

THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2011

Prepared by:
Department of Finance

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ANNUAL FINANCIAL REPORT

Year Ended June 30, 2011

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INTRODUCTORY SECTION



December 30, 2011

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, 2011. 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-seven 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 2011 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 "T. Richards".

Thomas S. Richards
Mayor





December 30, 2011

**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, 2011. 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, 2011. The independent auditor’s report is located at the front of the financial section of this report.

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

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

The New York State and other awards section 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 2010 census updates with a population currently estimated at 210,565. It is divided into 66,519 real estate parcels, and serviced by 539 miles of public ways. Rochester is served by three bus lines; the New York Thruway; and twenty-three airlines (six major and seventeen regional) at the Greater Rochester International Airport. This airport also offers support facilities for private aircraft. Rail passenger service is provided by Amtrak, and railway freight service is provided by CSX and Genesee & Wyoming, Inc., a regional railroad. 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 which is reported separately within the City’s financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (See Note 1.A).



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

LOCAL ECONOMY

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, 2010 the Rochester Economic Development Department worked with 132 companies which anticipate investing \$117.3 million in the community, currently employ approximately 1,834 people and expect to create nearly 1,533 new jobs over the next five years.

The average 2010 unemployment rate for the Rochester area was 7.8% compared to the national average of 9.6% and the State average of 8.4%.

Significant Announcements

Eastman Business Park. The City of Rochester has partnered with Eastman Kodak to market the parcels found in the Eastman Business Park (EBP) to perspective business. Available properties consist of vacant buildings as well as approximately 72 parcels of vacant land found along West Ridge Road. The City along with its partners Monroe County, Empire State Development and Greater Rochester Enterprise assisted with the recent Cody Gate Ventures development that will bring three new businesses to our area (Intrinsiq Materials, Quintel Technologies and Omni-ID). The development was reported to bring over 250 jobs and \$100M total investment within our community (partially located within the city of Rochester). The City along with its economic development partners meet regularly to discuss potential development projects within EBP. The park is a key asset to our community and the City of Rochester towards its efforts of attracting business development.

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. In January 2011, ITT Corp, parent company of ITT Geospatial Systems announced a plan to separate ITT Corp into three independent publicly-owned companies. ITT Geospatial Systems will included in one of these companies which will focus on defense-related and commercial business. It is unknown at this time what impact this restructuring will have on the ITT Geospatial Systems operations in Rochester.

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 numerous professional sports teams: the Rochester Red Wings, AAA farm team of the Minnesota Twins, the Rochester Americans, American Hockey League farm team for the Buffalo Sabres, the Rochester Nighthawks of the National Lacrosse League (indoor), the Rochester Rattlers of the Major Lacrosse League (outdoor), the Rochester Razorsharks of the American Basketball League, the Rochester Raging Rhinos of the United Soccer League, the Flash, Women's Professional Soccer and the Rochester Lancers Indoor Soccer League will start playing at the Blue Cross Arena/War Memorial in November 2012.

Frontier Field: Home of the Rochester Red Wings, Frontier Field is a 12,500 seat, multi-use stadium located in downtown Rochester that opened its doors to the public in July 1996. The stadium is expandable to 18,000 seats with 4,000 box seats, 4,000 general admission and 500 premium seats in the form of 36 luxury sky boxes.

Sahlen's Stadium: The Rochester Raging Rhinos, Flash and Rochester Rattlers all play at Sahlen's Stadium. This multi-use outdoor stadium seats 13,768. It opened in June 2006 in downtown Rochester.

Golf: The Greater Rochester area offers over 80 golf courses, among them the nationally ranked Oak Hill Country Club. Arguably one of the most prestigious golf courses in Western New York, Oak Hill as earned the top spot in Golf World Magazine's course rankings, followed by Augusta National. Oak Hill has hosted numerous major tournaments including two US Amateurs, three US Opens, the PGA and Senior PGA and the Ryder Cup.

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 URMCI 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

Port of Rochester. The City is in the process of completing the Draft Environmental Impact Statement and engineering design for a new 6.8 acre, 157 slip, public marina facility near the confluence of Lake Ontario and the Genesee River. Surrounding the marina will be a new public promenade connecting the River Trail to the Charlotte Pier. The marina development enhances the recreational nature of the Port and creates exciting opportunities for 280-430 new residential units and with complimentary new commercial and retail space. Together with the City's Port terminal docking facilities, restaurant and retail development of the Port Terminal Building, visits by Great Lakes cruise ships, and the Port's existing attractions and events, the marina development project will strengthen the Port of Rochester's reputation as a Great Lakes destination.

Brooks Landing. Successful completion of the long-awaited Brooks Landing project across the Genesee River from the University of Rochester brought: a new public waterfront landing/promenade; a new 80-unit Staybridge Hotel on the waterfront; a neighborhood retail cluster including both new construction and rehabilitated structures; a new 28,000 sq. ft. commercial office/retail building; and, the new 120-unit Riverview Apartment complex (U of R student housing). Current proposals for additional development at Brooks Landing include: a new six-story mixed-use building just north of the hotel to include a restaurant on the first floor and student housing on the above five floors; and, an adjacent new 4,000 sq. ft. commercial building.

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.

The development follows the vision of the award winning Center City Master Plan, adopted in 2003. The plan presented a new way of thinking about downtown Rochester, extending beyond the traditional Inner Loop expressway barrier, and focusing on development objectives and design guidelines for the "Center City" streets, neighborhoods and districts. The development 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. The City is currently in the process of updating the Center City Master Plan to reflect the significant amount of investment and developments that has occurred or been proposed for downtown.

To foster investment and revitalization of the Center City, the City adopted new incentive programs to attract businesses and residents. The Main Street Assistance Program was created allowing the City to provide financial assistance to businesses through an array of flexible terms including low interest loans, grants, interest rate subsidies and job credits. To spur investment in the downtown market-rate residential market, the City adopted property tax exemption programs for both new rental and owner-occupied units.

Private and public sector investment in Center City has been significant over the past five years. Since July 1, 2006 over 350 new market-rate housing units have come online in downtown. Over the next 24 months, it is anticipated that more than 300 new units will be added.

A number of mixed residential projects have recently been completed in the downtown area.

Capron Lofts – This \$4.5 million renovation of a vacant building has created 19 loft-style condominiums with space for a first floor restaurant.

Kirstein Building – The \$4.1 million renovation of this former vacant commercial building has created 29 market-rate apartments and first floor commercial/retail space.

Warner Lofts - The \$8.9 million renovation of this historic building in the St. Paul Quarter created 45 loft apartments and a first floor art gallery and restaurant.

Temple Building – Renovated several years ago, the Temple building converted much of the upper floors to high-end apartments. This past year two more floors in the building were renovated for \$700,000 adding 10 more units.

250 South Avenue - Completed two years ago for a cost of \$2.1 million, the project involved the renovation of a vacant and dilapidated building for 3 lofts and first and second floor office space. The owners have now decided to convert the second floor office space to another high-end residential loft.

Mills at High Falls – This \$13 million new construction project consists of 67 new apartments and 1,200 square feet of commercial space in the High Falls District. Over the past two years, including this project, 85 new residential units were introduced in the district, and another 21 units are under construction.

There a number of major mixed-use renovation projects underway or planned in Rochester's Center City.

44 Exchange Blvd. – This \$6 million conversion of a former office building is currently underway. The project involves the creation of 29 apartments which will be converted to owner-occupied units after 5 years. The first floor will be leased for office, restaurant or retail space.

Academy Building - The renovation of this vacant historic building will cost over \$6 million and create up to 24 apartments, and office and restaurant space.

Cox Building - This historic building, located in the St. Paul Quarter, will be converted to 70 loft apartments with lower floor commercial and retail space. The renovation cost is approximately \$6 million.

Lincoln Alliance Building – This 15 story, historic commercial building will be converted to 113 loft units for approximately \$22 million. The lower floors will be renovated for commercial and retail tenants (some of whom are already tenants in the building).

Josh Lofton Building - This former vacant education facility will be renovated for 20 lofts, office space and first floor retail/restaurant at a cost of \$6.7 million.

Center City has also been experiencing resurgence in the commercial real estate market. A number of companies have relocated back into the Center City or are planning expansion in downtown. Completed and proposed commercial projects include:

Nothnagle Realtors - The Company recently completed a \$4 million renovation of a vacant 27,000 square foot building on downtown's west side. The company moved 50 employees from the suburbs into its new headquarters anchoring the Canal and Cascade Districts and plans to create 30 more jobs over the next several years.

Stantec – This engineering and architectural firm, moved from the suburb of Brighton into the Trolley Barn building in the High Falls District in late 2011. The 45,000 square foot building was formally an entertainment and restaurant venue. Norry Management renovated the facility at cost of approximately \$6 million for their anchor tenant. Stantec occupies over 30,000 square feet of the building with over 100 employees.

Xerox – The Xerox Corporation is in the process of relocating hundreds of employees from suburban locations to their office tower in the Center City. To accommodate these employees, Xerox has also been undertaking interior renovations of selected floors in the Tower.

M-5 Networks – This company recently purchased Callfinity and announced, in May 2011, that it will be expanding its Rochester workforce by 22 employees at their High Falls location.

Passero Associates – This firm currently has over 80 employees located in its central downtown offices. The Company has been expanding and will be relocating from the office they have outgrown at Liberty Pole Way to the Josh Lofton Building on downtown's west side.

Several major initiatives are currently underway or proposed in the Center City District.

Midtown Revitalization Project – Commencing in 2008, this major demolition and redevelopment project continues. New York State completed the asbestos remediation phase in 2010 at a cost of over \$30 million. Demolition of most of the former 1.4 million square foot mall is now more than 50% completed. Demolition will be completed in 2011 and new utility, open space and street construction will start immediately after. The City will also be undertaking a major renovation of the underground 1,800 space parking garage. In total, the State will have invested approximately \$55 million in the project.

In December 2010, the City entered into a Land Disposition Agreement with PAETEC for the development of their new headquarters. PAETEC had claimed its plans were to construct a new 220,000 square foot world headquarters building at the northwest portion of the Midtown block. PAETEC planned to relocate between 850-1,000 employees to this downtown location. On August 1, 2011, it was announced that PAETEC is being purchased by Windstream Corp. The plans for a world headquarters of PAETEC were stopped. The City has negotiated with Windstream Corp. to have a presence at the project site. The Pike Development Company, LLC is negotiating with the City to purchase the property for the construction of a 100,000 sq. ft., three story building which would house the 66,667 sq. ft. of office space for its tenant, Windstream Corporation and with the remainder to provide offices for other tenants.

In 2010, Christa Construction and Morgan Management entered into an agreement with the City of Rochester to purchase and renovate the partially demolished, 17-story Midtown Office Tower for 177 apartments, 24 luxury condominiums, 92,000 square feet of commercial office and retail space at a total investment of \$73 million. The purchasers are pursuing financing options and completing due diligence necessary to determine whether to proceed with the proposed purchase.

RTS Transit Center - The Rochester Genesee Regional Transit Authority is moving ahead with a new transit center at Mortimer Street. This transit center will be a new two-story facility that includes covered spaces for RTS customers – and their buses. The \$47 million facility will be able to accommodate 30 buses at one time. It is anticipated that the project will begin construction in 2012.

MCC Downtown Campus – The Monroe Community College is considering expanding programs at the downtown campus. Currently located in the Sibley Building, MCC has been evaluating new sites in the downtown area. MCC may also consider remaining in the Sibley Building, and if so, the building would undergo a major renovation.

Other major initiatives that have been proposed for downtown include “filling-in” of the Inner Loop from E. Main to Clinton Ave to remove the “barrier” to the adjoining neighborhoods, re-watering of the Broad Street Aqueduct and construction of a new intermodal rail station at Central Avenue. All of these initiatives are currently unfunded.

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 \$318.6 million, or 68% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

Community Development Block Grant/Consolidated Program

Allocation through June 30, 2012 (in Millions)

Residential neighborhoods	\$318.6
Business development	80.9
Urban renewal completion	15.8
Planning, management and administration	56.5
TOTAL:	<u>\$471.8</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 5,547

vacant houses through either demolition (2,604) or rehabilitation/reoccupation programs (2,943), and created 483 new single-family homes for owner-occupants. Since June 1994, there have been 1,116 rental units added to the inventory and an additional 1,050 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. That balance in fiscal 2010-11 was \$4,921,000 and is classified as unassigned general fund balance, as required under GASB 54,

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, 2010. This was the twenty-seventh 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 this, report, the 2011 Comprehensive Annual Financial 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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emmer

Executive Director

CITY OF ROCHESTER, NEW YORK
MAYOR AND CITY COUNCIL OFFICIALS

Thomas S. Richards, Mayor

Lovely A. Warren (Northeast District), President

Elaine M. Spaul (East District), Vice President



Adam C. McFadden (South District)

Carolee A. Conklin (At-Large)

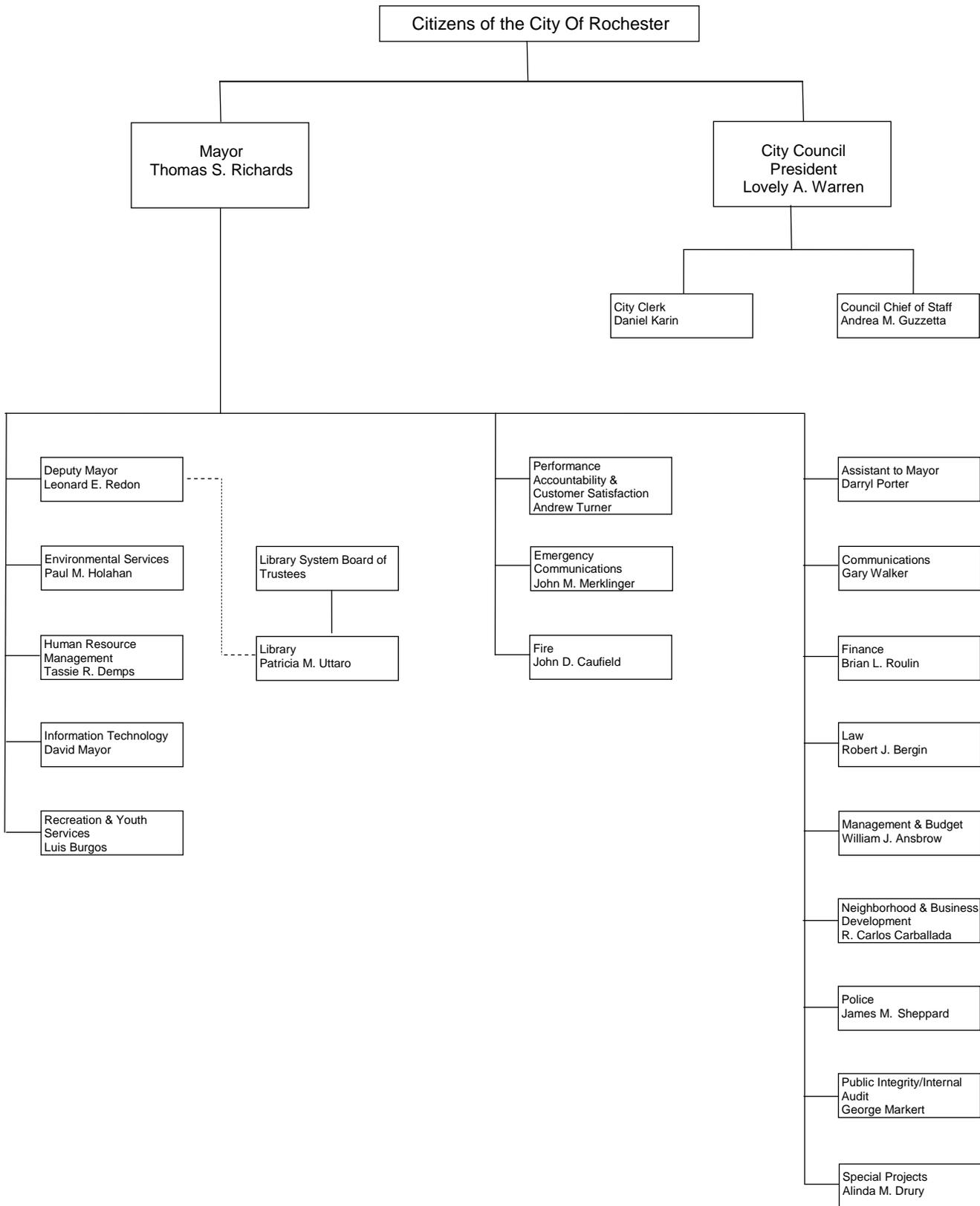
Dana K. Miller (At-Large)

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 2011

Mayor	Thomas S. Richards
Deputy Mayor	Leonard E. Redon
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.....	George Markert
Special Projects.....	Alinda M. Drury
Emergency Communications	John M. Merklinger
Environmental Services	Paul M. Holahan
Finance	Brian L. Roulin
Fire	John D. Caufield
Information Technology	David Mayor
Law	Robert J. Bergin
Library	Patricia M. Uttaro
Neighborhood & Business Development	R. Carlos Carballada
Police	James M. Sheppard
Recreation & Youth Services	Luis Burgos

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FINANCIAL SECTION



Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rochester, New York (the City) as of and for the year ended June 30, 2011, 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, 2011, 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 29, 2011, 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, the budgetary comparison and the schedule of funding progress for retiree health plan on pages 18 through 28, 64 through 65 and 66 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 and schedule of expenditures of New York State on pages 72 through 92, 113 through 115 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The statistical data, schedule of expenditures of New York State and other awards and summary of financial assistance have not been subjected to auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on them.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
December 29, 2011

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, 2011. 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, 2011.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$797,048 (net assets).
- The City's total net assets increased by \$2,605.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$181,423, a decrease of \$19,910 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,920, or 1.1% of total general fund expenditures.

