	4,479,776	-	4,479,776	-
Port Intel Trans System	D022323	20.205	937,500	3,206	19,404	22,610	3,206	19,404	22,610	-
Mt. Hope Ave. & E. Henrietta Road	D022408	20.205	1,105,800	489,565	406,275	895,840	489,565	406,275	895,840	-
Smith Street Bridge	D024554	20.205	10,350,000	7,467,315	2,494,854	9,962,169	7,467,315	2,494,854	9,962,169	-
Inner Loop Study Phase II	D017599	20.205	400,000	88,651	141,903	230,554	88,651	141,903	230,554	-
Ridgeway Avenue	D031733	20.205	176,000	176,000	-	176,000	176,000	-	176,000	-
Butterhole-Seneca Park Rail Trail	D031578	20.605	2,000,000	-	205,283	205,283	-	205,283	205,283	-
Safe Routes to School	D032205	20.605	532,000	-	32,752	32,752	-	32,752	32,752	-
Dewey Driving Park	D032530	20.605	40,000	-	17,396	17,396	-	17,396	17,396	-
Lake Ave Merrill to Burley		20.605	516,000	-	8,228	8,228	-	8,228	8,228	-
PL - 2009-10	D012571	20.205	48,750	-	26,974	26,974	-	26,974	26,974	-
DDACTS (from National Highway Traffic Safety Admin)	DTNH22-09G-00008	20.614	60,000	-	21,760	21,760	-	21,760	21,760	-
Selective Traffic Enf Program	PT-2801121	20.600	37,826	21,895	14,834	36,729	21,895	14,834	36,729	-
Selective Traffic Enf Program	T-003040	20.600	38,290	-	23,158	23,158	-	23,158	23,158	-
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>										
Substance Abuse	1-H79-SP13209-01	93.276	500,000	329,449	66,762	396,211	254,417	52,083	306,500	89,711

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>										
Brownfield Grant 430-03	BF97259406	66.818	\$ 200,000	\$ 134,405	\$ 65,295	\$ 199,700	\$ 134,405	\$ 65,295	\$ 199,700	\$ -
Brownfield Grant 430-04	BF97259406	66.818	200,000	64,483	72,022	136,505	64,483	72,022	136,505	-
Brownfield Grant 430-05	BF97257506	66.818	200,000	199,994	-	199,994	199,994	-	199,994	-
Brownfield Grant 430-06	BF97249307	66.818	200,000	140,623	3,796	144,419	140,623	3,796	144,419	-
Brownfield Grant 430-07	BF97249207	66.818	200,000	-	1,766	1,766	-	1,766	1,766	-
<b>DEPARTMENT OF HOMELAND SECURITY</b>										
Medical Response (PASS THROUGH)	WM05-1161-D00	97.071	250,000	-	67,358	67,358	-	126,551	126,551	(59,193)
Bomb Squad Initiative (PASS THROUGH)	WM08153781	97.067	110,000	-	153	153	-	153	153	-
BZPP - 2006 (PASS THROUGH)	WM06153766	97.078	189,000	-	184,551	184,551	95,177	89,374	184,551	-
LETPP- 2007 (PASS THROUGH)	WM07153771	97.067	110,000	-	92,032	92,032	-	92,032	92,032	-
UASI- 2008 (PASS THROUGH)	WM08153783	97.067	496,361	-	116,086	116,086	-	152,374	152,374	(36,288)
AFG - Fire Prevention	FG0702426FPS002	97.046	88,350	59,980	28,364	88,344	88,344	-	88,344	-
LETPP- 2007 (MONROE COUNTY PASS THROUGH)		97.067	23,464	21,431	2,033	23,464	21,431	2,033	23,464	-
SHSP-2007 (MONROE COUNTY PASS THROUGH)	G240800012.0710	97.067	59,880	49,256	10,611	59,867	48,473	11,394	59,867	-
<b>U.S. DEPARTMENT OF EDUCATION</b>										
PASS THROUGH (From NYS Dept. of Education)										
21st Century Grant RASA IV Year 1	0187094089	84.287	847,771	636,400	69,563	705,963	580,844	125,119	705,963	-
21st Century Grant RASA IV Year 2	0187104089	84.287	847,771	-	457,280	457,280	-	485,992	485,992	(28,712)
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>										
Summer Food Service	36-079500	10.559	454,466	-	394,291	394,291	-	363,230	363,230	31,061
<b>SUBTOTAL CITY GRANTS</b>			<b>402,458,242</b>	<b>300,753,393</b>	<b>36,354,173</b>	<b>337,107,566</b>	<b>300,101,842</b>	<b>37,341,674</b>	<b>337,443,516</b>	<b>(335,950)</b>
<b>CITY SCHOOL DISTRICT GRANTS</b>										
<b>PROJECTS CLOSED AS OF JUNE 30, 2010</b>										
<b>DIRECT FEDERAL PROJECTS</b>										
<b>U.S. DEPARTMENT OF EDUCATION:</b>										
<b>IMPACT AID</b>										
F0820 Impact Aid	S041B20093427	84.040	\$ 25,862	\$ 44,113	\$ (18,250)	\$ 25,863	\$ 12,425	\$ 13,438	\$ 25,863	-
<b>OTHER DIRECT FEDERAL</b>										
F0194 Startalk	H982300910	12.901	52,564	-	29,482	29,482	1,110	28,372	29,482	-
F0197 Foreign Lang. Assist Prog	293B060047	84.293B	103,945	80,714	23,229	103,943	100,605	3,338	103,943	-
F0335 Native American Resource Ctr	060A072183	84.060A	59,798	47,687	9,926	57,613	61,247	(3,634)	57,613	-
0374 Arts Model Development	351D060136	84.351B	252,226	134,210	67,887	202,097	200,695	1,402	202,097	-
F0448 Carol White Phys Ed Program	215F070018	84.215F	218,008	159,227	58,780	218,007	219,649	(1,642)	218,007	-
F0451 Integrated Sch w/ Mental Hlth	215M060046	84.215M	46,016	21,757	-	21,757	21,742	15	21,757	-
F0453 Safe Schools/Healthy Stdnts	184L080045	84.184L	405,482	300,972	104,432	405,404	395,149	10,255	405,404	-
F0454 Safe Schools/Healthy Stdnts I	184L080045	84.184L	323,170	195,917	127,253	323,170	315,253	7,917	323,170	-
F0470 Advanced Plcmt Incentive Grant	330C080224	84.330C	570,351	11,760	556,565	568,325	117,888	450,437	568,325	-
F0476 Teaching as Historians	215X080325	84.215X	145,312	91,673	53,638	145,311	145,263	48	145,311	-
<b>FEDERAL FLOW THROUGH PROJECTS</b>										
<b>ESEA TITLE I</b>										
F0202-298 Title I	0021091395	84.010A	32,211,397	21,242,403	7,049,100	28,291,503	27,014,685	1,276,818	28,291,503	-
<b>ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES</b>										
F0201 Title V, Pt A - Innovative Pgm	0021091395	84.298A	10,000	2,000	3,283	5,283	4,164	1,119	5,283	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>ESEA TITLE IV SAFE &amp; DRUG-FREE SCHOOLS</b>										
F0450 Title IV - Safe & Drug-Free	0180091395	84.186A	\$ 446,773	\$ 207,263	\$ 198,246	\$ 405,509	\$ 292,583	\$ 112,926	\$ 405,509	-
<b>INDIVIDUALS WITH DISABILITIES EDUCATION ACT</b>										
F0305 IDEA Support Serv & Sec 611	0032090370	84.027A	10,149,282	7,342,038	1,872,773	9,214,811	9,085,362	129,449	9,214,811	-
F0340 IDEA Preschool Serv & Sec 619	0033090370	84.173A	568,201	378,045	129,877	507,922	450,939	56,983	507,922	-
F0362 IDEA Quality Assurance Impleme	0031092855	84.027A	175,000	35,000	79,864	114,864	12,158	102,706	114,864	-
<b>VOCATIONAL EDUCATION</b>										
F0043 Perkins Correctional	8030090001	84.048A	40,000	26,421	6,271	32,692	32,660	32	32,692	-
F0706 WIA ELL Postsecondary	2338098006	84.002	100,000	63,135	36,594	99,729	99,957	(228)	99,729	-
F0707 Perkins Secondary	8000090024	84.048A	583,504	330,414	204,980	535,394	534,906	488	535,394	-
F0754 Perkins Adult	8000099020	84.048A	217,474	142,123	73,582	215,705	215,704	1	215,705	-
<b>WORKFORCE INVESTMENT ACT</b>										
F0701 Title II - WIA - Correction Ed	0138090015	84.002A	250,000	50,000	194,340	244,340	243,589	751	244,340	-
F0722 WIA Title II	2338091074	84.002A	125,072	97,283	27,789	125,072	124,634	438	125,072	-
<b>OTHER FEDERAL FLOW THROUGH STATE</b>										
F0042 Fast Track Rochester	JJ05441702	16.540	92,637	57,036	21,642	78,678	75,001	3,677	78,678	-
F0044 Re-Entry Project	JJ07444090	16.540	171,287	104,544	-	104,544	104,544	-	104,544	-
F0046 OJJDP Re-Entry Program	0081015E00	16.540	167,861	-	153,605	153,605	20,176	133,429	153,605	-
F0119 Title IIB Math Partnership	0294090107	84.366B	799,991	159,998	547,370	707,368	661,686	45,682	707,368	-
F0120 Title II-D - Technology	0292091395	84.318X	297,349	199,862	56,839	256,701	254,605	2,096	256,701	-
F0121 Title IID Competitive	0291090009	84.318X	756,075	100,000	644,460	744,460	212,042	532,418	744,460	-
F0199 Title III - Bilingual Educ	0293091395	84.365A	883,375	420,810	209,216	630,026	557,875	72,151	630,026	-
F0200 Title IIA - Tchr & Prin Tr/Rec	0147091395	84.367A	6,005,551	2,757,267	2,352,656	5,109,923	3,534,352	1,575,571	5,109,923	-
F0300 Title I - Improvement/Choice	0011092004	84.010A	900,000	180,000	486,714	666,714	322,167	344,547	666,714	-
F0303 DICA Audit Grant	0011090004	84.010A	3,000,335	600,067	1,513,014	2,113,081	2,147,755	(34,674)	2,113,081	-
F0306 Title I SQR Grant	0123090039	84.377A	210,000	157,842	19,377	177,219	150,011	27,208	177,219	-
F0310 SETRC	C007559	84.027A	503,216	275,771	131,028	406,799	405,462	1,337	406,799	-
F0360 Homeless Children & Youth	0212093919	84.196A	125,000	44,369	36,645	81,014	80,501	513	81,014	-
F0364 Reading First	0243090215	84.357A	690,942	509,788	147,533	657,321	657,321	-	657,321	-
F0458 Title IV SDFSCA8	0189091001	84.186	75,836	20,493	2,534	23,027	24,180	(1,153)	23,027	-
A 1200/1 NYS Fiscal Stabilization		84.394	20,343,734	-	20,343,734	20,343,734	-	20,343,734	20,343,734	-
<b>OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION</b>										
F0147 Smaller Learning Communities	GREECE0601	84.215L	324,206	334,146	(113,718)	220,428	218,973	1,455	220,428	-
F0321 U of R / NIMH	URNIMH0901	93.242B	168,878	113,895	52,487	166,382	164,093	2,289	166,382	-
F0359 Librarians for 21st Century	0106007606	45.313B	84,646	55,189	7,292	62,481	58,553	3,928	62,481	-
<b>PROJECTS OPEN AS OF JUNE 30, 2010</b>										
<b>DIRECT FEDERAL PROJECTS</b>										
<b>U.S. DEPARTMENT OF EDUCATION:</b>										
<b>IMPACT AID</b>										
G0820 Impact Aid	S041B20053427	84.040	\$ 23,681	\$ -	\$ 41,931	\$ 41,931	\$ -	\$ 20,006	\$ 20,006	21,925
<b>OTHER DIRECT FEDERAL</b>										
G0089 Readiness & Emerg Mg for Schoo	184E090093	84.148E	322,328	-	3,337	3,337	-	3,670	3,670	(333)
G0194 STARTALK US Def 2010	H982301011	12.901	65,631	-	-	-	-	8,318	8,318	(8,318)
G0197 Foreign Language Assistance Prog	293B060047	84.293B	148,480	-	-	-	-	90,328	90,328	(90,328)
G0335 Title VII - Native American Re	060A092183	84.060A	58,491	-	52,014	52,014	-	58,247	58,247	(6,233)
G0363 Improv Literacy thru Libraries	364A090431	84.364	300,000	-	272,634	272,634	-	285,628	285,628	(12,994)
G0448 Carol White Physical Education	215F070018	84.215F	165,409	-	120,621	120,621	-	130,545	130,545	(9,924)
G0453-0454 Safe Schools/Healthy Students	184L080045	84.184L	2,256,102	-	1,381,788	1,381,788	-	1,517,739	1,517,739	(135,951)
G0470 Advanced Placement Incentive	330C080045	84.330C	1,008,189	-	227,880	227,880	-	255,814	255,814	(27,934)
G0475 Elementary Historians - TAH US	215X090434	84.215X	333,333	-	214,395	214,395	-	225,575	225,575	(11,180)
G0476 Teaching As Historians	215X080325	84.215X	457,893	-	306,739	306,739	-	341,011	341,011	(34,272)