The City's total outstanding debt decreased by \$1,030 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. Financial information for the *component unit* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

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

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

Compliance with the City's annual operating budget for the year ended June 30, 2011, 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 \$797,048 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (98 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 359,707	\$ 355,170	\$ 56,299	\$ 64,730	\$ 416,006	\$ 419,900
Capital assets	662,964	637,692	275,840	256,491	938,804	894,183
Total assets	1,022,671	992,862	332,139	321,221	1,354,810	1,314,083
Long-term liabilities outstanding	289,367	274,456	76,729	79,170	366,096	353,626
Other liabilities	154,222	138,209	37,444	27,805	191,666	166,014
Total liabilities	443,589	412,665	144,173	106,975	557,762	519,640
Net assets:						
Invested in capital assets, net of related debt	591,596	530,636	191,986	172,913	783,582	703,549
Restricted	95,632	122,365	32,536	43,136	128,168	165,501
Unrestricted	(108,146)	(72,804)	(6,556)	(1,803)	(114,702)	(74,607)
Total net assets	\$ 579,082	\$ 580,197	\$ 217,966	\$ 214,246	\$ 797,048	\$ 794,443

The City's total net assets increased by \$2,605, as a result of an increase of \$3,720 in the net assets of business-type activities which was partially offset by a decrease of \$1,115 in the net assets of governmental activities. A portion of the City's net assets (16 percent) represents resources that are subject to external restrictions on how they may be used.

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

Governmental activities. As noted above, Governmental activities net assets decreased by \$1,115. 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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 72,499	\$ 67,226	\$ 72,933	\$ 65,147	\$ 145,432	\$ 132,373
Operating grants and contributions	37,318	37,669	-	-	37,318	37,669
Capital grants and contributions	45,201	20,851	1,754	905	46,955	21,756
General revenues:						
Property taxes	146,544	141,319	2,142	5,557	148,686	146,876
Sales and other taxes	154,432	147,546	1,131	905	155,563	148,451
Governmental aid	106,069	108,437	11	157	106,080	108,594
Other	2,300	4,430	1,750	15,739	4,050	20,169
Total revenues	564,363	527,478	79,721	88,410	644,084	615,888
Expenses:						
General government	95,832	82,702	-	-	95,832	82,702
Police	133,107	126,085	-	-	133,107	126,085
Fire	71,028	69,949	-	-	71,028	69,949
Emergency communications	17,765	16,966	-	-	17,765	16,966
Transportation	14,946	21,312	-	-	14,946	21,312
Environmental services	43,954	34,574	-	-	43,954	34,574
Recreation and youth services	17,743	10,355	-	-	17,743	10,355
Library	12,161	12,723	-	-	12,161	12,723
Neighborhood business development	41,930	38,726	-	-	41,930	38,726
Interest on long term debt	3,445	3,644	-	-	3,445	3,644
Allocation to school district	119,100	119,100	-	-	119,100	119,100
Water	-	-	31,089	28,499	31,089	28,499
War memorial	-	-	2,757	2,821	2,757	2,821
Parking	-	-	7,195	7,634	7,195	7,634
Cemetery	-	-	1,770	2,398	1,770	2,398
Public market	-	-	1,054	555	1,054	555
Refuse	-	-	26,603	24,800	26,603	24,800
Total expenses	571,011	536,136	70,468	66,707	641,479	602,843
Excess (deficiencies) of revenues over expenses	(6,648)	(8,658)	9,253	21,703	2,605	13,045
Transfers	5,533	11,441	(5,533)	(11,441)	-	-
Increase (decrease) in net assets	(1,115)	2,783	3,720	10,262	2,605	13,045
Net assets - beginning	580,197	577,414	214,246	203,984	794,443	781,398
Net assets - ending	\$ 579,082	\$ 580,197	\$ 217,966	\$ 214,246	\$ 797,048	\$ 794,443

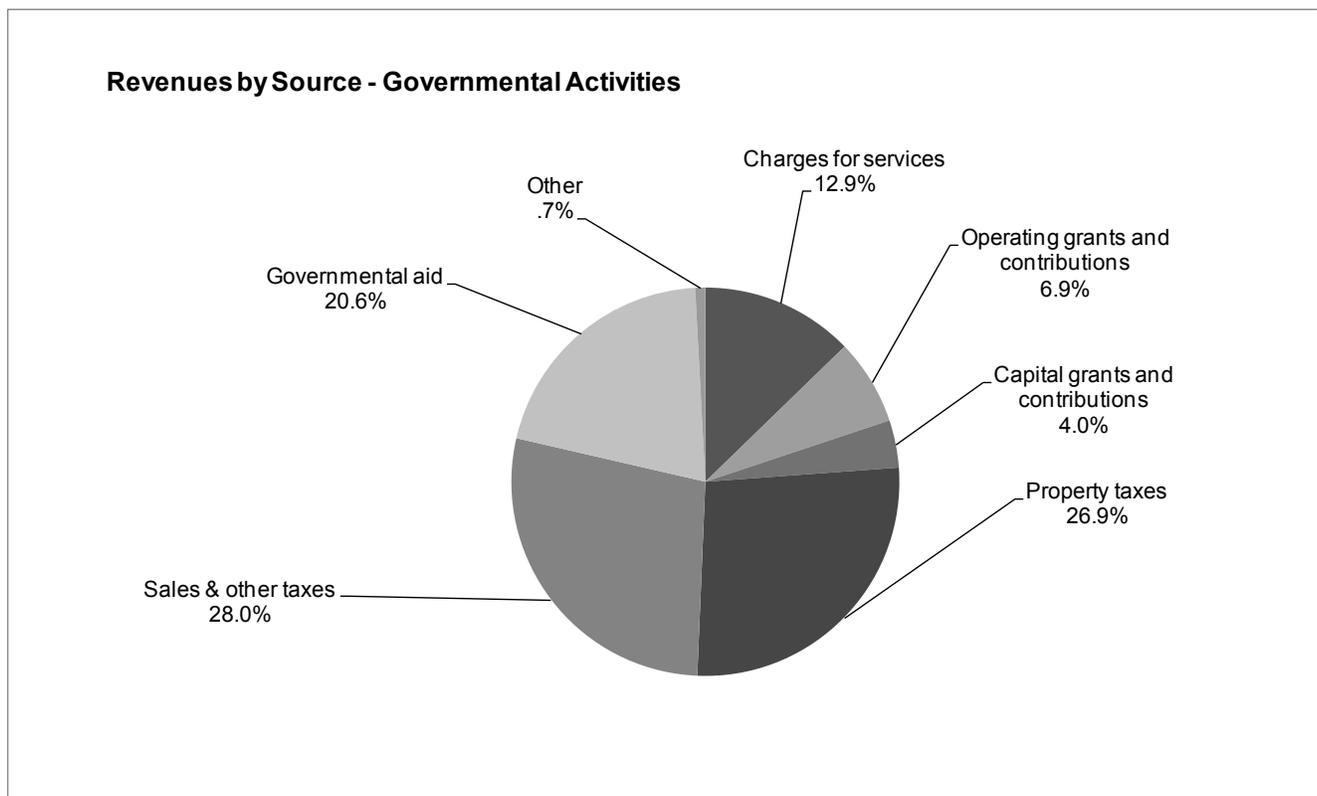
Governmental activities revenue highlights.

The major factors contributing to the overall revenue increase of \$36,885 were:

- Capital grants and contributions increased by \$24,350 principally because of \$10,000 in funding for the Broad Street tunnel project, \$8,000 in NYS funding for South Avenue Ramp garage improvements, and \$4,000 from ARRA projects;
- Sales and other taxes increased \$6,886;
- Charges for services increased \$5,273; and
- Property tax revenue increased \$5,225.

The above increases of \$41,734 were partially offset by the following decreases which total \$4,849:

- Governmental aid decreased \$2,368 due to a \$1,000 reduction in NYS aid and other miscellaneous decreases;
- Various other revenue sources decreased \$2,130; and
- Operating grants and contributions decreased \$351.



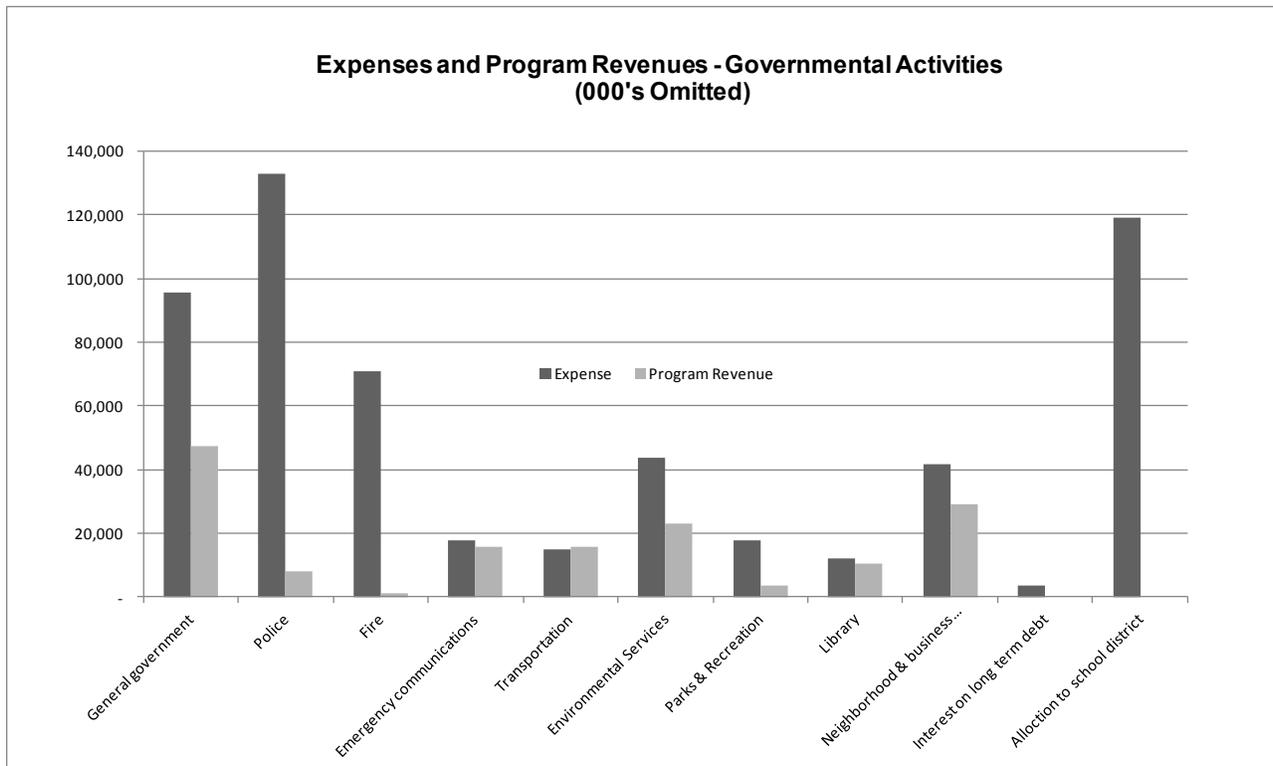
Governmental activities expense highlights.

The major factors contributing to an overall increase in general government expenses of \$34,875 were as follows:

- General government expenses increased \$13,130;
- Environmental services expenses increased \$9,380;
- Recreation and youth services expenses increased by \$7,388;
- Police expenses increased \$7,022;
- Neighborhood and business development expenses increased \$3,204;
- Fire expenses increased \$1,079; and
- Emergency communications expenses increased \$799.

The above increases which total \$42,002 were partially offset by decreases of \$7,127 as follows:

- Transportation expenses decreased \$6,366, primarily to lower capital expenses net of capitalization;
- Library expenses decreased \$562; and
- Interest on long term debt decreased \$199.



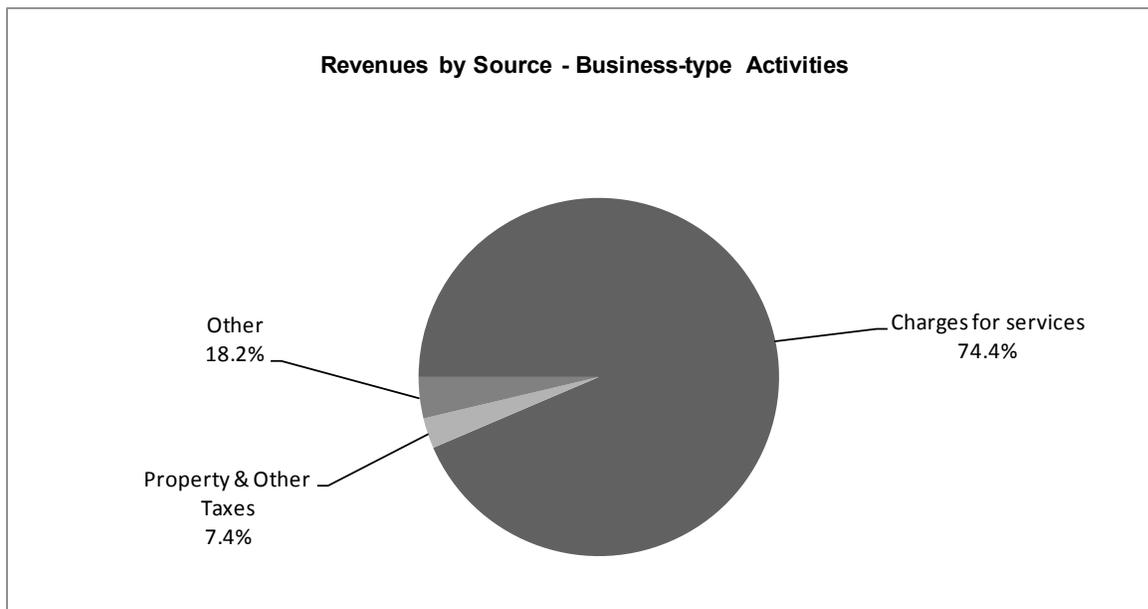
Business-type activities revenue highlights.

Revenues for business-type activities showed an overall decrease of \$8,689.

- A decrease of \$13,989 in the other revenues category was primarily because the proceeds from the sale of the upland watershed , a onetime event, was revenue in the prior fiscal year;
- Property tax support to business-type funds decreased by \$3,415 in fiscal 2011; and
- Governmental aid decreased by \$146.

These decreases amounting to \$17,550 were partially offset by revenue increases of \$8,861 in the following categories:

- Service charge by business-type funds increased by \$7,786;
- Capital grants and contributions increased by \$849; and
- The share of the receipts of sales and other taxes increased by \$226.



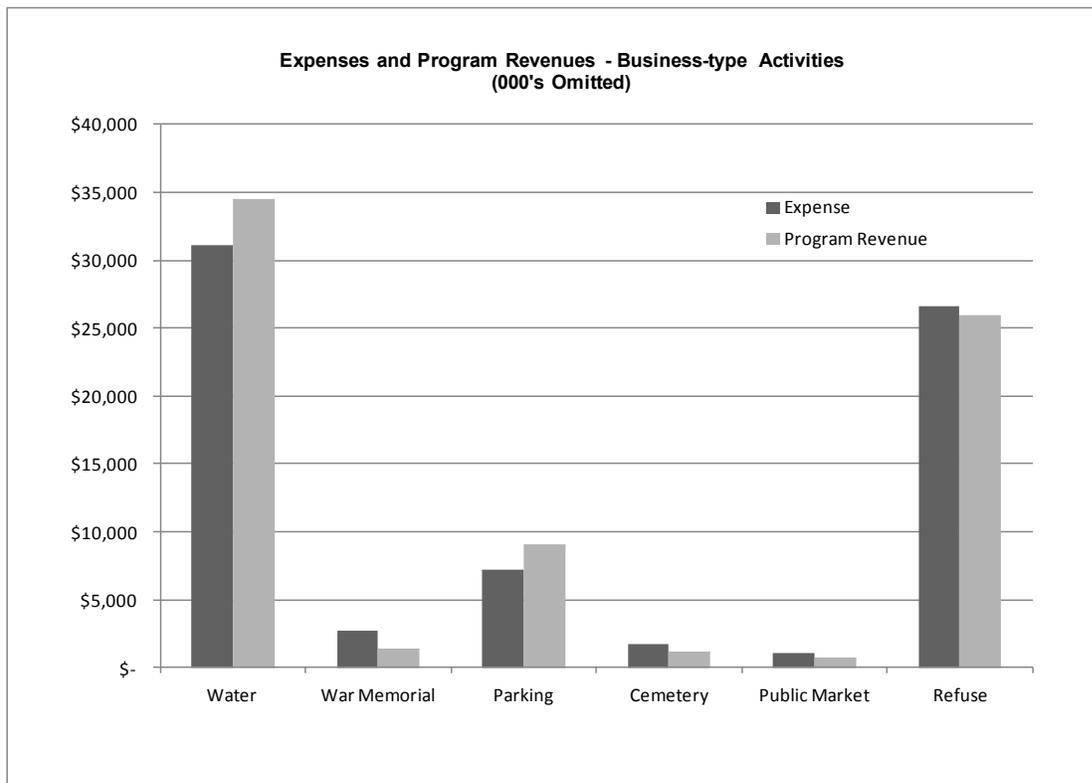
Business-type activities expense highlights.

The net increase in business-type activities expenses was \$3,761:

- Water fund expenses increased by \$2,590;
- Refuse fund expenses increased by \$1,803; and
- Public market fund expenses increased by \$499.

The above increases, which total \$4,892, were partially offset by reductions of \$1,131 as follows:

- Cemetery fund expenses decreased by \$629,
- Parking fund expenses decreased by \$439; and
- War memorial fund expenses decreased by \$63.



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, *unrestricted 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 \$181,423, a decrease of \$19,910 in comparison with the prior year. The nonspendable portion of fund balance amounts to \$13,093, which is not available for new spending. The restricted portion of fund balance includes resources subject to externally enforceable legal restrictions and amounts to \$21,128. The committed portion of fund balance is reported in the amount of \$102,499 and can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City reports an assigned fund balance of \$39,937 for all governmental funds. This balance consists of amounts constrained by the City's intended use of resources that are neither restricted nor committed. Residual amounts of the general fund amount to \$4,920 and are classified as unassigned.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, assigned fund balance of the general fund was \$15,998, unassigned fund balance was \$4,920, and total fund balance reached was \$67,623. As a measure of the general fund's liquidity, it may be useful to compare assigned and unassigned fund balance, along with total fund balance to total fund expenditures. Assigned and unassigned fund balance total to a combined amount of \$20,918, which represents 5 percent of total fund expenditures. Total fund balance represents 16 percent of that same amount. The fund balance of the City's general fund increased by \$33,653 during the current fiscal year.

Debt service fund. The debt service fund has a total fund balance of \$19,700, all of which is reserved for the payment of debt service. The fund balance decreased by \$37,645 during the current fiscal year. Transfers of (\$39,114) were made to operating funds to meet current debt service requirements. The debt service fund had \$412 interest earnings and \$261 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 \$59,380, of this \$453 was restricted, \$57,050 was committed, and \$1,877 was assigned.

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 \$3,045. This balance consists solely of committed amounts reserved for specific purposes determined by a formal action of the City's highest level of decision-making authority.

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 was \$4,875.

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 \$217,966. The change in net assets between 2010 and 2011, which totaled to \$3,720 increase, were as follows: the Water fund increased by \$282, the Parking fund increased by \$2,880, the War Memorial fund increased by \$322, the Refuse fund decreased by \$572, the Cemetery fund increased by \$226, and the Public Market fund increased by \$582.

Unrestricted net assets of the proprietary funds, which totaled (\$6,556) at year end, breakdown as follows: Water — (\$2,315), Parking — \$594, War Memorial — \$155, Refuse — (\$1,938), Cemetery — (\$3,427), and Public Market — \$375.

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 \$28,431, an increase of \$7,010 over the prior year. The increase is the result of claims settlement expenses of \$1,766, of \$2,450 of transfers to other funds, of \$11,187 in transfers from the General Fund, \$24 in revenue from investments, and \$15 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 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, 2011, amounted to \$938,804 (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 4.99%, of which 2.83% was attributable to governmental activities and 2.16% to business-type activities.

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

- Transportation improvements — \$19,396,000
- Water main improvements — \$9,395,000
- Street lighting improvements — \$7,714,000
- Street improvements — \$7,005,000
- Water reservoir lining — \$3,310,000
- Municipal structural improvements — \$3,217,000
- Cemetery improvements, primarily Chapel of Peace Mausoleum — \$3,900,000
- Municipal structural rehabilitation \$1,652,000

City of Rochester's Capital Assets						
Net of Depreciation (000's Omitted)						
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 24,885	\$ 24,566	\$ 10,439	\$ 10,166	\$ 35,324	\$ 34,732
Buildings	140,952	135,236	111,399	106,671	252,351	241,907
Improvements other than buildings	31,736	37,900	125,295	12,348	157,031	50,248
Machinery and equipment	41,607	31,910	14,589	116,783	56,196	148,693
Infrastructure	419,673	406,726	-	-	419,673	406,726
Construction in progress	4,111	1,354	14,118	10,523	18,229	11,877
Total	\$ 662,964	\$ 637,692	\$ 275,840	\$ 256,491	\$ 938,804	\$ 894,183

Long-term debt. On June 30, 2011 the City's outstanding debt was \$189,605. This was a decrease of \$1,030 (.05%) over the prior year. A decrease of \$1,335 in the governmental activities funds was partially offset by an increase of \$305 in the business-type activities funds.

City of Rochester's Outstanding Debt						
(000's Omitted)						
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 67,864	\$ 82,246	\$ 63,397	\$ 70,531	\$ 131,261	\$ 152,777
Bond anticipation notes	37,857	24,810	20,487	13,048	58,344	37,858
Total	\$ 105,721	\$ 107,056	\$ 83,884	\$ 83,579	\$ 189,605	\$ 190,635

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 Aa3 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 \$162 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 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, the Rochester region now finds itself doing better than many other metropolitan areas across the nation. The Brookings Institution, its latest quarterly analysis of how the nation's 100 largest metro areas are recovering from the recession, categorized Rochester as one of the 20 strongest performers.

In June of 2011 New York State passed a property tax cap. The law requires the local governments and school districts to raise taxes no more than 2 percent or the rate of inflation, whichever is less. Communities may raise or lower property taxes according to the needs of the community. In such cases, the locality can override the cap with a 60 percent vote for schools and by a 60 percent vote of the governing body for local governments. The City is currently evaluating the impact of this law as it develops the 2012-13 budgets.

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, 2011 (000's Omitted)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School District
ASSETS				
Cash and cash equivalents	\$ 217,552	\$ 26,482	\$ 244,034	\$ 101,265
Receivables (net of allowance for uncollectibles)				
Accounts	43,718	17,162	60,880	1,597
Taxes	18,263	-	18,263	-
Due from other governments	80,195	1,803	81,998	66,791
Due from component unit	1,094	-	1,094	-
Prepaid expense	-	-	-	4,541
Interfund balances	(1,115)	1,115	-	-
Inventory, at cost	-	-	-	99
Restricted assets:				
Cash and cash equivalents	-	9,731	9,731	
Accounts receivable	-	6	6	
Capital assets (net of accumulated depreciation)				
Land	24,885	10,439	35,324	17,439
Buildings	140,952	111,399	252,351	363,737
Machinery and equipment	41,607	14,589	56,196	16,663
Improvements other than buildings	31,736	125,295	157,031	-
Infrastructure	419,673	-	419,673	-
Construction in progress	4,111	14,118	18,229	7,758
Total assets	<u>\$ 1,022,671</u>	<u>\$ 332,139</u>	<u>\$ 1,354,810</u>	<u>\$ 579,890</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 43,304	\$ 5,605	\$ 48,909	\$ 50,252
Accrued interest payable	1,266	1,008	2,274	-
Due to other governments	14,037	406	14,443	30,501
Due to component unit	329	-	329	-
Unearned revenue	25,924	54	25,978	1,122
Noncurrent liabilities:				
Due within one year	69,362	30,371	99,733	59,037
Due within more than one year	289,367	76,729	366,096	347,243
Total liabilities	<u>\$ 443,589</u>	<u>\$ 114,173</u>	<u>\$ 557,762</u>	<u>\$ 488,155</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 591,596	\$ 191,986	\$ 783,582	\$ 224,868
Restricted for:				
Capital projects	64,212	25,004	89,216	-
Debt Service	19,700	7,532	27,232	-
Community development	4,875	-	4,875	-
Cemetery perpetual care non-expendable	6,845	-	6,845	-
Unrestricted (deficit)	(108,146)	(6,556)	(114,702)	(133,133)
Total net assets	<u>\$ 579,082</u>	<u>\$ 217,966</u>	<u>\$ 797,048</u>	<u>\$ 91,735</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011 (000's Omitted)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		School District	
					Governmental Activities	Business-type Activities		Total
Primary government:								
General government	\$ 95,832	\$ 15,681	\$ 46	\$ 31,687	\$ (48,418)	\$ -	\$ (48,418)	\$ -
Police department	133,107	6,989	1,194	-	(124,924)	-	(124,924)	-
Fire department	71,028	843	508	-	(69,677)	-	(69,677)	-
Emergency communications	17,765	15,896	-	-	(1,869)	-	(1,869)	-
Transportation	14,946	975	1,236	13,447	712	-	712	-
Environmental services	43,954	22,959	57	-	(20,938)	-	(20,938)	-
Recreation & youth services	17,743	1,864	1,893	-	(13,986)	-	(13,986)	-
Library	12,161	3,202	7,264	-	(1,695)	-	(1,695)	-
Neighborhood business development	41,930	4,090	25,120	67	(12,653)	-	(12,653)	-
Interest on long-term debt	3,445	-	-	-	(3,445)	-	(3,445)	-
Education	119,100	-	-	-	(119,100)	-	(119,100)	-
Total governmental activities	<u>571,011</u>	<u>72,499</u>	<u>37,318</u>	<u>45,201</u>	<u>(415,993)</u>	<u>-</u>	<u>(415,993)</u>	<u>-</u>
Business-type Activities:								
Water	31,089	34,538	-	781	-	4,230	4,230	-
War memorial	2,757	1,406	-	-	-	(1,351)	(1,351)	-
Parking	7,195	9,040	-	973	-	2,818	2,818	-
Cemetery	1,770	1,232	-	-	-	(538)	(538)	-
Public Market	1,054	716	-	-	-	(338)	(338)	-
Refuse	26,603	26,001	-	-	-	(602)	(602)	-
Total business-type activities	<u>70,468</u>	<u>72,933</u>	<u>-</u>	<u>1,754</u>	<u>-</u>	<u>4,219</u>	<u>4,219</u>	<u>-</u>
Total primary government	<u>\$ 641,479</u>	<u>\$ 145,432</u>	<u>\$ 37,318</u>	<u>\$ 46,955</u>	<u>\$ (415,993)</u>	<u>\$ 4,219</u>	<u>\$ (411,774)</u>	<u>\$ -</u>
Component unit:								
Public school system	<u>\$ 738,750</u>	<u>\$ 2,064</u>	<u>\$ 107,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (629,196)</u>
		General revenues:						
					\$ 146,544	\$ 2,142	\$ 148,686	\$ -
					129,467	-	129,467	-
					11,068	-	11,068	-
					13,897	1,131	15,028	-
					106,069	11	106,080	445,254
					781	308	1,089	561
					-	-	-	119,100
					1,519	1,442	2,961	7,206
					5,533	(5,533)	0	-
					<u>414,878</u>	<u>(499)</u>	<u>414,379</u>	<u>572,121</u>
					(1,115)	3,720	2,605	(57,075)
					580,197	214,246	794,443	148,810
					<u>\$ 579,082</u>	<u>\$ 217,966</u>	<u>\$ 797,048</u>	<u>\$ 91,735</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, 2011 (000's Omitted)**

	General	Debt Service	Capital Projects		Special Revenue Community Development	Nonmajor Governmental Funds	Total Governmental Funds
			General	Transportation			
Assets							
Cash and cash equivalents	\$ 89,886	\$ 46,059	\$ 8,756	\$ 4,812	\$ 6,640	\$ 40,479	\$ 196,632
Receivables (net of allowance for uncollectibles)							
Accounts	9,369	-	13	-	33,011	276	42,669
Taxes	8,227	-	-	-	-	168	8,395
Due from other governments	54,481	-	9,722	228	4	5,009	69,444
Due from other funds	45,251	-	79,796	9,946	-	1,927	136,920
Due from component unit	1,094	-	-	-	-	-	1,094
Total assets	\$ 208,308	\$ 46,059	\$ 98,287	\$ 14,986	\$ 39,655	\$ 47,859	\$ 455,154
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable accrued liabilities	\$ 32,361	\$ -	\$ 2,479	\$ 1,743	\$ 1,449	\$ 2,282	\$ 40,314
Notes payable	-	-	26,728	5,818	-	5,310	37,856
Due to other funds	94,531	26,030	9,700	4,380	779	13,115	148,535
Due to other governments	7,059	-	-	-	6,628	352	14,039
Due to component unit	-	329	-	-	-	-	329
Deferred revenue	6,734	-	-	-	25,924	-	32,658
Total liabilities	140,685	26,359	38,907	11,941	34,780	21,059	273,731
Fund balances:							
Nonspendable	6,248	-	-	-	-	6,845	13,093
Restricted	-	6,216	453	-	4,870	9,589	21,128
Committed	40,457	-	57,050	3,045	5	1,942	102,499
Assigned	15,998	13,484	1,877	-	-	8,578	39,937
Unassigned	4,920	-	-	-	-	(154)	4,766
Total fund balances	67,623	19,700	59,380	3,045	4,875	26,800	181,423
Total liabilities and fund balances	\$ 208,308	\$ 46,059	\$ 98,287	\$ 14,986	\$ 39,655	\$ 47,859	\$ 455,154

Fund balances of governmental funds 181,423

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	662,964
Accrual of property and sales taxes to qualify as financial resources	27,352
Internal service fund transferred to governmental activities	28,431
Accrual of interest on bonds and notes payable	(1,266)
Accrual of medicare part D revenue	1,050
Long-term liabilities are not reported in the funds	
Bonds payable	(67,864)
Compensated absences	(13,476)
Workers compensation	(8,949)
OPEB liability	(218,773)
NYS Canal Corp. lease	(727)
Pollution remediation liability	(11,083)
Net assets of governmental activities	\$ 579,082

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, 2011 (000's Omitted)**

			Capital Projects		Special Revenue Community Development	Nonmajor Govern- mental Funds	Total Govern- mental Funds
	General	Debt Service	General	Trans- portation			
REVENUES							
Real property tax	\$ 138,502	\$ -	\$ -	\$ -	\$ -	\$ 5,891	\$ 144,393
Sales tax	128,995	-	-	-	-	-	128,995
Other taxes	24,965	-	-	-	-	-	24,965
Departmental	28,251	-	-	-	-	19,686	47,937
Interest on investments	-	-	-	-	-	-	-
Use of money and property	400	412	-	-	2	58	872
Licenses and permits	2,785	-	-	-	-	-	2,785
Federal Aid	3,692	-	11,721	8,714	21,302	2,539	47,968
State aid	105,786	18	19,695	4,733	660	2,433	133,325
Local sources and other	18,604	243	271	-	2,071	9,031	30,220
Total revenues	<u>451,980</u>	<u>673</u>	<u>31,687</u>	<u>13,447</u>	<u>24,035</u>	<u>39,638</u>	<u>561,460</u>
EXPENDITURES							
Current:							
General government	111,900	-	-	-	-	6,304	118,204
Neighborhood business development	7,782	-	-	-	23,817	2,079	33,678
Environmental services	20,642	-	-	-	-	9,630	30,272
Library	-	-	-	-	-	11,220	11,220
Police	82,494	-	-	-	-	1,627	84,121
Fire	42,590	-	-	-	-	4	42,594
Emergency communications	11,194	-	-	-	-	-	11,194
Recreation & youth services	10,105	-	-	-	-	1,728	11,833
Transportation	5,664	-	-	-	-	150	5,814
Allocation to school district	119,100	-	-	-	-	-	119,100
Debt service:							
Principal retirement	16,094	-	-	-	-	55	16,149
Interest	3,817	-	-	-	-	33	3,850
Administrative charges	37	166	-	-	-	1	204
Capital projects							
General government	-	-	71,601	-	-	-	71,601
Transportation	-	-	-	13,999	-	194	14,193
Recreation & youth services	-	-	-	-	-	3,530	3,530
Library	-	-	-	-	-	1,717	1,717
Neighborhood business development	-	-	13	-	-	646	659
Total expenditures	<u>431,419</u>	<u>166</u>	<u>71,614</u>	<u>13,999</u>	<u>23,817</u>	<u>38,918</u>	<u>579,933</u>
Excess (deficiency) of revenues over expenditures	20,561	507	(39,927)	(552)	218	720	(18,473)
OTHER FINANCING SOURCES (USES)							
Proceeds general obligation debt	-	-	20	-	-	1,747	1,767
Transfers from other funds	51,579	962	27,212	3,945	-	1,216	84,914
Transfers (to) other funds	(38,487)	(39,114)	(467)	(3,502)	-	(6,548)	(88,118)
Total other financing sources and uses	<u>13,092</u>	<u>(38,152)</u>	<u>26,765</u>	<u>443</u>	<u>-</u>	<u>(3,585)</u>	<u>(1,437)</u>
Net Change in fund balances	33,653	(37,645)	(13,162)	(109)	218	(2,865)	(19,910)
Fund balances - beginning of year	33,970	57,345	72,542	3,154	4,657	29,665	201,333
Fund balances - end of year	<u>\$ 67,623</u>	<u>\$ 19,700</u>	<u>\$ 59,380</u>	<u>\$ 3,045</u>	<u>\$ 4,875</u>	<u>\$ 26,800</u>	<u>\$ 181,423</u>

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, 2011 (000's Omitted)**

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

Net change in fund balances --total governmental funds	\$ (19,910)
Change in net assets of internal service fund reported in governmental activities	7,010
Capital assets used in governmental activities are not financial resources and, therefore, Governmental funds report capital outlays of \$50,515 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 \$25,243. This is the amount by which capital outlays exceeded depreciation in the current period.	25,272
Change in accrual of interest payable on notes and bonds payable	372
Change in accrual of unrestricted governmental aid	240
Change in accrual of property tax	2,151
Change in accrual of sales tax	472
Change in the pollution remediation liability	631
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.	
Proceeds from borrowings	(1,767)
Debt principal payment	16,149
OPEB expense is not reported in the governmental funds.	(27,302)
NYS Canal lease expense is not reported in the governmental funds	92
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	
Workers compensation	(1,568)
Compensated absences	(2,957)
Change in net assets of governmental activities	<u>\$ (1,115)</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, 2011 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Total Funds	Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market		
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 7,520	\$ 3,349	\$ -	\$ 12,505	\$ 1,838	\$ 1,270	\$ 26,482	\$ 20,921
Receivables (net of allowance for uncollectibles)	12,570	588	1,107	2,346	551	-	17,162	-
Due from other governments	26	1,551	226	-	-	-	1,803	-
Due from other funds	107	346	2	1,664	-	28	2,147	10,500
Cash and cash equivalents - restricted	8,323	1,107	4	161	76	60	9,731	-
Due from other governments-restricted	6	-	-	-	-	-	6	-
Total Current assets:	28,552	6,941	1,339	16,676	2,465	1,358	57,331	31,421
Noncurrent assets:								
Capital assets:								
Land	572	8,825	165	30	139	708	10,439	-
Buildings	42,009	123,999	44,538	972	5,806	1,805	219,129	-
Improvements other than buildings	226,275	2,212	60	671	1,278	3,174	233,670	-
Equipment	5,813	2,669	5,541	16,098	1,598	33	31,752	-
Construction in progress	10,825	3,293	-	-	-	-	14,118	-
Less accumulated depreciation	(125,208)	(73,716)	(21,926)	(8,035)	(2,393)	(1,990)	(233,268)	-
Total Noncurrent assets (net of accumulated depreciation)	160,286	67,282	28,378	9,736	6,428	3,730	275,840	-
Total assets	188,838	74,223	29,717	26,412	8,893	5,088	333,171	31,421
LIABILITIES								
Current liabilities:								
Accounts payable accrued liab	3,085	826	38	1,158	440	58	5,605	2,990
Accrued interest payable	485	318	194	-	3	8	1,008	-
Worker's compensation, current portion	782	-	-	1,800	-	-	2,582	-
Notes payable	14,759	5,728	-	-	-	-	20,487	-
Bonds payable	4,072	1,965	1,015	-	25	225	7,302	-
Due to other funds	425	-	368	215	24	-	1,032	-
Due to other governments	184	42	-	163	13	4	406	-
Deferred revenue	-	53	-	-	1	-	54	-
Total current liabilities	23,792	8,932	1,615	3,336	506	295	38,475	2,990
Noncurrent liabilities:								
Worker's compensation	1,139	42	-	2,472	57	6	3,716	-
Bonds payable	26,365	16,370	12,975	-	130	225	56,065	-
OPEB liability	8,264	667	5	7,255	632	125	16,948	-
Total noncurrent liabilities:	35,768	17,079	12,980	9,727	819	356	76,729	-
Total liabilities	59,560	26,011	14,595	13,063	1,325	651	115,206	2,990
NET ASSETS								
Invested in capital assets, net of related debt	115,090	43,220	14,388	9,736	6,272	3,280	191,986	-
Restricted for capital projects	10,748	2,745	575	5,551	4,647	738	25,004	-
Restricted for debt service	5,755	1,653	4	-	76	44	7,532	-
Unrestricted (deficit)	(2,315)	594	155	(1,938)	(3,427)	375	(6,556)	28,431
Total net assets	\$ 129,278	\$ 48,212	\$ 15,122	\$ 13,349	\$ 7,568	\$ 4,437	\$ 217,966	\$ 28,431