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue			
	Grant Number	CFDA Number	Budget	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010		Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010
<b>FEDERAL FLOW THROUGH PROJECTS</b>										
ESEA TITLE I										
G0202-298 Title I	0021101395	84.010A	\$ 27,920,752	\$ -	\$ 23,184,897	\$ 23,184,897	\$ -	\$ 27,264,480	\$ 27,264,480	(4,079,583)
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS										
G0450 Safe & Drug Free Schools & Communities	0180101395	84.186A	387,107	-	167,055	167,055	-	290,859	290,859	(123,804)
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
G0305-0307 IDEA Support Serv & Sec 611	0032100370	84.027A	10,440,311	-	6,596,808	6,596,808	-	9,639,294	9,639,294	(3,042,486)
G0340 IDEA Pre-School Services	0033100370	84.173A	557,903	-	448,111	448,111	-	538,759	538,759	(90,648)
VOCATIONAL EDUCATION										
G0043 Perkins Program in Incarcerati	8030100001	84.048A	40,000	-	23,129	23,129	-	34,331	34,331	(11,202)
G0706 WIA ELL Post Secondary	2338108006	84.002	100,000	-	87,707	87,707	-	99,662	99,662	(11,955)
G0707 Perkins Secondary	8000100024	84.048A	603,656	-	375,887	375,887	-	516,653	516,653	(140,766)
G0754 Perkins Adult Basic	8000109020	84.048A	220,815	-	161,324	161,324	-	215,719	215,719	(54,395)
WORKFORCE INVESTMENT ACT										
G0701 Workforce Investment Act	0138100015	84.002A	250,000	-	141,768	141,768	-	243,459	243,459	(101,691)
G0722 WIA Adult Literacy Education	2338101074	84.002A	125,072	-	100,027	100,027	-	124,575	124,575	(24,548)
G0724 WIA Literacy Zone Workforce De	2338109013	84.002A	325,000	-	220,466	220,466	-	303,636	303,636	(83,170)
FEDERAL ARRA										
G0093 ARRA Child Nutrition	5004100111	10.579	307,612	-	307,612	307,612	-	307,612	307,612	-
G0600-0619 ARRA Title I	5021101395	84.389A	9,701,328	-	5,954,562	5,954,562	-	7,503,568	7,503,568	(1,549,006)
G0620 ARRA IDEA 611	5032100370	84.391A	5,111,102	-	3,445,623	3,445,623	-	4,695,553	4,695,553	(1,249,930)
G0640 ARRA IDEA 619 2009 VESID Part	5033100370	84.392A	233,657	-	58,624	58,624	-	159,611	159,611	(100,987)
G0660 McKinney-V. ARRA '09 Funds	5212103919	84.387	64,972	-	12,994	12,994	-	4,076	4,076	8,918
FEDERAL FISCAL STABILIZATION										
G0345 Rochester Teacher Center	5425100089	84.397	507,080	-	311,676	311,676	-	473,023	473,023	(161,347)
G0347 ARRA Mentor Teacher Internship	5663100006	84.397	65,000	-	13,844	13,844	-	47,046	47,046	(33,202)
OTHER FEDERAL FLOW THROUGH STATE										
G0119	0294100107	84.366B	799,999	-	261,288	261,288	-	771,043	771,043	(509,755)
G0120 Title II-D Technology Grant	0292101395	84.318X	264,807	-	204,169	204,169	-	231,251	231,251	(27,082)
G0121 Title IID Comp. EETT / NYS Off	0291101034	84.318X	700,000	-	341,144	341,144	-	418,983	418,983	(77,839)
G0193 Title I LEP/ELL Sch Imp 1003(a)	0011103054	84.010	100,000	-	20,000	20,000	-	2,357	2,357	17,643
G0196 Title IIIA 2009-2009 Immigrant	0149091395	84.365	71,303	-	65,583	65,583	-	65,343	65,343	240
G0199 Title IIIA LEP (Bilingual)	0293101395	84.365A	812,605	-	134,998	134,998	-	239,995	239,995	(104,997)
G0200 Title II-A Recruitment	0147101395	84.367A	4,803,128	-	2,764,715	2,764,715	-	4,517,429	4,517,429	(1,752,714)
G0300 Title I - School Improvement	0011102004	84.010A	1,810,000	-	492,298	492,298	-	969,293	969,293	(476,995)
G0301 SQR Title I SWW, NECP, FTLC	0123100109	84.377A	210,000	-	42,000	42,000	-	60,517	60,517	(18,517)
G0303 DICA Audit	0011100004	84.010A	4,613,000	-	953,511	953,511	-	2,252,012	2,252,012	(1,298,501)
G0306 SQR Title I 2009-10 School Qua	0123100019	84.377A	179,997	-	58,844	58,844	-	83,604	83,604	(24,760)
G0310 SETRC	C010298	84.027A	456,103	-	143,838	143,838	-	374,765	374,765	(230,927)
G0312 Joint Intervention Tea	0123103107	84.377A	1,000,000	-	200,000	200,000	-	303,473	303,473	(103,473)
G0330 External Sch Curriculum Audit	0123102108	84.377A	85,000	-	17,000	17,000	-	47,144	47,144	(30,144)
G0360 Homeless Children and Youth	0212103919	84.196A	125,000	-	57,808	57,808	-	69,903	69,903	(12,095)
G0364 Reading First	0243100215	84.357A	341,313	-	251,740	251,740	-	294,205	294,205	(42,465)
G0400 2009-2010 Title I Sch Imp Sect	0123104054	84.377A	2,438,553	-	487,710	487,710	-	217,803	217,803	269,907
G0404 Response to Intervention #4	0031105502	84.027A	100,000	-	20,000	20,000	-	-	-	20,000
G0421 NYSED Coordinated School Healt	0125100003	93.938	2,862	-	2,862	2,862	-	2,862	2,862	-
G0507 GCC Perkins Funding	8080100010	84.243	96,328	-	-	-	-	87,325	87,325	(87,325)
G0717 FSET Food Stamp Emplmt Trng Ve	C020854010	10.561	300,000	-	20,250	20,250	-	4,048	4,048	16,202
G0718	C020720910	93.558	225,000	-	169,500	169,500	-	104,389	104,389	65,111
OTHER FEDERAL FLOW THROUGH AGENCY/FOUNDATION										
G0147 Smaller Learning Communities	V215L050016	84.215L	237,329	-	249,355	249,355	-	150,270	150,270	99,085
G0321 U of R National Institute of M	URNIMH0901	93.242B	133,539	-	102,281	102,281	-	133,571	133,571	(31,290)
G0359 IMLS Laura Bush 21st Cen Libra	0106007606	45.313B	100,980	-	-	-	-	29,213	29,213	(29,213)
G0783 Urban League Youth Build	URBANL1001	17.274	141,769	-	70,884	70,884	-	40,106	40,106	30,778

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>SCHOOL FOOD SERVICE FUND:</b>										
U.S. DEPARTMENT OF AGRICULTURE	---	10.555	\$ 14,851,749	\$ -	\$ 14,851,749	\$ 14,851,749	\$ -	\$ 14,851,749	\$ 14,851,749	\$ -
TOTAL SCHOOL DISTRICT GRANTS			179,781,624	37,095,232	103,719,049	140,814,281	49,351,664	106,967,087	156,318,751	(15,504,470)
TOTAL CITY GRANTS			402,458,242	300,753,393	36,354,173	337,107,566	300,101,842	37,341,674	337,443,516	(335,950)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS			<u>\$582,239,866</u>	<u>\$337,848,625</u>	<u>\$140,073,222</u>	<u>\$477,921,847</u>	<u>\$349,453,506</u>	<u>\$144,308,761</u>	<u>\$493,762,267</u>	<u>\$ (15,840,420)</u>

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

(concluded)

**THE CITY OF ROCHESTER, NEW YORK**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

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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. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Federal awards received directly from federal agencies, as well as, federal awards passed through from other government agencies are included in the schedule. Because the schedule presents only a selected portion of the operations of the City, it is not intended and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The amounts reported as federal expenditures were obtained from the City's financial reporting system, which is the source of the City's basic financial statements. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Grant numbers were presented where available.

**NOTE 3 - MAJOR PROGRAM DETERMINATION**

Major program determination is a risk based assessment which classifies programs as either a Type A program or a Type B program. All federal programs with expenditures exceeding the greater of 3% of the total federal awards or \$300,000 are considered Type A programs and all other programs are considered Type B programs. The Type B federal programs with expenditures which do not exceed the greater of .3% of the total federal awards or \$100,000 are considered insignificant and were not further evaluated. All other programs were then further assessed based on risk and major programs were selected.

**NOTE 4 - 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, 2010, the District received \$929,925 of commodities from the U.S. Department of Agriculture and is included in the current year revenues and expenditures.

**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 \$920,000 and \$1,237,700 in the 2010 and 2009 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.

THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010

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

Noncompliance material to financial statements noted?      Yes   X   No

*Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Name of Federal Programs or Clusters</u>	<u>CFDA Number(s)</u>
NYS Department of Transportation	20.205
Community Development Block Grants / Entitlement Grants	14.218/14.253
Special Education Cluster	84.027/84.173/84.391/84.392
ESEA Title I Cluster	84.010/84.389
State Fiscal Stabilization Cluster	84.394/84.397

Dollar threshold used to distinguish between type A and type B programs (3% of total federal awards) \$ 4,329,263

Auditee qualified as low-risk auditee?      Yes   X   No

THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010 (Continued)

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II. FINANCIAL STATEMENT FINDINGS

**10-1. Financial Accounting and Reporting**

*Condition:* Internal controls related to the recording and reporting of fixed assets outside of the accounts payable transaction processing cycle the City are not operating effectively. In the prior year the city acquired a stadium facility through the default on debt by an entity that had built the stadium on land leased from the City. Funding for the construction of the stadium was provided by New York State and based on the terms of the land lease, the title to the stadium reverted to the City upon default on the New York State funding. Due to the unusual manner of the acquisition, the asset was not properly recorded by the City in the prior fiscal year.

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

*Cause:* Internal controls related to recording and reporting of fixed assets outside of the accounts payable transaction processing cycle of the City are not operating effectively.

*Effect:* Fixed assets and depreciation were understated in the prior fiscal year on the government wide financial statements.

*Recommendation:* We recommend that the City fully evaluate all aspects of potential fixed asset acquisitions and institute internal controls to ensure proper communication of events that occur that would require the recording and reporting of fixed assets outside of the normal accounts payable transaction processing cycle.

*Management Response:* *The Bureau of Accounting will meet at least annually with the Law Department to identify and record any non-standard fixed asset related acquisitions that did not flow through normal payables processing.*

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THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010

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II. FINANCIAL STATEMENT FINDINGS

**SIGNIFICANT DEFICIENCIES**

**09-1 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 was not in compliance with OMB Circular A-133 requirements for suspension and debarment.

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

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**09-2 Payroll Time Certifications**

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

*Condition:* During our audit of the financial statements it was observed that the City did 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.

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

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**NEW YORK STATE  
TRANSPORTATION ASSISTANCE  
EXPENDED**



**Independent Auditor's Report on Compliance and  
Internal Control Over State Transportation Assistance Expended  
Based on an Audit of Basic Financial Statements Performed in  
Accordance with Government Auditing Standards**

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 preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that are applicable to the major state transportation assistance program for the year ended June 30, 2010. The City's major state transportation assistance program is 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 its major state transportation assistance program 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 Draft 43 of NYCRR. Those standards and Draft Part 43 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 the major state transportation assistance program has occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major state transportation assistance program for the year ended June 30, 2010.

**Internal Control Over Compliance**

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 the state transportation assistance program. 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 the state transportation assistance 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 in accordance with Draft Part 43 of NYCRR. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control 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 state transportation assistance program on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state transportation assistance program will not be prevented, or detected and corrected on a timely basis.

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

#### Schedule of State Transportation Assistance Expended

We have audited the basic financial statements of the City of Rochester as of and for the year ended June 30, 2010, and have issued our report thereon dated December 20, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying schedule of state transportation assistance expended is presented for purposes of additional analysis as required by Draft Part 43 of NYCRR, and is not a required part of the basic financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the City Council, management, others within the City, and the New York State Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

*Freed Maxick & Battaglia, CPAs, PC*

Rochester, New York  
December 20, 2010

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED  
YEAR ENDED JUNE 30, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>CITY GRANTS</b>									
<b>STATE OF NEW YORK:</b>									
<b>DEPARTMENT OF TRANSPORTATION:</b>									
Broad Street Tunnel - 4751.87	D009279	\$ 270,000	\$ 236,044	\$ 44,362	\$ 280,406	\$ 236,044	\$ 44,362	\$ 280,406	\$ -
Lake Avenue - 4752.49	D011414	1,819,900	1,719,846	-	1,719,846	1,719,846	-	1,719,846	-
Broad Street Bridge	D013824	70,500	42,883	5,493	48,376	42,883	5,493	48,376	-
CBD Wayfinding Signs	D017579	116,500	112,226	(87,591)	24,635	112,226	(87,591)	24,635	-
Lexington Avenue	D017499	823,436	838,377	-	838,377	838,377	-	838,377	-
West Ridge Road	D013560	5,255,400	4,660,413	28,746	4,689,159	4,660,413	28,746	4,689,159	-
Port of Rochester	D013858	1,063,341	1,057,014	-	1,057,014	1,057,014	-	1,057,014	-
Brooks Village/Genesee Street	A809	407,000	401,000	-	401,000	401,000	-	401,000	-
Lake Front Development	A-334	1,000,000	567,000	24,912	591,912	567,000	24,912	591,912	-
Mt. Hope Enhancements	A-816	300,000	-	300,000	300,000	-	300,000	300,000	-
Inner Loop Study	D017599	100,000	19,876	35,158	55,034	19,876	35,158	55,034	-
Smith Street Bridge	D024554	1,142,000	1,339,446	444,943	1,784,389	1,339,446	444,943	1,784,389	-
Mt. Hope & E. Henrietta	D022408	90,000	60,064	35,176	95,240	60,064	35,176	95,240	-
Ridgeway Avenue	D031733	33,000	33,000	-	33,000	33,000	-	33,000	-
Trinidad and Hebard St. Improvements		300,000	-	300,000	300,000	-	300,000	300,000	-
Snow & Ice Control	D005375	54,071	-	54,071	54,071	-	54,071	54,071	-
Consolidated Street & Highway Improvements		3,127,833	-	3,127,833	3,127,833	-	3,127,833	3,127,833	-
<b>Total</b>		<b>\$ 15,972,981</b>	<b>\$ 11,087,189</b>	<b>\$ 4,313,103</b>	<b>\$ 15,400,292</b>	<b>\$ 11,087,189</b>	<b>\$ 4,313,103</b>	<b>\$ 15,400,292</b>	<b>\$ -</b>

**THE CITY OF ROCHESTER, NEW YORK**

**NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2010**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of state transportation assistance expended by the City of Rochester, New York, (the City) an entity as defined in Note 1 to the City's basic financial statements, presents the activity of all financial assistance programs provided by the New York State Department of Transportation.

**NOTE 2 - BASIS OF ACCOUNTING**

The accompanying schedule of state transportation assistance expended is presented using the accrual basis of accounting.

**THE CITY OF ROCHESTER, NEW YORK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE TRANSPORTATION  
ASSISTANCE EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SUMMARY OF AUDIT RESULTS**

1. No significant deficiencies relating to the audit of the schedule of state transportation assistance expended are reported in the independent auditor's report on compliance and internal control over state transportation assistance expended based on an audit of basic financial statements performed in accordance with *Government Auditing Standards*.
2. The auditor's report on compliance for the major state transportation assistance program for the City of Rochester expresses an unqualified opinion.
3. No audit findings relative to the major state transportation assistance program are reported in this schedule.
4. The major state transportation assistance programs were the Smith Street Bridge Rehab and Broad Street Tunnel.

**COMPLIANCE FINDINGS AND QUESTIONED COSTS**

No findings or questioned costs were noted in the prior or current years.