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, 2011 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Total Funds	Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market		
Operating revenues:								
Charges for Services	\$ 34,538	\$ 9,040	\$ 1,406	\$ 26,001	\$ 1,232	\$ 716	\$ 72,933	\$ -
Operating expenses:								
Personal services	6,695	1,836	-	6,354	779	211	15,875	-
Supplies and materials	10,584	300	908	9,942	279	540	22,553	-
Employee benefits	6,238	1,107	5	8,127	472	91	16,040	-
Depreciation	6,135	2,942	1,097	2,180	232	186	12,772	-
Claims settlement	-	-	-	-	-	-	-	1,766
Total operating expenses	29,652	6,185	2,010	26,603	1,762	1,028	67,240	1,766
Operating Income (loss)	4,886	2,855	(604)	(602)	(530)	(312)	5,693	(1,766)
Nonoperating revenues (expenses):								
Real property tax	-	-	542	-	680	920	2,142	-
Other taxes	-	-	1,131	-	-	-	1,131	-
Interest and penalties	1,441	-	-	-	1	-	1,442	-
Interest on investments	204	51	-	30	23	-	308	24
Federal Aid	-	11	-	-	-	-	11	-
Interest Expense	(1,437)	(1,010)	(747)	-	(8)	(26)	(3,228)	-
Refund of prior years expense	-	-	-	-	-	-	-	15
Total non operating revenues (expenses)	208	(948)	926	30	696	894	1,806	39
Income (loss) before contributions and operating transfers	5,094	1,908	322	(572)	166	582	7,499	(1,727)
Capital contributions	781	973	-	-	-	-	1,754	-
Transfers in	-	-	-	-	60	-	60	11,187
Transfers out	(5,593)	-	-	-	-	-	(5,593)	(2,450)
Change in net assets	282	2,880	322	(572)	226	582	3,720	7,010
Total net assets -- beginning	128,996	45,332	14,800	13,921	7,342	3,855	214,246	21,421
Total net assets -- ending	\$ 129,278	\$ 48,212	\$ 15,122	\$ 13,349	\$ 7,568	\$ 4,437	\$ 217,966	\$ 28,431

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, 2011 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Funds	Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 36,075	\$ 8,713	\$ 1,169	\$ 25,710	\$ 1,280	\$ 716	\$ 73,663	\$ -
Payments to suppliers	(9,617)	(967)	(900)	(10,519)	67	(488)	(22,425)	(914)
Payments to employees	(10,625)	(1,653)	(12)	(11,369)	(1,091)	(303)	(25,053)	-
Net cash provided (used) by operating activities	<u>15,833</u>	<u>6,093</u>	<u>257</u>	<u>3,821</u>	<u>256</u>	<u>(75)</u>	<u>26,185</u>	<u>(914)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Real property taxes	-	-	542	-	680	920	2,142	-
Operating Grants	(19)	484	1,131	-	-	-	1,596	-
Transfers (to) from other funds	(8,285)	161	70	450	259	644	(6,701)	(390)
Refund of prior year expense	-	-	-	-	-	-	-	15
Net cash (used) by noncapital financing activities	<u>(8,304)</u>	<u>644</u>	<u>1,743</u>	<u>450</u>	<u>939</u>	<u>1,564</u>	<u>(2,962)</u>	<u>(375)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sales of bonds and notes	6,254	1,600	-	-	-	-	7,854	-
Principal paid on bonds and notes	(4,398)	(1,891)	(1,015)	-	(25)	(250)	(7,579)	-
Capital grants	768	973	-	-	-	-	1,741	-
Interest expense paid on bonds and notes	(1,477)	(1,021)	(758)	-	(10)	(34)	(3,299)	-
Payments to contractors	(15,289)	(8,922)	(228)	(4,527)	(4,981)	(15)	(33,961)	-
Proceeds from sale of fixed assets	541	171	1	890	240	-	1,842	-
Net cash used by capital and related financing activities	<u>(13,601)</u>	<u>(9,091)</u>	<u>(2,000)</u>	<u>(3,637)</u>	<u>(4,776)</u>	<u>(298)</u>	<u>(33,402)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received from investments and customers	1,645	51	-	30	24	0	1,750	24
Net Increase (decrease) in cash and cash equivalents	<u>(4,426)</u>	<u>(2,303)</u>	<u>-</u>	<u>665</u>	<u>(3,557)</u>	<u>1,192</u>	<u>(8,429)</u>	<u>(1,265)</u>
Cash and cash equivalents at beginning of year	20,269	6,759	4	12,001	5,471	138	44,642	22,185
Cash and cash equivalents at end of year	<u>\$ 15,843</u>	<u>\$ 4,456</u>	<u>\$ 4</u>	<u>\$ 12,666</u>	<u>\$ 1,914</u>	<u>\$ 1,330</u>	<u>\$ 36,213</u>	<u>\$ 20,921</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 4,886	\$ 2,855	\$ (605)	\$ (603)	\$ (530)	\$ (312)	\$ 5,691	\$ (1,766)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:								
(Increase) decrease in accounts receivables	1,529	(328)	(236)	(291)	48	-	722	-
Depreciation expense	6,135	2,942	1,097	2,180	232	186	12,772	-
Increase (decrease) in Accounts Payable - Supplier	912	243	8	(808)	341	25	722	852
Increase (decrease) in Compensated absences	(7)	57	-	31	23	1	104	-
Increase (decrease) in Salaries & Benefits Payable	2,379	323	(7)	3,313	141	25	6,174	-
Net Cash provided by operating activities	<u>\$ 15,833</u>	<u>\$ 6,093</u>	<u>\$ 257</u>	<u>\$ 3,821</u>	<u>\$ 256</u>	<u>\$ (75)</u>	<u>\$ 26,185</u>	<u>\$ (914)</u>

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, 2011 (000's Omitted)

	<u>Private Grants</u>	<u>Agency</u>
ASSETS		
Cash and cash equivalents	\$ 1,901	\$ 14,604
Investments	2,313	-
Receivables (net of allowance)	-	213
Total assets	<u>4,214</u>	<u>14,817</u>
LIABILITIES		
Accounts payable and accrued liabilities	735	14,817
Total Liabilities	<u>735</u>	<u>14,817</u>
NET ASSETS		
Held in trust and other purposes	<u>\$ 3,479</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, 2011 (000's Omitted)

	<u>Private Grants</u>
ADDITIONS	
Additions	\$ 1,267
Net investment earnings	253
Total additions	<u>1,520</u>
DEDUCTIONS	
Community services	<u>1,952</u>
Change in Net Assets	(432)
Net Assets-- beginning of the year	3,912
Net Assets -- end of the year	<u><u>\$ 3,480</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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 is included in the financial statements of the District as a blended component unit. Separate financial statements of the RJSCB may be obtained from the RJSCB's Executive Director, located at 175 Martin Street, Rochester, New York 14605.

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 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 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, 2011, the City adopted GASB Statement No. 54, *Accounting and Fund Balance Reporting and Governmental Fund Type Definitions*. This statement requires that the equity of governmental funds be classified into five specific categories which will give greater clarity to the different kinds of constraints that apply. These notes contain details behind the categories as they are reported on the financial statements.

The GASB has issued the following new statements:

- Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employers Plans*, which will be effective for the year ending June 30, 2012;
- Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending June 30, 2013;
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending June 30, 2013;
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* which will be effective for the year ending June 30, 2013; and
- Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which will be effective for the year ending June 30, 2013.

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, 2011, the City had a legal margin of \$33,787,051.

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 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 unmaturing coupons on U.S. Treasury securities. Interest earnings are recorded at maturity and generally allocated to the appropriate fund by outstanding balance.

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

2. Restricted Assets

Certain assets are classified on the balance sheet as restricted because their use is limited. The proceeds of 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.

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

4. Compensated Absences

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

5. Long-term Obligations

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

In the fund level financial statements, governmental funds 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 Balances — Governmental Funds

As of June 30, 2011, fund balances of the governmental funds are classified as follows:

- **Non-spendable**-amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- **Restricted**-amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed**-amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.
- **Assigned**-amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the City Charter, the Director of Finance has the authority to assign amounts for specific purposes.

The Assigned category includes funds encumbered for contract services and purchase orders that were open as of June 30, 2011 and appropriations of fund balances.

- **Unassigned**-all other spendable amounts.

As of June 30, 2011, governmental fund balances were classified as follows (000's omitted):

			Capital Projects		Special Revenue	Nonmajor Govern- mental Funds	Total Govern- mental Funds
	General	Debt Service	General	Transportation	Community Development		
Nonspendable:							
Past due receivables	\$ 6,248	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,248
Cemetery perpetual care	-	-	-	-	-	6,845	6,845
Restricted:							
Debt service	-	6,216	-	-	-	-	6,216
Capital projects	-	-	453	-	-	-	453
Community development	-	-	-	-	4,870	-	4,870
Federal projects	-	-	-	-	-	2,708	2,708
Foreign fire insurance	-	-	-	-	-	6,004	6,004
State projects	-	-	-	-	-	877	877
Committed:							
Retirement costs	21,550	-	-	-	-	-	21,550
Property tax relief	18,907	-	-	-	-	-	18,907
Capital projects	-	-	57,050	3,045	-	-	60,095
Federal block grant	-	-	-	-	5	-	5
Economic development	-	-	-	-	-	1,942	1,942
Assigned:							
Open purchase orders and contracts:							
General government	2,844	-	-	-	-	-	2,844
Police	425	-	-	-	-	-	425
Fire	183	-	-	-	-	-	183
Emergency communications	108	-	-	-	-	-	108
Environmental services	677	-	-	-	-	-	677
Recreation & Youth Services	557	-	-	-	-	-	557
Neighborhood & business development	256	-	-	-	-	-	256
Subsequent years' expenditures	4,948	-	-	-	-	-	4,948
Postemployment benefits	6,000	-	-	-	-	-	6,000
Debt service	-	13,484	-	-	-	-	13,484
Capital projects	-	-	1,877	-	-	-	1,877
Animal control	-	-	-	-	-	411	411
Library	-	-	-	-	-	586	586
Local works	-	-	-	-	-	5,132	5,132
Downtown programs	-	-	-	-	-	2,449	2,449
Unassigned							
General fund	4,920	-	-	-	-	-	4,920
Cultural & Recreation - Capital	-	-	-	-	-	(102)	(102)
Sewer - Capital	-	-	-	-	-	(52)	(52)
Totals	<u>\$ 67,623</u>	<u>\$ 19,700</u>	<u>\$ 59,380</u>	<u>\$ 3,045</u>	<u>\$ 4,875</u>	<u>\$ 26,800</u>	<u>\$ 181,423</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment actions.

7. Encumbrances & Commitments

Encumbrances are recorded at the time a purchase order, construction contract, or service agreement is finalized. In governmental funds, commitments are encumbered and reported as assignments 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, 2011 were \$63,171,773. This amount is composed of \$40,736,980 in general government projects, \$19,816,920 in transportation projects, as well as \$2,617,873 in nonmajor governmental fund capital projects. In addition, \$11,352,020 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 in the enterprise funds for operations and capital projects as of June 30, 2011 were \$17,503,484. This was composed of \$14,177,653 for Water Fund projects, \$97,877 for Refuse Fund projects, \$1,806,559 for Parking Fund projects, \$18,376 for War Memorial projects, \$1,074,412 for Cemetery projects, and \$328,607 for Public Market projects.

8. 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 Funds, 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.

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

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

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

During the year, City Council passed budget amendments which increased total appropriations for operating budgets by \$2,475,000. Estimated revenues increased by \$3,453,000, transfers to other funds increased by \$7,468,000 and transfers from other funds decreased by \$1,193,000. Appropriation of fund balance increased by \$7,683,000.

B. DEFICIT FUND EQUITY

It has been the City's practice to fund capital projects for up to five years with bond anticipation notes, then convert to bonds when the final project costs are known and when long-term rates are most favorable, minimizing interest costs for the City. Thus, deficit fund balances reported in the Capital Project Funds is temporary and will be eliminated once the bond anticipation notes are converted to bonds. As of June 30, 2011 the following funds had deficit fund balances: the Cultural and Recreation Capital Project Fund — \$102,000, and the Sewer Capital Project Fund — \$52,000.

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 and the RJSDB. Thus, the following risk assessments apply to cash, cash equivalents, and investments of the primary government and the component unit.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the City's policy 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 total carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$143,421,000 and the bank balance was \$150,158,420. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the carrying amount of the School District's deposits net of outstanding checks, including certificates of deposit, was \$22,743,514. 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 \$126,850,000 as follows: \$124,500,000 in money market accounts, and \$2,350,000 (fair value) in repurchase agreements. 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 \$90,745,716. The fair value of money market accounts was \$87,020,716 and the fair value of repurchase agreements was \$3,725,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

3. Investments

At year-end, City had \$2,312,460 of Library trust funds invested: \$1,093,872 was invested in US Government Securities and \$1,168,019 in equities, plus \$50,569 of the portfolio classified as cash and accrued income. 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 \$23,899 for fiscal year 2011, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$8,885 for fiscal year 2011, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

B. RECEIVABLES AND PAYABLES

The Primary Government had \$60,880,000 in accounts receivables at year-end. The major Governmental activities receivable was \$33,011,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major Business-type receivables were \$12,570,000 in the Water Fund, \$2,346,000 in the Refuse Fund, and \$588,000 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 (\$2,995,926), Water Fund (\$2,220,927), and Refuse Fund (\$3,080,671).

The amount due from other governments to the City, as presented in the fund level statements as of June 30, 2011, was \$71,247,000. This was comprised of the following items: \$21,279,000 from New York State, \$43,043,000 from Monroe County, \$6,717,000 from the Federal Government, and \$208,000 from others.

The amount due from other governments and the primary government to the School District as of June 30, 2011 was \$66,791,313. This was comprised of the following items: \$42,259,765 from New York State, \$22,265,042 from the Federal Government, and \$2,266,506 from other sources.

The Primary Government had \$45,919,000 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 \$50,252,000 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.

C. CAPITAL ASSETS

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

Class	Balance			Balance June 30, 2011
	June 30, 2010	Additions	Deductions	
Capital assets, not being depreciated:				
Land	\$ 24,566	\$ 12,073	\$ 11,754	\$ 24,885
Construction in progress	1,354	6,785	4,028	4,111
Total capital assets, not being depreciated	<u>\$ 25,920</u>	<u>\$ 18,858</u>	<u>\$ 15,782</u>	<u>\$ 28,996</u>
Capital assets, being depreciated:				
Buildings	\$ 214,819	\$ 18,758	\$ 8,514	\$ 225,063
Improvements other than buildings	47,453	1,773	352	48,874
Machinery and equipment	90,818	17,481	12,013	96,286
Infrastructure	542,314	31,214	9,135	564,393
Total capital assets being depreciated	<u>895,404</u>	<u>69,226</u>	<u>30,014</u>	<u>934,616</u>
Less accumulated depreciation for:				
Buildings	79,583	5,832	1,304	84,111
Improvements other than buildings	15,543	1,754	159	17,138
Machinery and equipment	52,918	8,525	6,764	54,679
Infrastructure	135,588	9,132	-	144,720
Total accumulated depreciation	<u>283,632</u>	<u>25,243</u>	<u>8,227</u>	<u>300,648</u>
Total capital assets, being depreciated, net:	<u>611,772</u>	<u>43,983</u>	<u>21,787</u>	<u>633,968</u>
Governmental activities capital assets, net:	<u>\$ 637,692</u>	<u>\$ 62,841</u>	<u>\$ 37,569</u>	<u>\$ 662,964</u>

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

Class	Balance			Balance
	June 30, 2010	Additions	Deductions	June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 10,166	\$ 273	\$ -	\$ 10,439
Construction in progress	10,523	4,079	484	14,118
Total capital assets, not being depreciated	<u>\$ 20,689</u>	<u>\$ 4,352</u>	<u>\$ 484</u>	<u>\$ 24,557</u>
Capital assets, being depreciated:				
Buildings	\$ 209,671	\$ 9,633	\$ 176	\$ 219,128
Improvements other than buildings	220,411	13,259	-	233,670
Machinery and equipment	29,215	6,820	4,283	31,752
Total capital assets being depreciated	<u>459,297</u>	<u>29,712</u>	<u>4,459</u>	<u>484,550</u>
Less accumulated depreciation for:				
Buildings	103,000	4,735	6	107,729
Improvements other than buildings	103,628	4,747	-	108,375
Machinery and equipment	16,867	3,294	2,998	17,163
Total accumulated depreciation	<u>223,495</u>	<u>12,776</u>	<u>3,004</u>	<u>233,267</u>
Total capital assets, being depreciated, net:	<u>235,802</u>	<u>16,936</u>	<u>1,455</u>	<u>251,283</u>
Business-type activities capital assets, net:	<u>\$ 256,491</u>	<u>\$ 21,288</u>	<u>\$ 1,939</u>	<u>\$ 275,840</u>

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

Governmental activities:			
General government		\$	3,549
Police			2,126
Fire			1,903
Emergency communications			250
Transportation			9,132
Environmental services			3,417
Parks & recreation			1,774
Library			852
Community development			2,240
Total depreciation expense - governmental activities		\$	<u>25,243</u>
Business-type activities:			
Water		\$	6,136
Parking			2,943
War Memorial			1,098
Refuse			2,181
Cemetery			232
Public market		\$	186
Total depreciation expense - business type activities		\$	<u>12,776</u>
Total depreciation - Primary Government		\$	<u>38,019</u>

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

Class	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Capital assets, not being depreciated:				
Land	\$ 17,439	\$ -	\$ -	\$ 17,439
Construction in progress	8,227	14,355	14,824	7,758
Total capital assets, not being depreciated	<u>\$ 25,666</u>	<u>\$ 14,355</u>	<u>\$ 14,824</u>	<u>\$ 25,197</u>
Capital assets, being depreciated:				
Buildings	\$ 571,735	\$ 11,781	\$ -	\$ 583,516
Machinery and equipment	49,750	4,880	4,994	49,636
Total capital assets being depreciated	<u>621,485</u>	<u>16,661</u>	<u>4,994</u>	<u>633,152</u>
Less accumulated depreciation for:				
Buildings	200,589	19,190	-	219,779
Machinery and equipment	32,004	5,741	4,772	32,973
Total accumulated depreciation	<u>232,593</u>	<u>24,931</u>	<u>4,772</u>	<u>252,752</u>
Total capital assets, being depreciated, net:	<u>388,892</u>	<u>(8,270)</u>	<u>222</u>	<u>380,400</u>
School District capital assets, net:	<u>\$ 414,558</u>	<u>\$ 6,085</u>	<u>\$ 15,046</u>	<u>\$ 405,597</u>

D. LONG-TERM LIABILITIES

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2011:

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

	Balance June 30, 2010	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2011	Due Within One Year
General Obligation Bonds					
Public improvement	\$ 78,206	\$ 174	\$ (15,297)	\$ 63,083	\$ 13,253
Sewer	3,595	-	(797)	2,798	648
Library	445	1,593	(55)	1,983	368
Total General Obligation Bonds	82,246	1,767	(16,149)	67,864	14,269
Other Noncurrent liabilities:					
NYS Canal Corp. Lease	819	91	(183)	727	91
Compensated absences	10,519	13,476	(10,519)	13,476	13,476
Workers' compensation	7,381	3,924	(2,356)	8,949	3,669
Pollution remediation	11,714	1,977	(2,608)	11,083	-
OPEB liability	191,471	46,067	(18,765)	218,773	-
Total Other Noncurrent liabilities	221,904	65,535	(34,431)	253,008	17,236
TOTAL NONCURRENT LIABILITIES	\$ 304,150	\$ 67,302	\$ (50,580)	\$ 320,872	\$ 31,505

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

	Balance June 30, 2010	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2011	Due Within One Year
General Obligation Bonds					
Water	\$ 34,820	\$ -	\$ (4,383)	\$ 30,437	\$ 4,072
War Memorial	15,005	-	(1,015)	13,990	1,015
Parking	19,826	400	(1,891)	18,335	1,965
Cemeteries	180	-	(25)	155	25
Public Market	700	-	(250)	450	225
Total General Obligation Bonds	70,531	400	(7,564)	63,367	7,302
Other Noncurrent liabilities:					
Workers' compensation	2,950	5,247	(1,899)	6,298	2,582
OPEB liability	14,460	3,683	(1,195)	16,948	-
Total Other Noncurrent liabilities	17,410	8,930	(3,094)	23,246	2,582
TOTAL NONCURRENT LIABILITIES	\$ 87,941	\$ 9,330	\$ (10,658)	\$ 86,613	\$ 9,884

The following tables summarize changes in the City's current debt related liabilities for the year ended June 30, 2011:

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

	Balance June 30, 2010	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2011	Due Within One Year
Bond Anticipation Notes					
Public improvement	\$ 24,161	\$ 13,634	\$ (1,203)	\$ 36,592	\$ 36,592
Library	464	600	(59)	1,005	1,005
Sewer	185	85	(10)	260	260
Total Capital Projects Funds	24,810	14,319	(1,272)	37,857	37,857
Debt service fund	-	-	-	-	-
Total Bond Anticipation Notes	<u>\$ 24,810</u>	<u>\$ 14,319</u>	<u>\$ (1,272)</u>	<u>\$ 37,857</u>	<u>\$ 37,857</u>

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

	Balance June 30, 2010	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2011	Due Within One Year
Bond Anticipation Notes					
Water	\$ 8,520	\$ 6,254	\$ (15)	\$ 14,759	\$ 14,759
Parking	4,528	1,200	-	5,728	5,728
Cemeteries	-	-	-	-	-
Public Market	-	-	-	-	-
Total Bond Anticipation Notes	<u>\$ 13,048</u>	<u>\$ 7,454</u>	<u>\$ (15)</u>	<u>\$ 20,487</u>	<u>\$ 20,487</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, 2011:

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

	Balance June 30, 2010	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2011	Due Within One Year
General Obligation Bonds					
General Fund	\$ 166,375	\$ -	\$ (13,885)	\$ 152,490	\$ 13,934
Bond Anticipation Notes (BANS)					
Capital Projects Fund	26,083	-	(763)	25,320	25,320
Other Noncurrent Liabilities					
OPEB Liability	115,916	51,982	(18,991)	148,907	-
NYS Education Department (EPE)	8,516	-	(2,129)	6,387	2,129
NYS Special Purpose Bonds - 2003	4,142	-	(1,321)	2,821	1,385
NYS Lottery advance	16,667	-	(667)	16,000	667
NYS Teachers' Retirement Incentive	-	13,732	(2,746)	10,986	2,746
NYS Employees' Retirement Incentive	-	4,250	(850)	3,400	850
Claims payable	20,575	5,359	(4,509)	21,425	5,657
Compensated absences	2,378	7,636	(6,507)	3,507	3,507
Installment purchase debt	16,658	1,114	(2,735)	15,037	2,842
Total Other Non current Liabilities	<u>184,852</u>	<u>84,073</u>	<u>(40,455)</u>	<u>228,470</u>	<u>19,783</u>
Total Bonds, BANS, and Other Noncurrent	<u>\$ 377,310</u>	<u>\$ 84,073</u>	<u>\$ (55,103)</u>	<u>\$ 406,280</u>	<u>\$ 59,037</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, 2011, the City had two Bond Anticipation Notes, one for \$44,964,000 at 1.25% maturing August 19, 2011, and one for \$38,700,000 at 1.25% maturing February 21, 2012. 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. 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.

2. 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	
2012	\$ 14,269	\$ 2,693	\$ 7,302	\$ 2,759	\$ 13,934	\$ 6,592	\$ 47,549
2013	12,450	2,178	6,930	2,465	13,322	6,066	43,411
2014	9,885	1,693	6,320	2,184	13,110	5,507	38,699
2015	7,335	1,321	6,225	1,922	13,263	4,941	35,007
2016	4,805	1,001	5,895	1,663	13,340	4,355	31,059
2017-2021	11,505	2,870	21,180	5,060	62,846	13,134	116,595
2022-2026	4,125	1,155	8,520	1,241	22,560	1,925	39,526
2027-2031	3,320	393	995	39	115	2	4,864
2032	170	3	-	-	-	-	173
	<u>\$ 67,864</u>	<u>\$ 13,307</u>	<u>\$ 63,367</u>	<u>\$ 17,333</u>	<u>\$ 152,490</u>	<u>\$ 42,522</u>	<u>\$ 356,883</u>

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

Outstanding Bond Issues – June 30, 2011

Issue	Rate (%)	Principal Balance	Amount Issued	Final Maturity	Capital Project Fund Categories (1)
General Obligation Serial Bonds-1982	8.900	\$ 115,000	\$ 58,140,000	October 1, 2011	unavailable
General Obligation-1994, Series A	5.000	3,810,000	63,577,000	August 15, 2022	G,L,P,R,S,W,Sch
General Obligation-1996, Series A	5.000	485,000	70,690,000	September 15, 2023	G,L,P,S,W,Sch
General Obligation-1996, Series B (Taxable)	6.700	4,505,000	9,380,000	September 15, 2024	Parking only
General Obligation Serial Bonds-1997	5.000	4,560,000	55,960,000	October 1, 2025	G,L,P,S,W,Sch
General Obligation Serial Bonds-1999	5.250	13,431,970	69,575,000	October 1, 2026	G,W,S,L,WM,Sch
General Obligation Serial Bonds-2001, Series A	4.250	2,280,000	29,275,000	October 15, 2027	G,L,S,W,Sch
General Obligation Serial Bonds-2001, Series B	4.500	2,764,799	35,350,000	February 15, 2028	G,S,PM,WM,W,Sch
Dormitory Authority 2002	4.000	18,333,000	30,295,000	February 15, 2025	School only
General Obligation Serial Bonds-2004, Series A	3.000	24,570,000	47,000,000	October 15, 2031	G,S,W,P,PM,Sch
General Obligation Serial Bonds-2004, Series B	3.000	28,545,000	54,605,000	February 15, 2031	G,S,W,WM,P,Sch
General Obligation Serial Bonds-2006, Series A	3.750	36,615,000	58,320,000	February 15, 2025	G,S,W,Sch
General Obligation Serial Bonds-2006, Series B	3.750	15,930,000	41,800,000	October 15, 2024	G,S,W,P,Sch
General Obligation Serial Bonds-2008, Series A	3.000	11,295,000	19,005,000	February 1, 2022	G,S,W,P
General Obligation Serial Bonds-2008, Series B	3.000	26,940,000	39,220,000	October 15, 2026	G,S,W,P,Sch
General Obligation Serial Bonds-2009, Series C1	4.110	82,330,000	92,996,949	February 10, 2024	G,S,L,W,P,C,PM,Sch
General Obligation Serial Bonds-2009, Series C2 (Taxable) BAB (2)	5.521	3,215,000	3,215,000	February 10, 2019	G,S,W,P,Sch
General Obligation Serial Bonds-2009, Series C3 (Taxable) RZB (3)	5.521	1,830,000	1,830,000	February 10, 2024	G,W,P
General Obligation Serial Bonds-2010, QECB	1.000	2,166,400	2,166,400	July 1, 2015	G,L,P
Total		<u>\$ 283,721,169</u>			

(1) Capital Project Fund Categories: C = Cemeteries, G = Public Improvements, L = Library, P = Parking, PM = Public Market, R = Refuse, S = Sewer, Sch = 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 1.0% to 8.9% with maturity dates through fiscal 2032. Bonds authorized but unissued as of June 30, 2011, amounted to \$69,014,550, which includes \$29,000,000 for the facilities modernization program of the Rochester Joint School Construction Board. The debt-contracting margin of the City as of June 30, 2011, was \$209,638,331.

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 2011.

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 \$1,977,000, and spent \$2,608,000 in pollution remediation obligation related activities. At June 30, 2011, the City had an outstanding pollution remediation liability of \$11,083,000.

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 \$6,734,000 in the City's General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$25,924,000 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, 2011. As the funds are spent during fiscal 2011-12, 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 2011, these debt service costs amounted to \$963,911 of which \$240,025 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, 2011, the accrued lease liability (net of receivables from a sublease) was \$727,580. 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, 2011, the amount of these liabilities was \$18,237,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2009 resulted from the following (000's Omitted):

	Workers' Compensation	General Liability	Total
Estimated claims June 30, 2009	\$ 10,005	\$ 6,570	\$ 16,575
Claims incurred 2009-10	4,892	449	5,341
Payments 2009-10	(4,566)	(4,881)	(9,447)
Estimated claims June 30, 2010	<u>\$ 10,331</u>	<u>\$ 2,138</u>	<u>\$ 12,469</u>
Claims incurred 2010-11	\$ 9,171	\$ 1,766	10,937
Payments 2010-11	(4,255)	(914)	(5,169)
Estimated claims June 30, 2011	<u>\$ 15,247</u>	<u>\$ 2,990</u>	<u>\$ 18,237</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, 2009 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent claims that have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. The calculation is based on the present value of future payouts. The estimated claims for major medical represent an amount based on prior experience with actual payments of claims (000's Omitted):

	Workers' Compensation	Major Medical	Total
Estimated claims June 30, 2009	\$ 19,408	\$ 218	\$ 19,625
Claims incurred 2009-10	5,130	1,240	6,370
Payments 2009-10	(4,001)	(1,451)	(5,452)
Estimated claims June 30, 2010	<u>\$ 20,537</u>	<u>\$ 7</u>	<u>\$ 20,544</u>
Claims incurred 2010-11	\$ 5,316	\$ -	5,316
Payments 2010-11	(4,456)	(7)	(4,463)
Estimated claims June 30, 2011	<u>\$ 21,397</u>	<u>\$ -</u>	<u>\$ 21,397</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. For funding progress, please refer to the OPEB Required Supplemental Information.

Annual Other Postemployment Benefit Cost. For the fiscal year ended June 30, 2011, the City's annual OPEB cost (expense) of \$49,750,299 is not equal to the Annual Required Contribution, which is \$53,422,069. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$19,959,895 for retirees and their beneficiaries, the result was an increase in the Net OPEB Obligation of \$29,790,404 for the year ended June 30, 2011. The schedule of funding progress, presented as required supplementary information on page 62, 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 \$18,990,689, the result was an increase in the District's Net OPEB Obligation of \$32,991,087 for the year ended June 30, 2011.

Level Dollar Amortization

Calculation of ARC under Projected Unit Credit Method

	City	School District	Total
Annual required contribution (ARC)	\$ 53,422,069	\$ 54,048,577	\$ 107,470,646
Interest on Net OPEB Obligation	8,237,241	4,636,656	12,873,897
Adjustment to ARC	(11,909,011)	(6,703,457)	(18,612,468)
Annual OPEB cost (expense)	49,750,299	51,981,776	101,732,075
Contribution for fiscal year ended June 30, 2011	(19,959,895)	(18,990,689)	(38,950,584)
Increase in net OPEB obligation	29,790,404	32,991,087	62,781,491
Net OPEB obligation June 30, 2010	205,931,014	115,916,399	321,847,413
Net OPEB obligation June 30, 2011	<u>\$ 235,721,418</u>	<u>\$ 148,907,486</u>	<u>\$ 384,628,904</u>
Percent of annual OPEB cost contributed	40.12%	36.53%	38.29%

The City's annual OPEB cost and contribution for year ended June 30, 2011 and the prior 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>
2009	\$ 57,603,868	\$ 23,289,291	40.43%	\$ 165,101,398
2010	59,495,533	18,665,917	31.37%	205,931,014
2011	49,750,299	19,959,895	40.12%	235,721,418

The District's annual OPEB cost and contribution for year ended June 30, 2011 and the prior two 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>
2009	\$ 40,169,055	\$ 11,394,381	28.37%	\$ 87,843,472
2010	41,746,291	13,673,364	32.75%	115,916,399
2011	51,981,776	18,990,689	36.53%	148,907,486

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, 2011 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 2011-12, 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 \$1,050,086 for the City in fiscal 2011, 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. As of June 30, 2011, there were 33 active participants. During fiscal year 2010-11 the District paid MRA claims totaling \$35,661.

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. The Systems are contributory except for Tier I and II employees who joined the Employees' Retirement System before July 27, 1976, or the Teachers' Retirement System before June 30, 1976. The contribution rate for ERS Tier III, IV, and V employees is 3% of salary. Tier III and Tier IV employees contribute only during the first 10 years of service. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Retirement System.

The total payroll for all employees of the City for fiscal year 2011 was \$203,514,400 of which \$83,243,000 represented payroll costs for employees covered by ERS, \$96,846,900 by PFRS, and \$23,424,500 for nonparticipating employees. Average contribution rates for fiscal year 2011 were 11.4% for ERS and 16.9% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2011 was \$332,747,500 of which \$252,100,200 represented payroll costs for employees covered by TRS, \$64,103,500 by ERS, and \$16,543,800 for nonparticipating employees. Average contribution rates for fiscal 2011 were 6.4% for TRS and 13% 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, 2011 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
2009	\$ 6,642	\$ 17,117	\$ 23,759
2010	6,118	13,400	19,518
2011	9,506	16,402	25,908

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
2009	\$ 5,095	\$ 21,437	\$ 26,532
2010	4,997	20,105	25,102
2011	8,308	16,169	24,477

The total unbilled liability for the City and the School District as of June 30, 2011, 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
2009	\$ 3,116	\$ 4,699	\$ -	\$ 7,815
2010	3,458	-	26,715	30,173
Total	\$ 6,574	\$ 4,699	\$ 26,715	\$ 37,988

The total liability as of June 30, 2011 includes the period of April 1, 2010 - June 30, 2011 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2010 to June 30, 2011 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, 2011, the City paid approximately \$19,200. On June 30, 2011, 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, 2011 (000's Omitted):

Due To:	Due From:						Total
	General	General Capital	Transportation Capital	Nonmajor Governmental	Internal Service	Proprietary	
General	\$ -	\$ 79,796	\$ 1,323	\$ 764	\$ 10,500	\$ 2,148	\$ 94,531
General Capital	9,700	-	-	-	-	-	9,700
Debt Service	26,030	-	-	-	-	-	26,030
Transportation Capital	4,380	-	-	-	-	-	4,380
Community Development	779	-	-	-	-	-	779
Nonmajor governmental	3,330	-	8,623	1,163	-	-	13,116
Proprietary	1,032	-	-	-	-	-	1,032
Total	\$ 45,251	\$ 79,796	\$ 9,946	\$ 1,927	\$ 10,500	\$ 2,148	\$ 149,568

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, 2011, which were routine in nature, were as follows (000's Omitted):

Transfer out:	Transfer In:								Total
	General	Debt Service	General Capital	Transportation Capital	Nonmajor Governmental projects	Nonmajor Governmental Special Revenue	Internal Service	Proprietary	
General	\$ -	\$ -	\$ 27,212	\$ -	\$ 88	\$ -	\$ 11,187	\$ -	\$ 38,487
Debt Service	39,114	-	-	-	-	-	-	-	39,114
General Capital	350	117	-	-	-	-	-	-	467
Transportation Capital	2,815	687	-	-	-	-	-	-	3,502
Nonmajor governmental capital projects	-	158	-	-	-	1	-	-	159
Nonmajor governmental Special revenue	1,257	-	-	3,945	1,127	-	-	60	6,389
Water	5,593	-	-	-	-	-	-	-	5,593
Internal Service	2,450	-	-	-	-	-	-	-	2,450
Total	\$ 51,579	\$ 962	\$ 27,212	\$ 3,945	\$ 1,215	\$ 1	\$ 11,187	\$ 60	\$ 96,161