**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, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>CITY GRANTS</b>									
<b>STATE OF NEW YORK:</b>									
<b>DIV. OF CRIMINAL JUSTICE SERVICE:</b>									
Motor Vehicle Theft	C464035	58,808	5,979	52,733	58,712	5,979	52,733	58,712	-
Motor Vehicle Theft	T464069	36,000	-	11,927	11,927	-	11,927	11,927	-
Impact V	C483996	518,190	373,990	135,816	509,806	380,774	129,032	509,806	-
Impact VI	C484040	502,671	-	491,202	491,202	-	498,786	498,786	(7,584)
<b>DEPARTMENT OF TRANSPORTATION</b>									
Broad Street Tunnel - 4751.87	D009279	270,000	236,044	44,362	280,406	236,044	44,362	280,406	-
Lake Avenue - 4752.49	D011414	1,819,900	1,719,846	-	1,719,846	1,719,846	-	1,719,846	-
Broad Street Bridge	D013824	70,500	42,883	5,493	48,376	42,883	5,493	48,376	-
CBD Wayfinding Signs	D017579	116,500	112,226	(87,591)	24,635	112,226	(87,591)	24,635	-
Lexington Avenue	D017499	823,436	838,377	-	838,377	838,377	-	838,377	-
West Ridge Road	D013560	5,255,400	4,660,413	28,746	4,689,159	4,660,413	28,746	4,689,159	-
Port of Rochester	D013858	1,063,341	1,057,014	-	1,057,014	1,057,014	-	1,057,014	-
Brooks Village/Genesee Street	A809	407,000	401,000	-	401,000	401,000	-	401,000	-
Lake Front Development	A-334	1,000,000	567,000	24,912	591,912	567,000	24,912	591,912	-
Mt. Hope Enhancements	A-816	300,000	-	300,000	300,000	-	300,000	300,000	-
Inner Loop Study	D017599	100,000	19,876	35,158	55,034	19,876	35,158	55,034	-
Smith Street Bridge	D024554	1,142,000	1,339,446	444,943	1,784,389	1,339,446	444,943	1,784,389	-
Mt. Hope & E. Henrietta	D022408	90,000	60,064	35,176	95,240	60,064	35,176	95,240	-
Ridgeway Avenue	D031733	33,000	33,000	-	33,000	33,000	-	33,000	-
Trinidad and Hebard St. Improvements		300,000	-	300,000	300,000	-	300,000	300,000	-
Snow & Ice Control	D005375	54,071	-	54,071	54,071	-	54,071	54,071	-
Consolidated Street & Highway Improvements		3,127,833	-	3,127,833	3,127,833	-	3,127,833	3,127,833	-
<b>EMPIRE STATE DEVELOPMENT CORPORATION</b>									
Restore NY - Demolition	U-966	2,000,000	1,500,000	500,000	2,000,000	1,671,794	328,206	2,000,000	-
Restore NY - Demolition 2	W-055	1,900,000	-	1,900,000	1,900,000	1,712,406	157,513	1,869,919	30,081
Restore NY 2 Center City Mixed Use	W-054	4,100,000	-	1,557,405	1,557,405	-	1,451,260	1,451,260	106,145
Midtown Master Plan	V-877	980,000	889,028	69,926	958,954	889,028	69,926	958,954	-
Restore NY 3 Center City Mixed Use	W-836	4,000,000	-	-	-	-	-	-	-
Restore NY 3 Site Clearance	W-868	3,500,000	-	-	-	-	-	-	-
Lead Abatement (CEFAP)	3856	1,500,000	-	265,138	265,138	-	467,388	467,388	(202,250)
<b>DORMITORY AUTHORITY OF NEW YORK STATE</b>									
South Avenue Garage	1879	4,200,000	3,717,979	482,021	4,200,000	3,717,979	482,021	4,200,000	-
South Avenue Garage	1879	8,000,000	-	-	-	5,887,125	945,534	6,832,659	(6,832,659)
Phase 2B Rochester Rhinos Stadium	3979	4,000,000	200,534	2,784,275	2,984,809	200,534	2,784,275	2,984,809	-
Atlantic Avenue		50,000	50,000	-	50,000	50,000	-	50,000	-
W. Ridge Rd Targeted Business Exterior Improvement		425,000	-	243,317	243,317	34,343	264,304	298,647	(55,330)
<b>OFFICE OF CHILDREN AND FAMILY SERVICES</b>									
Adolescent Pregnancy 09-10	C024995	354,752	72,119	166,737	238,856	72,119	166,736	238,855	1
<b>OFFICE OF VICTIMS SERVICES</b>									
Crime Victims Assistance 2008-2009	C-401137	52,000	38,099	13,000	51,099	35,427	14,945	50,373	727
Crime Victims Assistance 2009-2010	C-501131	51,617	-	37,086	37,086	-	36,705	36,705	381