THE CITY OF ROCHESTER, NEW YORK

Required Supplemental Information

**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, 2011(000's Omitted)**

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
REVENUES										
Real property tax	\$ 134,096	\$ 138,502	\$ 5,888	\$ 5,891	\$ 2,142	\$ 2,142	\$ 142,126	\$ 142,126	\$ 146,535	\$ 4,409
Sales taxes	123,400	128,995	-	-	-	-	123,400	123,400	128,995	5,595
Other taxes	27,646	24,965	-	-	905	1,131	24,851	28,551	26,096	(2,455)
Charges for services	24,216	28,251	20,377	19,637	73,507	73,138	97,501	118,099	121,026	2,927
Use of money and property	689	400	71	47	158	305	1,057	918	752	(166)
Interest and penalties	-	-	-	-	1,251	1,442	-	1,251	1,442	191
Licenses and permits	2,738	2,785	-	-	-	-	2,460	2,738	2,785	48
Federal aid	4,324	3,692	128	200	-	599	7,776	4,452	4,491	39
State aid	107,805	105,786	934	837	-	-	110,423	108,739	106,624	(2,115)
Local sources and other	17,854	18,604	6,827	6,827	-	-	41,907	24,681	25,431	750
Total revenues	<u>442,767</u>	<u>451,980</u>	<u>34,224</u>	<u>33,439</u>	<u>77,963</u>	<u>78,758</u>	<u>551,501</u>	<u>554,954</u>	<u>564,177</u>	<u>9,224</u>
EXPENDITURES										
Council and clerk	1,927	1,884	-	-	-	-	1,818	1,927	1,884	43
Administration	10,704	9,796	94	94	285	285	11,493	11,084	10,175	908
Law	-	-	-	-	-	-	-	-	-	-
Information technology	4,686	4,676	-	-	-	-	4,676	4,686	4,676	10
Finance	4,184	4,347	-	-	4,871	4,072	9,205	9,055	8,420	635
Neighborhood development	12,735	8,082	-	-	891	850	13,815	13,626	8,932	4,694
Environmental services	29,049	27,160	10,742	9,599	45,860	41,822	85,822	85,651	78,581	7,070
Library	-	-	11,414	11,238	-	-	11,417	11,414	11,238	176
Police	84,865	82,958	1,148	1,063	442	329	78,505	86,455	84,349	2,106
Fire	45,308	43,351	-	-	-	-	41,911	45,308	43,351	1,957
Emergency communications	11,435	11,303	-	-	-	-	11,211	11,435	11,303	133
Recreation and youth services	12,286	10,642	-	-	620	626	11,980	12,905	11,269	1,636
Undistributed	95,214	85,806	6,325	6,187	10,190	13,552	107,685	111,729	105,545	6,184
Contingency	100	-	-	-	300	-	13,665	400	-	400
Debt services	21,135	21,134	148	148	10,884	10,884	32,167	32,167	32,166	1
Total expenditures	<u>333,628</u>	<u>311,139</u>	<u>29,871</u>	<u>28,328</u>	<u>74,342</u>	<u>72,420</u>	<u>435,365</u>	<u>437,840</u>	<u>411,888</u>	<u>25,952</u>
Excess of revenues over expenditures	<u>109,139</u>	<u>140,841</u>	<u>4,354</u>	<u>5,110</u>	<u>3,621</u>	<u>6,338</u>	<u>116,135</u>	<u>117,114</u>	<u>152,290</u>	<u>35,176</u>

(continued)

THE CITY OF ROCHESTER, NEW YORK

Required Supplemental Information

**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, 2011 (000's Omitted)**

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 31,317	\$ 51,579	\$ -	\$ -	\$ -	\$ 60	\$ 32,510	\$ 31,317	\$ 51,639	\$ 20,323
Transfers (to) other funds	(26,099)	(36,587)	(5,016)	(5,013)	(6,361)	(6,182)	(30,008)	(37,476)	(47,781)	(10,306)
Transfers (to) component unit	(119,100)	(119,100)	-	-	-	-	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(113,882)</u>	<u>(104,107)</u>	<u>(5,016)</u>	<u>(5,013)</u>	<u>(6,361)</u>	<u>(6,122)</u>	<u>(116,598)</u>	<u>(125,259)</u>	<u>(115,242)</u>	<u>10,017</u>
Appropriation of prior year fund balance	4,743	-	662	-	2,740	-	462	8,145	-	(8,145)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	36,733	<u>\$ -</u>	98	<u>\$ -</u>	216	\$ -	\$ -	\$ 37,048	\$ 37,048
Encumbrances included in actual		4,520		175		704			5,400	
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		41,254		273		921			42,448	
Expenditures of prior years' encumbrances		7,601		61		307			7,969	
Excess (deficiency) of revenues and other sources over expenditures and other uses		33,653		212		613			34,478	
Net enterprise capital expense		-		-		3,555			3,555	
Depreciation expense		-		-		(12,772)			(12,772)	
Debt service cash basis		-		-		7,657			7,657	
Contribution to reserve for capital projects		-		-		6,182			6,182	
Other post employment benefits		-		-		(2,488)			(2,488)	
Capital contributions		-		-		973			973	
Fund equity - beginning of year		<u>33,970</u>		<u>5,918</u>		<u>214,247</u>			<u>254,134</u>	
Fund equity - end of year		<u>\$ 67,623</u>		<u>\$ 6,130</u>		<u>\$ 217,966</u>			<u>\$ 291,719</u>	

The City of Rochester, New York
Required Supplemental Information

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

	<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%
2011	April 1, 2010	-	564,240,853	564,240,853	0.0%	203,514,400	277.2%

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%
2011	53,422,069	19,959,895	37.36%

Nonmajor Governmental Funds

Capital Funds

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

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

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

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

Special Revenue Funds

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

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

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

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

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

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

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

Permanent Fund

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

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

**THE CITY OF ROCHESTER, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011 (000's Omitted)**

	Capital Projects			Special Revenue					Permanent Fund	Total Nonmajor Governmental Funds	
	Economic Assistance	Cultural/ Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Other	Cemetery	
ASSETS											
Cash and cash equivalents	\$ 3,596	\$ 2,223	\$ 208	\$ 447	\$ 1,767	\$ 13,518	\$ 2,910	\$ 6,380	\$ 2,585	\$ 6,845	\$ 40,479
Receivables (net of allowance of uncollectibles)											
Accounts	-	-	-	1	264	3	8	-	-	-	276
Taxes	-	-	-	-	-	168	-	-	-	-	168
Due from other governments	668	47	-	-	3,338	-	134	822	-	-	5,009
Due from other funds	-	1,163	-	35	-	729	-	-	-	-	1,927
Total assets	<u>\$ 4,264</u>	<u>\$ 3,433</u>	<u>\$ 208</u>	<u>\$ 483</u>	<u>\$ 5,369</u>	<u>\$ 14,418</u>	<u>\$ 3,052</u>	<u>\$ 7,202</u>	<u>\$ 2,585</u>	<u>\$ 6,845</u>	<u>\$ 47,859</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payables and accrued liabilities	\$ 62	\$ 605	\$ -	\$ 50	\$ 668	\$ 187	\$ 344	\$ 270	\$ 96	\$ -	\$ 2,282
Notes payable	2,260	2,790	260	-	-	-	-	-	-	-	5,310
Due to other funds	-	140	-	-	3,932	8,952	-	51	40	-	13,115
Due to other governments	-	-	-	22	183	147	-	-	-	-	352
Total liabilities	<u>2,322</u>	<u>3,535</u>	<u>260</u>	<u>72</u>	<u>4,783</u>	<u>9,286</u>	<u>344</u>	<u>321</u>	<u>136</u>	<u>-</u>	<u>21,059</u>
Fund balances:											
Nonspendable	-	-	-	-	-	-	-	-	-	6,845	6,845
Restricted	-	-	-	-	-	-	2,708	6,881	-	-	9,589
Committed	1,942	-	-	-	-	-	-	-	-	-	1,942
Assigned	-	-	-	411	586	5,132	-	-	2,449	-	8,578
Unassigned (deficit)	-	(102)	(52)	-	-	-	-	-	-	-	(154)
Total fund balances	<u>1,942</u>	<u>(102)</u>	<u>(52)</u>	<u>411</u>	<u>586</u>	<u>5,132</u>	<u>2,708</u>	<u>6,881</u>	<u>2,449</u>	<u>6,845</u>	<u>26,800</u>
Total liabilities and fund balances	<u>\$ 4,264</u>	<u>\$ 3,433</u>	<u>\$ 208</u>	<u>\$ 483</u>	<u>\$ 5,369</u>	<u>\$ 14,418</u>	<u>\$ 3,052</u>	<u>\$ 7,202</u>	<u>\$ 2,585</u>	<u>\$ 6,845</u>	<u>\$ 47,859</u>

The City of Rochester, New York
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Capital Projects			Animal Control	Library	Local Works	Special Revenue			Permanent Fund Cemetery	Total Nonmajor Governmental Funds
	Economic Assistance	Cultural/ Recreation	Sewers				Federal Projects	State Projects	Other		
REVENUES											
Real property tax	\$ -	\$ -	\$ -	\$ 1,268	\$ 4,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,891
Departmental	-	-	-	253	2,709	16,724	-	-	-	-	19,686
Use of money and property	-	-	-	-	-	47	1	6	4	-	58
Federal Aid	-	-	-	-	149	-	1,034	1,356	-	-	2,539
State aid	67	-	-	-	781	57	781	747	-	-	2,433
Local sources and other	-	-	-	-	6,827	-	720	4	1,379	101	9,031
Total revenues	<u>67</u>	<u>-</u>	<u>-</u>	<u>1,521</u>	<u>15,089</u>	<u>16,828</u>	<u>2,536</u>	<u>2,113</u>	<u>1,383</u>	<u>101</u>	<u>39,638</u>
EXPENDITURES											
Current:											
Neighborhood business development	-	-	-	-	-	-	1,842	237	-	-	2,079
Environmental services	-	-	-	-	-	9,630	-	-	-	-	9,630
Library	-	-	-	-	11,220	-	-	-	-	-	11,220
Police	-	-	-	1,030	-	-	101	496	-	-	1,627
Fire	-	-	-	-	-	-	-	4	-	-	4
Recreation and youth services	-	-	-	-	-	-	907	821	-	-	1,728
Transportation	-	-	-	-	-	-	-	-	150	-	150
General Government	-	-	-	338	3,120	2,729	-	-	117	-	6,304
Capital outlay											
Transportation	-	-	194	-	-	-	-	-	-	-	194
Recreation and youth services	-	3,530	-	-	-	-	-	-	-	-	3,530
Library	-	1,717	-	-	-	-	-	-	-	-	1,717
Neighborhood business development	647	-	-	-	-	-	-	-	-	-	647
Debt service:											
Principal	-	-	-	-	55	-	-	-	-	-	55
Interest	-	-	-	-	33	-	-	-	-	-	33
Administrative charges	-	-	-	-	1	-	-	-	-	-	1
Total expenditures	<u>647</u>	<u>5,247</u>	<u>194</u>	<u>1,368</u>	<u>14,429</u>	<u>12,359</u>	<u>2,850</u>	<u>1,558</u>	<u>267</u>	<u>-</u>	<u>38,919</u>
Excess (deficiency) of revenues over expenditures	(580)	(5,247)	(194)	153	660	4,469	(314)	555	1,116	101	719
OTHER FINANCING SOURCES (USES)											
Proceeds of general obligation debt	-	1,747	-	-	-	-	-	-	-	-	1,747
Transfers from other funds	-	1,205	10	1	-	-	-	-	-	-	1,216
Transfers (to) other funds	(54)	(28)	(76)	-	(1,127)	(3,945)	(115)	-	(1,202)	-	(6,547)
Total other financing sources (uses)	<u>(54)</u>	<u>2,924</u>	<u>(66)</u>	<u>1</u>	<u>(1,127)</u>	<u>(3,945)</u>	<u>(115)</u>	<u>-</u>	<u>(1,202)</u>	<u>-</u>	<u>(3,584)</u>
Net Change in fund balances	(634)	(2,323)	(260)	154	(467)	524	(429)	555	(86)	101	(2,865)
Fund balances - beginning of year	2,576	2,221	208	257	1,053	4,608	3,137	6,326	2,535	6,744	29,665
Fund balances - end of year	<u>\$ 1,942</u>	<u>\$ (102)</u>	<u>\$ (52)</u>	<u>\$ 411</u>	<u>\$ 586</u>	<u>\$ 5,132</u>	<u>\$ 2,708</u>	<u>\$ 6,881</u>	<u>\$ 2,449</u>	<u>\$ 6,845</u>	<u>\$ 26,800</u>

**THE CITY OF ROCHESTER, NEW YORK
 SUPPLEMENTAL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011 (000's Omitted)**

	Balance			Balance
	June 30, 2010	Additions	Deductions	June 30, 2011
ASSETS				
Cash and cash equivalents	\$ 11,909	\$ 14,774	\$ 12,079	\$ 14,604
Receivables (net of allowance for uncollectibles)	181	200	168	213
Total assets	<u>12,090</u>	<u>14,974</u>	<u>12,247</u>	<u>14,817</u>
LIABILITIES				
Accounts payable and accrued liabilities	<u>12,090</u>	<u>14,974</u>	<u>12,247</u>	<u>14,817</u>
Total liabilities	<u>\$ 12,090</u>	<u>\$ 14,974</u>	<u>\$ 12,247</u>	<u>\$ 14,817</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends <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>	72
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	79
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>	83
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>	88
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>	90

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 348,540	\$ 372,737	\$ 391,222	\$ 421,921	\$ 449,840	\$ 462,204	\$ 441,242	\$ 488,181	\$ 530,636	\$ 591,596
Restricted	131,239	122,987	124,241	136,012	129,193	95,283	127,030	121,987	122,365	95,632
Unrestricted	42,839	46,656	43,179	41,326	18,451	5,534	(9,910)	(44,890)	(72,804)	(108,146)
Total governmental activities net assets	<u>\$ 522,618</u>	<u>\$ 542,380</u>	<u>\$ 558,642</u>	<u>\$ 599,259</u>	<u>\$ 597,484</u>	<u>\$ 563,021</u>	<u>\$ 558,362</u>	<u>\$ 565,278</u>	<u>\$ 580,197</u>	<u>\$ 579,082</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 153,047	\$ 157,992	\$ 157,049	\$ 155,974	\$ 144,262	\$ 153,257	\$ 158,705	\$ 170,659	\$ 172,913	\$ 191,986
Restricted	19,001	14,851	15,871	17,959	31,161	27,778	33,854	27,430	43,136	32,537
Unrestricted	5,087	5,173	3,105	5,649	4,250	2,379	2,105	5,895	(1,803)	(6,557)
Total business-type activities net assets	<u>\$ 177,135</u>	<u>\$ 178,016</u>	<u>\$ 176,025</u>	<u>\$ 179,582</u>	<u>\$ 179,673</u>	<u>\$ 183,414</u>	<u>\$ 194,664</u>	<u>\$ 203,984</u>	<u>\$ 214,246</u>	<u>\$ 217,966</u>
Primary government										
Invested in capital assets, net of related debt	\$ 501,587	\$ 530,729	\$ 548,271	\$ 577,895	\$ 594,102	\$ 615,461	\$ 599,947	\$ 658,840	\$ 703,549	\$ 783,582
Restricted	150,240	137,838	140,112	153,971	160,354	123,061	160,884	149,417	165,501	128,169
Unrestricted	47,926	51,829	46,284	46,975	22,701	7,913	(7,805)	(38,995)	(74,607)	(114,703)
Total primary government net assets	<u>\$ 699,753</u>	<u>\$ 720,396</u>	<u>\$ 734,667</u>	<u>\$ 778,841</u>	<u>\$ 777,157</u>	<u>\$ 746,435</u>	<u>\$ 753,026</u>	<u>\$ 769,262</u>	<u>\$ 794,443</u>	<u>\$ 797,048</u>

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ 47,630	\$ 45,146	\$ 60,241	\$ 46,516	\$ 54,702	\$ 61,690	\$ 75,552	\$ 67,301	\$ 82,702	\$ 95,832
Police	73,383	76,955	84,091	90,509	111,195	113,896	124,310	123,793	126,085	133,107
Fire	45,151	49,210	51,688	57,330	68,391	69,551	68,041	69,232	69,949	71,028
Emergency communications	9,608	9,834	10,523	11,988	14,437	14,798	15,222	16,416	16,966	17,765
Transportation	24,922	26,265	24,937	27,618	31,630	31,244	25,468	23,380	21,312	14,946
Environmental services	14,693	18,496	20,376	21,204	21,768	26,268	31,904	33,166	34,574	43,954
Recreation & youth services	20,353	18,958	18,516	20,815	21,754	24,886	15,406	20,311	10,355	17,743
Library	12,075	11,356	11,148	10,795	12,121	12,419	12,324	12,387	12,723	12,161
Neighborhood business development	38,200	43,275	30,039	29,907	35,265	34,423	33,595	34,379	38,726	41,930
Interest on long-term debt	5,370	4,162	3,921	4,041	4,500	8,060	6,049	3,872	3,644	3,445
Education	127,300	126,100	126,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100
Ferry	-	-	-	-	-	21,259	-	-	-	-
Total governmental activities expenses	418,685	429,757	441,580	439,823	494,863	537,594	526,971	523,337	536,136	571,011
Business-type activities expenses										
Water	24,354	23,583	24,950	25,654	28,797	28,571	28,505	27,632	28,499	31,089
War memorial	3,748	3,426	3,455	3,209	3,337	3,219	3,005	2,992	2,821	2,757
Parking	7,157	6,821	6,450	5,611	6,155	5,443	6,343	5,163	7,634	7,195
Cemetery	1,948	2,060	2,285	2,252	2,516	2,075	1,953	1,789	2,398	1,770
Public market	620	672	618	765	754	825	922	1,276	555	1,054
Refuse	19,766	20,322	23,424	22,252	23,685	22,682	22,496	24,602	24,800	26,603
Port of Rochester	8	8	-	-	-	-	-	-	-	-
Total business-type activities expenses	57,601	56,892	61,182	59,743	65,244	62,815	63,224	63,454	66,707	70,468
Total primary government expenses	\$ 476,286	\$ 486,649	\$ 502,762	\$ 499,566	\$ 560,107	\$ 600,409	\$ 590,195	\$ 586,791	\$ 602,843	\$ 641,479
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 7,783	\$ 7,400	\$ 7,248	\$ 7,992	\$ 8,372	\$ 8,968	\$ 10,222	\$ 10,987	\$ 13,121	\$ 15,681
Police	6,675	6,275	6,829	6,473	7,102	6,677	7,560	8,062	8,234	6,989
Fire	767	1,057	888	1,100	1,006	764	1,195	887	809	843
Emergency communications	8,914	9,290	9,902	11,074	10,789	11,011	12,353	13,113	13,345	15,896
Transportation	768	759	844	818	828	915	820	386	942	975
Environmental services	15,613	16,446	16,989	18,640	17,294	19,719	20,969	21,713	20,663	22,959
Recreation & youth services	2,134	2,136	2,117	2,067	2,005	2,201	2,228	3,322	2,280	1,864
Library	1,842	2,536	2,207	2,365	2,579	2,778	2,456	2,933	3,112	3,202
Neighborhood business development	3,335	2,913	3,623	3,624	4,294	4,013	5,637	3,491	4,720	4,090
Operating grants and contributions	52,713	44,557	35,116	34,382	41,140	40,208	37,290	33,162	37,669	37,318
Capital grants and contributions	14,782	16,204	24,035	15,992	19,452	11,452	11,366	15,984	20,851	45,201
Total governmental activities program revenues	115,326	109,573	109,798	104,527	114,861	108,706	112,096	114,040	125,746	155,018