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>NYS OFFICE OF PARKS, RECREATION &amp; HISTORIC PRESERVATION</b>									
Clarrissa Street Reunion		5,000	-	5,000	5,000	-	5,000	5,000	-
Mt. Hope Gatehouse Restoration		150,000	-	135,000	135,000	145,000	-	145,000	(10,000)
<b>NYS DEPARTMENT OF EDUCATION</b>									
State Library Construction (Charlotte)		14,511	13,060	1,451	14,511	14,511	-	14,511	-
State Library Construction (Rundel- restrooms)		7,115	6,404	711	7,115	7,115	-	7,115	-
Ryan Project		554,713	499,257	55,456	554,713	554,713	-	554,713	-
State Library Construction (Rundel Infrastructure phase2)		570,817	-	513,735	513,735	-	101,379	101,379	412,356
State Library Construction (Rundel Infrastructure phase 1)		511,481	-	460,333	460,333	-	511,481	511,481	(51,148)
<b>AFFORDABLE HOUSING CORP.:</b>									
Affordable Housing	AHC-2GG46	300,000	283,925	3,835	287,760	287,760	-	287,760	-
Affordable Housing	AHC-2I18	500,000	-	26,213	26,213	-	30,883	30,883	(4,670)
<b>NYS DEPARTMENT OF STATE</b>									
Corn Hill Improvements	C-002608	400,000	400,000	-	400,000	399,900	100	400,000	-
Brownfield Opportunities - LYLAKS	C303111	90,000	66,429	21,686	88,115	66,429	21,495	87,924	191
Brownfield Opportunities - Vacuum Oil	C303891	215,000	-	53,775	53,775	-	-	-	53,775
S. Plymouth and Genesee Riverway Trail		400,000	-	-	-	-	6,484	6,484	(6,484)
Genesee Valley Park		500,000	-	-	-	-	11,630	11,630	(11,630)
<b>NYS DEPARTMENT OF ENVIRONMENTAL CONSERVATION</b>									
Orchard/Whitney Cleanup	C303000	885,010	79,995	550,502	630,497	79,995	550,502	630,497	-
24 Seneca Street Cleanup	C303145	167,101	166,280	-	166,280	167,101	-	167,101	(821)
1200 E. Main St. Cleanup	C303409	458,024	-	-	-	27,437	188,751	216,188	(216,188)
Andrews St. Investigation	C303648	472,714	-	-	-	-	-	-	-
Photech Cleanup	C303768	3,396,597	-	447,613	447,613	-	82,449	82,449	365,164
<b>MONROE COUNTY:</b>									
<b>MONROE COUNTY DEPARTMENT OF TRANSPORTATION</b>									
Norton Street Improvement		192,000	175,430	-	175,430	175,430	-	175,430	-
<b>MONROE COUNTY DEPARTMENT OF PUBLIC HEALTH</b>									
Underage Tobacco 2008-2009		36,000	14,304	21,696	36,000	14,304	21,696	36,000	-
Underage Tobacco 2009-2010		36,000	-	6,866	6,866	-	6,866	6,866	-
Healthy Heart/Rochester Walks		358,875	-	-	-	-	71,775	71,775	(71,775)
<b>MONROE COUNTY DEPARTMENT OF PUBLIC SAFETY</b>									
Stop DWI Enforcement - 2009		94,926	47,444	46,520	93,963	47,444	46,520	93,963	-
Stop DWI Enforcement - 2010		118,743	-	37,337	37,337	-	37,337	37,337	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>PUBLIC AUTHORITY:</b>									
<b>ROCHESTER GENESEE REGIONAL TRANSPORTATION AUTHORITY</b>									
Midtown Relocation		\$ 175,000	\$ 133,145	\$ -	\$ 133,145	\$ 133,145	\$ -	\$ 133,145	\$ -
<b>LOCAL FOUNDATIONS/ORGANIZATIONS</b>									
<b>UNITED WAY</b>									
JOSANA Master Plan		15,000	-	15,000	15,000	-	15,000	15,000	-
<b>CREDIT EDUCATION BUREAU</b>									
Biz Kids and Beyond		5,000	-	5,000	5,000	-	5,000	5,000	-
<b>ST. JOSEPHS VILLA</b>									
DMC		10,010	10,010	2,873	12,883	12,883	-	12,883	-
<b>GREATER ROCHESTER HEALTH FOUNDATION</b>									
Lead Safe Homes		1,500,000	339,458	533,106	872,564	300,708	553,106	853,814	18,750
Sweet Potato Pie		6,720	-	6,720	6,720	-	-	-	6,720
Love Tennis		7,500	-	7,500	7,500	-	-	-	7,500
Avenue D Fitness Equipment		7,500	-	7,500	7,500	-	7,496	7,496	4
HELP Grant		129,218	-	129,218	129,218	116,654	12,564	129,218	-
Fitness Program		10,000	-	10,000	10,000	-	10,000	10,000	-
<b>ROCHESTER WORKS</b>									
Summer of Opportunity		75,000	-	75,000	75,000	-	75,000	75,000	-
<b>ROCHESTER AREA COMMUNITY FOUNDATION</b>									
Rochester Heritage Trail		200,000	20,000	-	20,000	11,252	8,748	20,000	-
Youth Voice One Vision		35,000	-	35,000	35,000	-	25,120	25,120	9,880
School #28		35,000	-	35,000	35,000	-	35,000	35,000	-
School #28		35,000	-	35,000	35,000	-	3,802	3,802	31,198
SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH)		64,777,594	20,190,058	16,203,331	36,393,389	28,306,478	14,555,656	42,862,134	(6,468,745)
<b>CITY SCHOOL DISTRICT GRANTS</b>									
<b>PROJECTS OPEN AS OF JUNE 30, 2010</b>									
<b>STATE OF NEW YORK</b>									
G0023 Universal Pre-K	0409107506	10,733,866	-	5,413,347	5,413,347	-	10,688,553	10,688,553	(5,275,206)
G0031-0032 Empl Preparation Ed	00SA432010	3,085,034	-	422,077	422,077	-	3,073,279	3,073,279	(2,651,202)
G0041 Incarcerated Youth	0000SA8110	2,277,514	-	834,000	834,000	-	2,244,797	2,244,797	(1,410,797)
G0050-0080 Summer Program - Instruction	0000900010	5,393,926	-	870,312	870,312	-	5,118,078	5,118,078	(4,247,766)
G0100 School Health Services	0432100002	6,292,705	-	3,146,352	3,146,352	-	6,107,007	6,107,007	(2,960,655)
G0124 Learn Tech Monroe	0647100041	50,000	-	-	-	-	49,176	49,176	(49,176)
G0195 ELL Bilingual Supplementary	0635108011	25,000	-	12,500	12,500	-	10,190	10,190	2,310
G0346 Cohesive Leadership Grant	1000007709	120,000	-	120,000	120,000	-	120,000	120,000	-
G0350 Roch School Library Systems	0365100046	89,375	-	89,375	89,375	-	88,758	88,758	617