Continued

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

Continued

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:										
Charges for services:										
Water	\$ 29,666	\$ 29,658	\$ 31,603	\$ 32,513	\$ 33,641	\$ 33,531	\$ 34,241	\$ 33,018	\$ 32,995	\$ 34,538
War memorial	1,222	1,389	1,595	1,515	1,541	1,442	1,460	1,781	1,452	1,406
Parking	5,842	4,987	4,156	4,108	3,835	3,892	2,879	3,139	4,437	9,040
Cemetery	1,634	1,522	1,573	1,665	1,399	1,195	1,147	1,117	1,062	1,232
Public market	527	498	533	543	575	608	642	675	749	716
Refuse	19,078	20,519	20,589	22,506	23,436	24,804	25,110	24,817	24,452	26,001
Port of Rochester	9	7	2	-	-	-	-	-	-	-
Capital grants and contributions	160	18	-	-	-	-	511	4,994	905	1,754
Total business-type activities program revenues	58,138	58,598	60,051	62,850	64,427	65,472	65,990	69,541	66,052	74,687
Total primary government program revenues	\$ 173,464	\$ 168,171	\$ 169,849	\$ 167,377	\$ 179,288	\$ 174,178	\$ 178,086	\$ 183,581	\$ 191,798	\$ 229,705
Net (expense)/revenue										
Governmental activities	\$ (303,359)	\$ (320,184)	\$ (331,782)	\$ (335,296)	\$ (380,002)	\$ (428,888)	\$ (414,875)	\$ (409,297)	\$ (410,390)	\$ (415,993)
Business-type activities	537	1,706	(1,131)	3,107	(817)	2,657	2,766	6,087	(655)	4,219
Total primary government net expense	\$ (302,822)	\$ (318,478)	\$ (332,913)	\$ (332,189)	\$ (380,819)	\$ (426,231)	\$ (412,109)	\$ (403,210)	\$ (411,045)	\$ (411,774)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 121,211	\$ 125,895	\$ 130,602	\$ 131,917	\$ 137,278	\$ 139,276	\$ 136,921	\$ 141,531	\$ 141,319	\$ 146,544
Sales taxes	113,262	111,442	115,501	118,000	122,240	120,518	130,865	122,077	123,392	129,467
Payment in-lieu of tax	-	-	-	-	-	-	-	-	10,903	11,068
Other taxes	28,744	31,717	30,874	28,007	26,893	28,860	28,725	25,711	13,251	13,897
Governmental aid - (unrestricted)	60,803	61,699	62,097	77,604	79,149	91,402	105,188	131,431	108,437	106,069
Investment earnings	4,607	2,292	2,087	3,126	5,971	8,124	7,143	3,228	2,938	781
Miscellaneous	3,256	2,223	1,599	4,272	2,019	1,566	2,290	2,330	1,492	1,519
Transfers	4,678	4,678	5,284	4,427	4,677	4,679	(916)	4,593	11,441	5,533
Total governmental activities	336,561	339,946	348,044	367,353	378,227	394,425	410,216	430,901	413,173	414,878
Business-type activities:										
Taxes										
Property taxes	2,225	1,410	1,895	2,024	2,024	2,658	3,876	3,379	5,557	2,142
Other taxes	846	844	933	985	905	905	905	1,131	905	1,131
Governmental aid	-	117	31	34	-	18	125	1,133	157	11
Investment earnings	619	315	242	426	1,257	737	1,180	711	793	308
Miscellaneous	1,179	1,168	1,323	1,408	1,399	1,445	1,482	1,472	1,480	1,442
Gain on Sale of land	-	-	-	-	-	-	-	-	13,466	-
Transfers	(4,678)	(4,678)	(5,284)	(4,427)	(4,677)	(4,679)	916	(4,593)	(11,441)	(5,533)
Total business-type activities	191	(824)	(860)	450	908	1,084	8,484	3,233	10,917	(499)
Total primary government	\$ 336,752	\$ 339,122	\$ 347,184	\$ 367,803	\$ 379,135	\$ 395,509	\$ 418,700	\$ 434,134	\$ 424,090	\$ 414,379
Change in Net Assets										
Governmental activities	\$ 33,202	\$ 19,762	\$ 16,262	\$ 32,057	\$ (1,775)	\$ (34,463)	\$ (4,659)	\$ 21,604	\$ 2,783	\$ (1,115)
Business-type activities	728	882	(1,991)	3,557	91	3,741	11,250	9,320	10,262	3,720
Total primary government	\$ 33,930	\$ 20,644	\$ 14,271	\$ 35,614	\$ (1,684)	\$ (30,722)	\$ 6,591	\$ 30,924	\$ 13,045	\$ 2,605

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Property tax	\$ 123,436	\$ 127,305	\$ 132,497	\$ 133,941	\$ 139,302	\$ 141,934	\$ 140,797	\$ 144,910	\$ 146,876	\$ 148,686
Sales tax	113,262	111,442	115,501	118,000	122,240	120,518	130,865	122,077	123,392	129,467
Payment in-lieu of tax	-	-	-	-	-	-	-	-	10,903	11,068
Other taxes	<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>	<u>15,028</u>
Total taxes	<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>	<u>\$ 304,249</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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved	\$ 9,727	\$ 10,098	\$ 10,412	\$ 10,938	\$ 11,726	\$ 13,435	\$ 20,283	\$ 21,033	\$ 20,679	\$ -
Unreserved	7,036	7,361	7,605	7,819	8,002	8,244	8,376	8,526	13,291	-
Nonspendable	-	-	-	-	-	-	-	-	-	6,248
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	40,457
Assigned	-	-	-	-	-	-	-	-	-	15,998
Unassigned	-	-	-	-	-	-	-	-	-	4,920
Total general fund	<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>	<u>67,623</u>
All other governmental funds										
Reserved	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	11,569	9,106	6,647	1,908	10,209	5,124	3,070	3,987	7,119	-
Capital projects funds	(27,357)	(35,594)	(3,519)	(28,106)	24,746	20,226	14,641	(1,260)	15,631	-
Permanent funds	5,348	5,536	5,684	5,860	6,050	6,360	6,484	6,621	6,744	-
Nonspendable, reported in:										
Other governmental funds	-	-	-	-	-	-	-	-	-	6,845
Restricted, reported in:										
Debt service funds	-	-	-	-	-	-	-	-	-	6,216
Capital projects funds	-	-	-	-	-	-	-	-	-	453
Special revenue funds	-	-	-	-	-	-	-	-	-	4,870
Other governmental funds	-	-	-	-	-	-	-	-	-	9,589
Committed, reported in:										
Capital projects funds	-	-	-	-	-	-	-	-	-	60,095
Special revenue funds	-	-	-	-	-	-	-	-	-	5
Other governmental funds	-	-	-	-	-	-	-	-	-	1,942
Assigned, reported in:										
Debt service funds	-	-	-	-	-	-	-	-	-	13,484
Capital projects funds	-	-	-	-	-	-	-	-	-	1,877
Other governmental funds	-	-	-	-	-	-	-	-	-	8,473
Total all other governmental funds	<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>	<u>113,849</u>
Total all governmental funds	<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>	<u>\$ 181,472</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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Real property tax	\$ 119,623	\$ 124,861	\$ 129,517	\$ 131,724	\$ 135,751	\$ 138,081	\$ 135,851	\$ 144,594	\$ 141,446	\$ 144,393
Sales tax	142,694	144,022	147,213	147,468	149,934	150,620	159,940	149,616	123,338	128,995
Other taxes	-	-	-	-	-	-	-	-	24,983	24,965
Departmental	32,909	33,556	34,788	36,478	36,408	39,498	43,404	43,530	46,105	47,937
Interest on investments	-	-	-	-	-	-	-	-	-	-
Use of money and property	5,990	2,974	2,536	3,633	6,840	9,139	7,896	4,254	3,316	872
Licenses and permits	1,588	1,569	2,069	2,269	2,636	2,289	2,676	2,384	2,693	2,785
Federal aid	39,076	34,842	40,512	32,379	39,925	33,671	27,514	26,132	33,934	47,968
State aid	68,322	76,509	69,512	85,001	86,796	97,714	111,542	143,471	123,231	133,325
Local sources and other	35,335	25,546	25,310	28,868	28,103	26,388	32,677	29,587	28,597	30,220
Ferry	-	-	-	-	-	19,287	-	-	-	-
Total revenues	445,537	443,879	451,457	467,820	486,393	516,687	521,500	543,568	527,643	561,460
Expenditures										
Council and clerk	1,331	1,330	1,431	1,478	1,462	1,634	1,698	1,674	1,726	-
Administration	8,891	9,243	9,349	9,043	9,492	10,062	11,201	11,047	8,660	-
Law	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	6,812	6,806	7,228	7,198	7,449	7,607	5,131	5,180	4,066	-
Neighborhood business development	32,322	38,926	25,539	21,911	28,195	27,015	26,527	21,600	33,971	33,678
Economic development	1,843	1,536	1,655	1,482	1,530	1,560	1,226	1,545	-	-
Environmental services	28,125	30,531	29,373	29,670	28,987	32,306	34,191	36,082	35,844	30,272
Library	11,255	10,448	10,267	9,894	10,099	10,316	10,361	10,687	11,029	11,220
Police	58,542	59,417	62,983	63,202	67,272	69,471	78,057	77,775	78,253	84,121
Fire	35,542	37,288	37,734	39,316	40,300	40,909	41,231	42,412	42,297	42,594
Emergency communications	7,615	7,651	7,881	8,360	8,682	8,943	9,419	10,189	10,493	11,194
Recreation & youth services	14,935	14,439	16,375	16,031	16,690	15,961	13,971	12,967	9,264	11,833
Undistributed	49,288	50,127	60,193	77,583	83,520	82,340	83,619	89,894	89,924	-
Education (Allocation to school district)	127,300	126,100	126,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100
Capital projects	58,222	47,788	52,344	47,769	54,165	43,907	57,219	58,057	72,363	-
Debt service:										
Administrative charges	-	-	-	-	-	-	-	-	-	204
Principal retirement	16,267	14,139	12,849	14,819	12,512	15,877	34,069	37,620	15,125	16,149
Interest	6,142	4,458	3,733	4,082	3,919	7,822	6,629	4,476	3,184	3,850
General government	-	-	-	-	-	-	-	-	-	118,204
Transportation	-	-	-	-	-	-	-	-	-	5,814
Capital outlay:										
General government	-	-	-	-	-	-	-	-	-	71,601
Transportation	-	-	-	-	-	-	-	-	-	14,193
Recreation & youth services	-	-	-	-	-	-	-	-	-	3,530
Library	-	-	-	-	-	-	-	-	-	1,717
Neighborhood business development	-	-	-	-	-	-	-	-	-	659
Total expenditures	466,158	461,880	466,797	472,754	495,126	496,573	539,535	545,782	540,842	579,933
Excess of revenues over (under) expenditures	(20,621)	(18,001)	(15,340)	(4,934)	(8,733)	20,114	(18,035)	(2,214)	(13,199)	(18,473)
Other financing sources (uses)										
Transfers in	39,543	57,531	59,029	63,068	65,932	61,804	80,600	88,831	81,231	84,914
Transfers out	(35,190)	(54,088)	(57,802)	(61,887)	(66,538)	(57,446)	(84,400)	(88,079)	(71,164)	(88,118)
Proceeds of general obligation debt	-	-	34,964	-	42,536	-	24,513	-	29,962	1,767
Total other financing sources (uses)	4,353	3,443	36,191	1,181	41,930	4,358	20,713	752	40,029	(1,437)
Net change in fund balances	\$ (16,268)	\$ (14,558)	\$ 20,851	\$ (3,753)	\$ 33,197	\$ 24,472	\$ 2,678	\$ (1,462)	\$ 26,830	\$ (19,910)
Debt service as a percentage of noncapital expenditures	5.49%	4.49%	4.00%	4.45%	3.73%	5.24%	8.44%	8.63%	3.72%	3.79%

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Property tax	\$ 119,623	\$ 142,861	\$ 129,517	\$ 131,724	\$ 135,751	\$ 138,081	\$ 135,851	\$ 144,594	\$ 141,446	\$ 144,393
Sales tax	142,694	144,022	147,213	147,468	149,934	150,620	159,940	149,616	123,338	128,995
Other taxes	-	-	-	-	-	-	-	-	24,983	24,965
Total taxes	<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>	<u>\$ 298,353</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)**

Fiscal Year	Assessed Value Municipal Purposes	Veterans Exemption (1)	Assessed Value School Purposes	Estimated Actual Value Municipal Purposes	Estimated Actual Value School Purposes	Assessed Value as a Percentage of Actual Value (2)	Total Direct Rate Applied to Base
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	5,586,177	5,648,553	91.20%	3.08%
2008	5,135,078	54,377	5,189,455	5,738,800	5,799,570	89.48%	3.05%
2009	5,690,818	56,782	5,747,600	5,750,624	5,808,003	98.96%	2.86%
2010	5,723,157	54,217	5,777,374	5,951,702	6,003,210	96.24%	2.85%
2011	5,729,225	50,683	5,779,908	6,115,740	6,164,468	93.76%	2.86%

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)	
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
2011 Homestead	5.39	14.11	19.50	9.16	28.66
Nonhomestead	11.54	30.69	42.23	9.16	51.39

(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, 2011
 (000's Omitted)

	2011			2002		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Rochester Gas and Electric	\$ 658,093	1	11.49%	\$ 351,192	1	7.44%
Eastman Kodak Co.	73,873	2	1.29%	140,827	2	2.98%
Frontier Telephone Corp.	70,839	3	1.24%	55,287	3	1.17%
Buckingham Properties	33,651	4	0.59%	-	-	-
CSX (Conrail)	20,897	5	0.36%	27,809	4	0.59%
Maguire Family Properties	19,484	6	0.34%	-	-	-
JP Morgan/Chase (Chase Manhattan)	18,599	7	0.32%	21,729	7	0.46%
NK-TCC Property, LLC	16,296	8	0.28%	-	-	-
Max M. Farash (Farash,Jalynn,Brighton Dev.)	15,998	9	0.28%	17,464	9	0.37%
Landsman Development Corp.	15,146	10	0.26%	-	-	-
Pioneer/City Center	-	-	-	23,000	5	0.49%
Midtown Rochester LLC	-	-	-	17,407	10	0.37%
Xerox	-	-	-	19,250	8	0.41%
Samloff/Glazer	-	-	-	21,972	6	0.47%
Totals	<u>\$ 942,876</u>		<u>16.46%</u>	<u>\$ 695,937</u>		<u>14.74%</u>

Note:

- 1) The total taxable assessed value of \$5,729,224,760 was used for fiscal year 2010-11 taxes.
- 2) The total taxable assessed value of \$4,722,309,412 was used for fiscal year 2001-02 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			
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%	10,080	162,350	97.22%	4,171	23,507	14.08%
2004	173,145	158,479	91.53%	10,579	169,058	97.64%	5,465	22,968	13.27%
2005	178,380	163,293	91.54%	9,530	172,823	96.88%	4,742	23,004	12.90%
2006	184,086	168,297	91.42%	10,391	178,688	97.07%	5,009	24,102	13.09%
2007	189,822	174,245	91.79%	10,167	184,412	97.15%	3,469	25,882	13.63%
2008	190,298	174,902	91.91%	8,648	183,550	96.45%	2,832	28,448	14.95%
2009	196,088	181,218	92.42%	7,790	189,008	96.39%	4,220	20,890	10.65%
2010	197,219	182,281	92.43%	8,794	182,281	92.43%	1,182	21,084	10.69%
2011	201,211	185,325	92.10%	N/A	185,325	92.10%	5,833	17,189	8.54%

Notes:

- (1) Tax exempt properties with an assessed value of \$441,027,800 made payments in lieu of taxes amounting to \$9,548,826 for the fiscal year ending June 30, 2011. If these properties had been fully taxable, total revenues would have increased by \$7,992,391. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.
- (3) Cancellations are chiefly the result of foreclosure by the City and adjustments made for erroneous assessments.

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

Fiscal Year	Government Activities		Business-Type Activities		Bond Proceeds for Note Redemption	Total Primary Government	Component Unit Activities		Total Entity	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	General Obligation Bonds	Bond Anticipation Notes			General Obligation Bonds	Bond Anticipation Notes			
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	4.28%	1,718
2008	80,992	57,712	76,805	7,954	(39,220)	184,243	127,319	60,774	372,336	4.33%	1,800
2009	65,928	46,087	69,611	9,979	-	191,605	116,051	83,015	390,671	4.60%	1,885
2010	82,246	24,810	70,531	13,048	-	190,635	166,375	26,083	383,093	N/A	1,820
2011	67,864	37,857	63,367	20,487	-	189,575	152,490	25,320	367,385	N/A	N/A

Note:

1) Population figures from US Census Bureau (www.quickfacts.census.gov).