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>STATE OF NEW YORK (continued)</b>									
G0351 Extend Day/Violence Prevention	0640101395	605,494	\$ -	\$ 492,681	\$ 492,681	\$ -	\$ 595,371	\$ 595,371	(102,690)
G0352 Sch Lib Sys Aid 4 Automation	0364090046	8,938	-	8,938	8,938	-	8,385	8,385	553
G0353 Library Automation Rollover	LIBROL1001	822	-	822	822	-	689	689	133
G0354 Library Systems Rollover	LIBROL1002	21,848	-	21,848	21,848	-	21,229	21,229	619
G0356 School Library Suppl Aid	0365101046	38,426	-	38,426	38,426	-	37,286	37,286	-
G0498 Refugee School Impact Grant	C020183	205,174	-	-	-	-	11,124	11,124	-
G0584 ECHS Smart Scholars	USNSMARTS	111,875	-	55,938	55,938	-	-	-	55,938
G0716 Roch Rehab Career Pathways	RRCCAR1001	314,665	-	-	-	-	-	-	-
G0755 SURR Grant	0436100005	318,160	-	94,576	94,576	-	189,676	189,676	(95,100)
G0825 Teachers of Tomorrow	0644100012	977,800	-	-	-	-	771,600	771,600	(771,600)
<b>COUNTY PROJECTS:</b>									
G0317 Pre-Sch Intgrtd/Hndcpdd	0000916510	902,268	-	366,844	366,844	-	877,704	877,704	(510,860)
G0370 Pre-School Related Services	0000920010	448,088	-	87,118	87,118	-	318,083	318,083	-
G0375 Preschool S.E.I.T.	0000913510	152,611	-	29,172	29,172	-	150,060	150,060	-
G0391 Pre-Sch Admin/County	COUNTY1001	369,055	-	-	-	-	366,034	366,034	(366,034)
G0772 MCDSS CAREERS	MCDSS47410	466,000	-	233,000	233,000	-	452,226	452,226	(219,226)
<b>PRIVATE PROJECTS:</b>									
G0088 COPS Secure our Schools Grant	CITYROCOPS	70,500	-	49,725	49,725	-	49,725	49,725	-
G0131 GRHF School #34 Grant 2	GRHF341001	74,154	-	18,078	18,078	-	1,405	1,405	16,673
G0132 GRHF School #12	GRHF121001	190,778	-	154,250	154,250	-	18,549	18,549	135,701
G0133 GRHF School #34	GRH2863009	6,660	-	6,660	6,660	-	6,395	6,395	265
G0134 Quad A Schools 4 and 34	QUADA43410	142,378	-	-	-	-	133,924	133,924	(133,924)
G0135 GRHF Fitness Fun #52	GRH2856109	7,460	-	7,460	7,460	-	5,988	5,988	1,472
G0136 GRHF WOW Jefferson	GRH2855709	7,500	-	7,500	7,500	-	7,181	7,181	319
G0409 RAC Center for Math & Science	RACCEN0901	48,000	-	48,000	48,000	-	45,568	45,568	2,432
G0427 NEA Foundation School #54	NEAFL2506	5,000	-	5,000	5,000	-	4,242	4,242	758
G0474 Dollar General Literacy NARC	DOLGENNARC	3,000	-	3,000	3,000	-	389	389	2,611
G0513 The Primary Project	CHILDR1002	133,697	-	42,093	42,093	-	125,454	125,454	(83,361)
G0560 UNICON Construction @ Edison	UNICON1001	17,700	-	17,700	17,700	-	17,676	17,676	24
G0581 Exped Learning #58 Grant 1	ELSWOI1001	27,000	-	27,000	27,000	-	13,047	13,047	13,953
G0582 Exped Learning SWW Travel	ELSSWW1001	6,000	-	6,000	6,000	-	5,998	5,998	2
G0583 IAT Exped Learning	ELSIAT1001	48,000	-	48,000	48,000	-	40,851	40,851	7,149
G0700 Virtual Enterprise Membership	VIRTUA1001	27,000	-	20,600	20,600	-	23,254	23,254	(2,654)
G0725 NCFL Toyota Family Literacy	TOYOTA1001	118,200	-	118,200	118,200	-	43,572	43,572	74,628
G0742 Cuban/Haitian Entrants	CFCCHESS10	34,389	-	8,568	8,568	-	33,092	33,092	(24,524)
G0749 Citizenship Initiative Program	OSWEGO1001	14,667	-	-	-	-	1,986	1,986	(1,986)
G0773 Monroe County Transition Servi	MCDHS62090	85,000	-	92,400	92,400	-	84,600	84,600	7,800
G0795 City of Roch. Jr. Rec. Leader	CITYRO1001	17,239	-	16,835	16,835	-	16,835	16,835	-
G0796 City of Roch. Teens on Patrol	CITYRO1002	36,129	-	35,089	35,089	-	35,089	35,089	-
G0797 City of Roch Summer of Opportu	CITYRO1003	36,244	-	32,268	32,268	-	32,268	32,268	-
G0798 City of Roch Comm Conserv Corp	CITYRO1004	60,338	-	54,300	54,300	-	54,300	54,300	-
<b>PROJECTS CLOSED AS OF JUNE 30, 2010</b>									
<b>STATE OF NEW YORK:</b>									
F0023 Universal Pre-K	0409097506	10,279,068	7,077,745	3,200,868	10,278,613	10,257,224	21,389	10,278,613	-
F0031-032 Empl Preparation Ed	00SA432009	2,840,033	1,115,929	1,706,864	2,822,793	2,809,395	13,398	2,822,793	-
F004 1Incarcerated Youth	0000SA8109	2,000,087	834,000	1,157,754	1,991,754	1,986,806	4,948	1,991,754	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>STATE OF NEW YORK (continued)</b>									
F0050-080 Summer Program - Instruction	0000900009	4,512,050	98,477	\$ 4,106,127	\$ 4,204,604	\$ 4,203,406	\$ 1,198	\$ 4,204,604	-
F0092 Feasibility Study-Insurance	C068872NYS	84,000	-	72,491	72,491	72,491	-	72,491	-
F0100 School Health Services	0432090002	6,292,705	4,810,725	1,432,806	6,243,531	6,239,536	3,995	6,243,531	-
F0123 Learn Tech SWW	0647090053	49,997	44,997	4,438	49,435	49,565	(130)	49,435	-
F0124 Learn Tech Monroe	0647090056	50,000	29,335	20,374	49,709	49,710	(1)	49,709	-
F0125 Learn Tech Monroe Marshall Wil	0647090052	49,635	12,408	30,868	43,276	40,280	2,996	43,276	-
F0126 Learn Tech Douglass SWW Jeffer	0647090054	49,915	12,478	34,068	46,546	43,163	3,383	46,546	-
F0127 Learn Tech East	0647090055	49,999	12,499	23,669	36,168	36,167	1	36,168	-
F0128 Learn Tech East Charlotte	0647090057	49,980	21,336	25,181	46,517	43,079	3,438	46,517	-
F0151 Special Legislative Project @ Franklin BIOSC #1	SPLC807003	471,202	117,800	129,217	247,017	243,650	3,367	247,017	-
F0152 Special Legislative Project @ Franklin BIOSC #2	SPLC806009	467,248	116,812	68,833	185,645	185,642	3	185,645	-
F0195 ELL Bilingual Supplementary	0635098011	25,000	12,500	(5,698)	6,802	6,802	-	6,802	-
F0198 Refugee School Impact Grant	C020183071	353,918	-	233,899	233,899	3,835	230,064	233,899	-
F0345 Rochester Teacher Center	0425090089	579,000	369,581	151,816	521,397	524,092	(2,695)	521,397	-
F0346 Cohesive Leadership Grant	COHESIVE09	135,000	101,250	33,750	135,000	113,800	21,200	135,000	-
F0347 Mentor Intern Program	0663090006	325,000	231,075	72,462	303,537	303,538	(1)	303,537	-
F0350 Roch School Library Systems	0365090046	87,610	96,929	(9,319)	87,610	86,872	738	87,610	-
F0351 Extend Day/Violence Prevention	0640091395	691,993	460,839	219,266	680,105	667,304	12,801	680,105	-
F0352 Sch Lib Sys Aid 4 Automation	0364090046	8,871	9,693	(822)	8,871	8,871	-	8,871	-
F0353 Library Automation Rollover	LIBROL0901	3,183	3,183	-	3,183	3,059	124	3,183	-
F0354 Library Systems Rollover	LIBROL0902	3,215	3,215	-	3,215	738	2,477	3,215	-
F0356 School Library Suppl Aid	0365091046	35,421	47,950	(12,529)	35,421	35,421	-	35,421	-
F0420 Missing Child Prevention	0544097059	9,996	2,499	6,712	9,211	9,211	-	9,211	-
F0587 Medicaid Contract	C008808MED	56,400	-	52,249	52,249	49,431	2,818	52,249	-
F0721 Welfare Ed Prog Lit & Basic Ed	2396091105	275,562	226,115	43,819	269,934	274,708	(4,774)	269,934	-
F0749 Citizenship Initiative Program	OSWEGO0901	14,333	-	14,333	14,333	474	13,859	14,333	-
F0755 SURR Grant	0436090005	200,022	85,878	56,356	142,234	142,422	(188)	142,234	-
F0764 ARSIP - Apprenticeship	0140090024	85,527	-	-	-	85,229	(85,229)	-	-
F0825 Teachers of Tomorrow	0644090012	1,985,680	992,840	290,724	1,283,564	1,283,564	-	1,283,564	-
<b>COUNTY PROJECTS:</b>									
F0317 Pre-Sch Intgrtd/Hndcppd	0000916509	902,268	477,548	112,681	590,229	876,640	(286,411)	590,229	-
F0370 Pre-School Related Services	0409097507	468,088	139,045	55,540	194,585	393,546	(198,961)	194,585	-
F0375 Preschool S.E.I.T.	00SA432010	134,499	68,120	24,336	92,456	133,873	(41,417)	92,456	-
F0391 Pre-Sch Admin/County	0000SA8110	369,055	-	-	-	319,682	(319,682)	-	-
F0772 MCDSS CAREERS	0000900010	466,000	349,500	116,500	466,000	459,096	6,904	466,000	-
<b>PRIVATE PROJECTS:</b>									
F0091 Food Security	2007582509	30,457	30,457	(15,532)	14,925	14,925	-	14,925	-
F0104 Target Field Trip Grant #42	TARGET0905	800	800	(41)	759	759	-	759	-
F0105 Target Field Trip YA Evening	TARGET0904	800	800	(30)	770	770	-	770	-
F0106 Target Grant at School #6	TARGET0901	800	800	(188)	612	612	-	612	-
F0107 Target Field Trip School #1	TARGET0902	800	800	(30)	770	770	-	770	-
F0108 Target Field Trip Grant - Jeff	TARGET0903	800	800	(120)	680	680	-	680	-
F0111 WC Foundation	GROUPW0901	35,000	28,915	-	28,915	28,755	161	28,916	1
F0137 GRHF Water Marshall	GRHFMA0901	4,830	4,830	(703)	4,127	-	4,127	4,127	-
F0138 GRHF Dancing Stars Future #8	GRHF080902	5,800	5,800	(272)	5,528	5,528	-	5,528	-
F0139 GRHF Fitness Stations #9	GRHF090902	10,000	10,000	-	10,000	10,000	-	10,000	-
F0143 Toshiba America Foundation	TOSHIB0901	518	517	-	517	419	98	517	-
F0304 Roch Early Enhancemnt Prg-RPPP	CHILDRO901	131,232	77,864	52,905	130,769	130,752	16	130,768	(1)
F0313 School #12/United Way	UNITWY0901	157,700	132,500	23,935	156,435	156,434	-	156,434	(1)
F0378 Arts & Cultural Council-East	ARTSCU0901	4,000	2,000	2,000	4,000	4,000	-	4,000	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK  
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS  
YEAR ENDED JUNE 30, 2010**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>PRIVATE PROJECTS (continued):</b>									
F0379 YAR JROTC Grant @ East	YARJROTC09	\$ 1,000	\$ 843	\$ -	\$ 843	\$ 843	\$ -	\$ 843	\$ -
F0409 RAC Center for Math & Science	RACCEN0901	40,000	30,000	10,000	40,000	39,722	278	40,000	-
F0417 Play It Smart	PLAYI10901	20,834	16,667	4,167	20,834	20,833	1	20,834	-
F0513 The Primary Project	CHILDR0902	99,000	25,809	45,430	71,239	70,929	310	71,239	-
F0515 The Primary Project	CHILDR0904	29,620	10,000	18,416	28,416	28,416	-	28,416	-
F0550 Marshall Elevator Grant	ELEVATOR09	3,000	3,000	(207)	2,793	1,793	1,000	2,793	-
F0560 UNICON Construction @ Edison	VIRIUA0901	5,000	5,000	-	5,000	3,881	1,119	5,000	-
F0581 Exped Learning #58 Grant 1	ELSWO10901	63,500	62,700	-	62,700	51,284	11,416	62,700	-
F0700 Virtual Enterprise Membership	VIRTUA0901	27,000	21,043	1,000	22,043	25,837	(3,794)	22,043	-
F0703 Health Care Apprenticeship	ROCGEN0901	162,000	18,495	79,500	97,995	45,454	52,541	97,995	-
F0734 Law Prep Summer Internship @ M	RWILAW0901	20,154	20,154	(72)	20,082	19,328	754	20,082	-
F0739 Law Enforcement Program @ Marshall	CIYROU0901	18,112	7,202	-	7,202	7,202	-	7,202	-
F0740 Hospit & Lodging Career @ Jefferson	RWILAW0903	24,548	22,271	(491)	21,780	20,962	818	21,780	-
F0742 Cuban/Haitian Entrants	CFCCHES09	30,000	-	30,297	30,297	26,253	4,044	30,297	-
F0747 Gardent Plots @ Marshall	RWILAW0902	15,045	15,045	(199)	14,846	14,297	549	14,846	-
F0766 Cons Crdt Cnsl Serv - Student	CCCSIN0901	2,206	2,206	-	2,206	2,206	-	2,206	-
F0769 ESL NAF Summer Intern	ESLNAF0901	11,616	4,938	(1)	4,937	4,671	266	4,937	-
F0773 Monroe County Transition Servi	MCDSS16808	95,000	82,320	-	82,320	77,277	5,043	82,320	-
F0900 RWI Criminal Justice @ Marshal	RWICRIMJ09	25,029	-	19,820	19,820	-	19,820	19,820	-
F0901 RWI Law Enforce @ Marshall	RWILAWEN09	23,739	-	17,916	17,916	-	17,916	17,916	-
F0902 RWI Garden Plots @ Marshall	RWIGARDE09	20,377	-	17,925	17,925	-	17,925	17,925	-
F0903 RWI Hospitality @ Jefferson	RWIHOSPI09	26,328	-	20,833	20,833	-	20,833	20,833	-
F0904 RWI Career & Tech @ Jefferson	RWICAREE09	28,317	-	20,901	20,901	603	20,298	20,901	-
F0905 ESL NAF Summer intern	ESLNAF-SU09	8,000	-	7,138	7,138	-	7,138	7,138	-
F0906 RWI Youth Development @ Edison	RWIYOUTH09	67,258	-	66,395	66,395	-	66,395	66,395	-
F0907 CCSC Student Intern	CCCSNAFS09	2,000	2,000	(353)	1,647	-	1,647	1,647	-
<b>SCHOOL FOOD SERVICE FUND:</b>									
N.Y.S. EDUCATION DEPARTMENT	---	516,992	-	516,992	516,992	-	516,992	516,992	-
CITY OF ROCHESTER	---	21,687	-	21,687	21,687	-	21,687	21,687	-
TOTAL SCHOOL DISTRICT GRANTS		70,456,449	18,628,877	27,563,016	46,191,893	32,858,517	32,278,016	65,136,533	(18,944,640)
TOTAL CITY GRANTS		64,799,281	20,190,058	16,225,018	36,415,076	28,306,478	14,577,343	42,883,821	(6,468,745)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		\$ 135,255,730	\$ 38,818,935	\$ 43,788,034	\$ 82,606,969	\$ 61,164,995	\$ 46,855,359	\$ 108,020,354	\$ (25,413,385)

Note:

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

(concluded)

**THE CITY OF ROCHESTER, NEW YORK  
SUMMARY OF FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2010**

	REVENUES				EXPENSES			Net (Accrued) Deferred Revenue
	Budget	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	Cumulative June 30, 2009	Current Year	Cumulative June 30, 2010	
<b>CITY GRANTS</b>								
Schedule of Expenditures of Federal Awards *	\$ 402,458,242	\$ 300,753,393	\$ 36,354,173	\$ 337,107,566	\$ 300,101,842	\$ 37,341,674	\$ 337,443,516	\$ (335,950)
Schedule of Expenditures of NYS and Other Awards	64,799,281	20,190,058	16,225,018	36,415,076	28,306,478	14,577,343	42,883,821	(6,468,745)
Subtotal City Grants	467,257,523	320,943,451	52,579,191	373,522,642	328,408,320	51,919,017	380,327,337	(6,804,695)
<b>CITY SCHOOL DISTRICT GRANTS</b>								
Schedule of Expenditures of Federal Awards *	179,781,624	37,095,232	103,719,049	140,814,281	49,351,664	106,967,087	156,318,751	(15,504,470)
Schedule of Expenditures of NYS and Other Awards	70,456,449	18,628,877	27,563,016	46,191,893	32,858,517	32,278,016	65,136,533	(18,944,640)
Subtotal School District Grants	250,238,073	55,724,109	131,282,065	187,006,174	82,210,181	139,245,103	221,455,284	(34,449,110)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS	<u>\$ 717,495,596</u>	<u>\$ 376,667,560</u>	<u>\$ 183,861,256</u>	<u>\$ 560,528,816</u>	<u>\$ 410,618,501</u>	<u>\$ 191,164,120</u>	<u>\$ 601,782,621</u>	<u>\$ (41,253,805)</u>

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