2) Per Capita Personal Income figures for Monroe County from US Dept. of Commerce Bureau of Economic Analysis (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)**

Fiscal Year	Total Entity General Obligation Debt	Less: Amounts Available for Debt	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita (1)
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
2011	367,384	27,232	340,152	5.94%	1,615

Notes:

1) Population figures for 2002 - 2010 are from US Census Bureau www.quickfacts.census.gov, current year data unavailable. 2010 population used for 2011.

**THE CITY OF ROCHESTER, NEW YORK
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2011
(000's Omitted)**

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$ 367,384	100.00%	\$ 367,384
County of Monroe	<u>447,202</u>	14.74%	<u>65,918</u>
Total	<u>\$ 814,586</u>		<u>\$ 433,302</u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 428,504	\$ 420,086	\$ 431,025	\$ 450,269	\$ 461,655	\$ 469,406	\$ 515,947	\$ 522,808	\$ 522,785	\$ 529,676
Total net debt applicable to limit	<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>	<u>320,038</u>
Legal debt margin	<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>	<u>\$ 209,638</u>
Total net debt applicable to the limit as a percentage of debt limit	70.71%	71.76%	71.60%	67.65%	68.50%	66.69%	63.61%	67.07%	64.68%	60.42%

Legal Debt Margin Calculation for Fiscal Year 2011

Indebtedness	
Borrowings (Bonds and Notes)	\$ 367,384 (1)
Contract liabilities	- (2)
	\$ 367,384
Deductions and Exclusions	
Water Bonds and Notes	45,196 (3)
Sanitary Sewer Bonds and Notes	100 (3)
Appropriation	- (4)
Cash and cash equivalents	<u>2,050 (5)</u>
Net indebtedness	<u>47,346</u>
	320,038
Debt limit (9% of five-year average full valuation)	<u>529,676</u>
Debt Contracting Margin	<u>\$ 209,638</u>

Continued

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

Continued

Notes:

- (1) Represents all bond and note debt of the City. Includes water and sewer debt -- listed above under "Deductions and Exclusions". Also includes bonds and bond anticipation notes issued by the City totaling \$115,000, 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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population (1)	215,227	213,440	211,894	209,662	208,123	206,759	206,886	207,294	210,565	210,565
Total Personal Income Monroe County (2)	\$ 24,044,771	\$ 24,318,524	\$ 25,561,752	\$ 26,432,592	\$ 27,756,375	\$ 29,338,061	\$ 30,384,446	\$ 30,077,573	N/A	N/A
Per Capita Personal Income Monroe County (2)	\$ 32,542	\$ 32,978	\$ 34,745	\$ 36,121	\$ 37,999	\$ 40,155	\$ 41,535	\$ 40,994	N/A	N/A
School District Enrollment (3)	35,095	34,526	33,832	33,055	33,380	32,586	32,717	32,132	31,511	31,247
Unemployment Rate (4)	7.0%	7.2%	6.9%	6.0%	5.9%	5.9%	7.3%	10.4%	10.6%	10.0%
Employed (4)	91,200	89,900	89,800	90,300	88,800	88,200	87,700	84,800	84,400	85,100

Source:

- 1) 2002 - 2010 figures from US Census Bureau (www.factfinder.census.org). Current year data unavailable, 2010 population used for 2011.
- 2) US Dept. of Commerce Bureau of Economic Analysis (www.bea.gov).
- 3) Rochester City School District (www.rcsdk12.org).
- 4) www.labor.state.ny.us (Average rates computed through November 2011) for City of Rochester.

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

	2011			2002		
	Employees (1)	Rank	Percentage of Total Employment (2)	Employees (1)	Rank	Percentage of Total Employment (2)
University of Rochester/Strong Memorial Hospital	19,596	1	3.81%	13,000	2	2.40%
Wegmans Food Markets Inc.	13,752	2	2.67%	5,647	4	1.04%
Eastman Kodak Company	7,400	3	1.44%	22,000	1	4.06%
Rochester General Health System (ViaHealth)	7,136	4	1.39%	4,404	5	0.81%
Xerox Corporation	7,014	5	1.36%	10,050	3	1.85%
Unity Health System	5,229	6	1.02%	2,931	7	0.54%
Lifetime Healthcare Cos. Inc.	3,473	7	0.67%	2,932	6	0.54%
Paychex	3,431	8	0.67%	-	-	-
Rochester Institute of Technology	3,168	9	0.62%	2,712	8	0.50%
Harris Corp. RF Communications Division	2,300	10	0.45%	-	-	-
Delphi Corporation	-	-	-	2,500	9	0.46%
Frontier Communications	-	-	-	2,300	10	0.42%

(1) Source: Rochester Business Journal The Lists - 2011 Edition.

(2) Employment source: www.labor.state.ny.us employment data as of 12/31/10
 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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Council and Clerk	27.3	27.3	27.2	27.2	27.2	27.2	27.2	27.2	26.7	26.7
Administration	206.2	200.4	200.9	191.1	188.8	184.3	218.8	208.3	138.9	136.1
Information Technology	-	-	-	-	-	-	54.0	43.6	47.6	48.5
Finance	141.1	140.3	142.2	138.3	138.8	138.6	97.4	94.4	107.0	106.4
Neighborhood & Business Development (1)	-	-	-	-	-	-	-	-	154.5	153.2
Community Development	104.2	102.2	100.7	98.5	97.9	96.6	94.7	90.8	-	-
Economic Development	42.2	27.2	26.2	25.7	24.7	22.8	21.9	20.8	-	-
Environmental Services	765.1	758.5	749.4	733.3	731.3	736.2	738.7	728.2	716.1	712.6
Emergency Communications	186.8	182.7	181.6	182.9	186.4	187.6	192.6	192.6	198.6	196.7
Police	932.5	922.6	915.0	912.1	909.1	923.8	984.1	989.5	958.9	963.3
Fire	584.7	578.1	569.6	568.3	565.5	562.5	554.2	537.9	534.9	525.2
Library	231.6	219.4	192.4	182.0	178.3	172.9	172.9	169.7	166.6	168.4
Recreation & Youth Services	335.4	313.5	301.3	295.2	295.4	277.4	199.3	195.4	194.8	192.4
Total	<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>	<u>3,229.5</u>

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

City	3,151	3,100	3,054	3,003	2,984	2,963	2,963	2,893	2,840	2,801
School District	<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>	<u>5,640</u>
Total	<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>	<u>8,441</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**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
									Estimated	
Emergency Communications										
Calls received	1,103,665	1,148,108	1,127,659	1,148,793	1,210,515	1,104,893	1,092,231	1,060,971	1,115,000	1,115,000
Police										
Calls for service	475,341	455,290	424,851	461,855	406,141	413,820	465,268	395,883	441,575	442,000
Reported crimes	41,045	38,543	39,344	38,212	30,404	47,369	30,907	41,593	33,190	38,965
Fire										
Unit responses	43,990	45,257	45,765	45,003	46,652	52,548	53,226	53,226	54,450	49,480
Refuse										
Residential accounts	52,987	52,766	52,673	52,476	53,015	52,690	52,560	52,337	52,340	52,340
Commercial accounts	2,767	2,730	2,660	2,638	2,641	2,625	2,650	2,672	2,663	2,663
Total tonnage	116,618	117,277	120,939	116,054	113,636	109,835	109,258	106,687	113,797	114,497
Residential cost per ton	\$100.05	\$101.33	\$101.93	\$105.14	\$100.50	\$108.59	N/A	N/A	N/A	N/A
Commercial cost per ton	\$133.90	\$154.11	\$157.69	\$151.81	\$168.77	\$169.31	N/A	N/A	N/A	N/A
Water										
Millions of gallons per day:										
Filtration plant production	28.27	35.64	37.35	34.50	35.58	38.46	36.35	37.29	36.90	36.96
City water demand	30.08	33.71	32.15	30.15	29.59	30.55	30.44	28.90	27.86	28.32
Library										
Total circulation	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	1,559,881
Parking										
Total parking spaces	12,695	12,589	11,948	11,953	11,743	11,637	11,165	8,926	11,008	10,887
Annual car counts	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	2,574,767
Parks and Recreation										
Convention Center attendance	260,804	279,528	312,680	325,000	363,004	274,000	278,845	279,618	282,000	280,000
War Memorial										
Total attendance	557,531	410,547	573,678	498,741	437,051	536,927	472,428	509,644	398,142	390,000

Source: City of Rochester Budget.

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Miles of streets	539	539	539	539	539	539	539	540	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	15	15	15	15	15
City-owned street lights	12,460	12,773	13,200	10,936	15,037	15,348	15,673	16,400	27,800	27,800
Fire hydrants	7,287	7,287	7,287	7,287	7,287	7,287	7,287	7,287	7,686	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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2011 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 68 through 70. 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

Management of the City is responsible for establishing and maintaining effective 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 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 11-1 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 29, 2011.

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, 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 29, 2011



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 City of Rochester, New York's (the City) compliance 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, 2011. 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 11-2 and 11-3.

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

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 the responses.

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 29, 2011

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

	Grant Number	CFDA Number	Amount
AMERICAN RECOVERY AND REINVESTMENT ACT			
CDBG - R	B-09-MY-36-0003	14.253	\$ -
HPRP	S-09-MY-36-0005	14.257	\$ 1,937,675
Energy Conservation Block Grant	DE-EE0000964	81.128	344,154
COPS Hiring Recovery Program	2009RJWX0064	16.710	1,418,354
Justice Assistance Grant	2009-SB-B9-0612	16.804	133,641
Stop VAWA Recovery	C652025	16.588	67,650
DOT Grants		20.205	6,433,238
University Ave. Artwalk		20.205	466,678
DEPT. OF HOUSING AND URBAN DEVELOPMENT:			
CDBG PY 1995	B-95-MC-36-0003	14.218	30,000
CDBG PY 1996	B-96-MC-36-0003	14.218	-
CDBG PY 1997	B-97-MC-36-0003	14.218	3,945
CDBG PY 1998	B-98-MC-36-0003	14.218	-
CDBG PY 1999	B-99-MC-36-0003	14.218	3,556
CDBG PY 2000	B-00-MC-36-0003	14.218	13,129
CDBG PY 2001	B-01-MC-36-0003	14.218	7,597
CDBG PY 2002	B-02-MC-36-0003	14.218	34,415
CDBG PY 2003	B-03-MC-36-0003	14.218	67,661
CDBG PY 2004	B-04-MC-36-0003	14.218	121,908
CDBG PY 2005	B-05-MC-36-0003	14.218	98,592
CDBG PY 2006	B-06-MC-36-0003	14.218	392,561
CDBG PY 2007	B-07-MC-36-0003	14.218	788,832
CDBG PY 2008	B-08-MC-36-0003	14.218	1,884,433
CDBG PY 2009	B-09-MC-36-0003	14.218	4,789,874
CDBG PY 2010	B-10-MC-36-0003	14.218	4,464,697
Section 108 Loan Program	B-99-MC-36-0003B	14.158	-
Section 108 EDI Program	B-95-ED-36-0019	14.158	-
Section 108 EDI Program	B-99-ED-36-0017	14.158	-
Section 108 EDI Program	B-00-ED-36-0038	14.158	-
Emergency Shelter	S-09-MC-36-0006	14.146	103,559
Emergency Shelter	S-10-MC-36-0006	14.146	299,031
Home Program 1999	M-99-MC-36-0504	14.239	-
Home Program 2000	M-00-MC-36-0504	14.239	-
Home Program 2001	M-01-MC-36-0504	14.239	250
Home Program 2002	M-02-MC-36-0504	14.239	-
Home Program 2003	M-03-MC-36-0504	14.239	25,455
Home Program 2004	M-04-MC-36-0504	14.239	62,508
Home Program 2005	M-05-MC-36-0504	14.239	8,525
Home Program 2006	M-06-MC-36-0504	14.239	114,468
Home Program 2007	M-07-MC-36-0504	14.239	289,003
Home Program 2008	M-08-MC-36-0504	14.239	810,709
Home Program 2009	M-09-MC-36-0504	14.239	1,740,218
Home Program 2009	M-10-MC-36-0504	14.239	538,574
Lead Hazard Control	NYLHB0240-03	14.905	45,000
Lead Hazard Control 2	NYLHB0379-07	14.900	149,980
Lead Based Paint Abatement Program	NYLHD0185-08	14.905	1,264,049
CPD Technical Assistance (CDB3)	B08NINNY0023	14.905	1,750
Lead Hazard Control Grant	NYLHD0457-09	14.900	660,125
Neighborhood Stabilization Program		14.228	3,264,724
HOPWA	N-YH-08-F003	14.241	64,398
HOPWA	N-YH-09-F003	14.241	638,765
HOPWA	N-YH-10-F003	14.241	169,126

continued

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

	Grant Number	CFDA Number	Amount
U.S. DEPARTMENT OF JUSTICE			
Justice Assistance Grant-6	2009-DJ-BX-0250	16.738	\$ 206,486
Justice Assistance Grant-7	2010-DJ-BX-1037	16.738	157,424
ATF 09/10	10-NY-333-AFF	16.012	-
COPS Secure Our Schools	2008CKWX0735	16.710	-
COPS Methamphetamine Initiative	2009CKWX0098	16.710	184,664
PASS THROUGH FROM DCJS:			
Edward Byrne Grafitti Sensors	T632067	16.738	7,546
Edward Byrne Intensive Enforcement Details	T632307	16.738	50,000
Juvenile Accountability Conferencing 2010	T612075	16.540	8,322
Juvenile Accountability Conferencing 2011	T612123	16.540	4,567
Stop Violence Against Women 2010	C-554642	16.588	41,110
Stop Violence Against Women 2011	C-554643	16.588	24,154
PASS THROUGH FROM OFFICE OF VICTIMS SERVICES:			
Crime Victims Assistance 2009-2010	C-501131	16.575	58,418
Crime Victims Assistance 2010-2011	C-501131	16.575	152,278
PASS THROUGH FROM COUNTY OF MONROE:			
Grants to Encourage Arrest- Domestic Abuse Response Team	G240300012.0911	16.590	65,240
PASS THROUGH FROM RIT:			
Rochester Safe & Sound Initiative	2009-PG-BX-0002	16.744	130,783
U.S. DEPARTMENT OF TRANSPORTATION			
NYS DEPARTMENT OF TRANSPORTATION (Pass Through)			
Broad Street Tunnel - 4751.87	D009279	20.205	6,427,883
Lake Avenue - 4752.49	D011414	20.205	-
Port	D013858	20.205	-
West Ridge Road	D013560	20.205	131,663
Broad Street Bridge	D013824	20.205	106,124
CBD Signs	D017579	20.205	-
Lexington Avenue	D017499	20.205	-
Port Intel Trans System	D022323	20.205	(13,410)
Mt. Hope Ave. & E. Henrietta Road	D022408	20.205	852,554
Smith Street Bridge	D024554	20.205	149,184
Inner Loop Study Phase II	D017599	20.205	75,602
Ridgeway Avenue	D031733	20.205	532,177
Butterhole-Seneca Park Rail Trail	D031578	20.605	133,115
Safe Routes to School	D032205	20.605	(23,552)
Dewey Driving Park	D032530	20.605	32,604
Lake Ave Merrill to Burley		20.605	33,607
PL - 2010-11	D012571	20.205	36,510
DDACTS (from National Highway Traffic Safety Admin)	DTNH22-09G-00008	20.614	38,029
Selective Traffic Enf Program	T-003040	20.600	14,771
Selective Traffic Enf Program	PD-00043-(028)	20.600	17,941
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Substance Abuse	1-H79-SP13209-01	93.276	48,159
Federal Pregnancy Prevention Gran	TP1AH000046-01-00	93.297	365,804
NATIONAL ENDOWMENT FOR THE ARTS			
Artwalk Extension Improverer	10-4229-7078	45.024	10,653

continued

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

	Grant Number	CFDA Number	Amount
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Brownfield Grant 430-03	BF97259406	66.818	\$ -
Brownfield Grant 430-04	BF97259406	66.818	\$ 11,650
Brownfield Grant 430-05	BF97257506	66.818	-
Brownfield Grant 430-06	BF97249307	66.818	14,415
Brownfield Grant 430-07	BF97249207	66.818	3,272
Brownfield Grant 430-11	BF97228701	66.818	365
DEPARTMENT OF HOMELAND SECURITY			
Medical Response (PASS THROUGH)	WM05-1161-D00	97.071	
2008 Bomb Squad Initiative (PASS THROUGH)	WM08153781	97.067	102,572
2009 Bomb Squad Initiative (PASS THROUGH)	WM09153791	97.067	137,379
LETPP- 2007 (PASS THROUGH)	WM07153771	97.067	17,968
UASI- 2008 (PASS THROUGH)	WM08153783	97.067	148,464
UASI- 2009 (PASS THROUGH)	WM09153793	97.067	17,863
AFG -Flashover Simulator	MW2008-FO-10029	97.046	111,950
LETPP- 2008 (MONROE COUNTY PASS THROUGH)	G240800013.0811	97.067	125,000
SHSP-2008 (MONROE COUNTY PASS THROUGH)	G240800012.0811	97.067	
LETPP- 2009 (MONROE COUNTY PASS THROUGH)	G240800013.0912	97.067	162,453
	G240800012.0912	97.067	111,325
U.S. DEPARTMENT OF EDUCATION			
PASS THROUGH (From NYS Dept. of Education)			
22nd Century Grant RASA IV Year 3	0187104089	84.287	780,864
U.S. DEPARTMENT OF AGRICULTURE:			
Summer Food Service	36-079500	10.559	<u>201,009</u>
TOTAL FEDERAL GRANTS			<u><u>\$ 45,759,766</u></u>

THE CITY OF ROCHESTER, NEW YORK

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City, and is presented on the accrual basis of accounting. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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 \$1,372,793 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 \$137,279 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 - 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 \$367,800 in the 2011 program year. 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, 2011**

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? 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? 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? X Yes No

Identification of major programs:

<u>Name of Federal Programs or Clusters</u>	<u>CFDA Number(s)</u>
ARRA - NYS Department of Transportation	20.205
Home Investment Partnerships Program	14.239
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257
ARRA - Public Safety Partnership and Community Policing Grants	16.710
ARRA - JAG Program Cluster	16.738/16.804

Dollar threshold used to distinguish between type A and type B programs (3% of total federal awards) \$ 1,372,793

Auditee qualified as low-risk auditee? X Yes No

THE CITY OF ROCHESTER, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 (Continued)**

II. FINANCIAL STATEMENT FINDINGS

11-1. Financial Accounting and Reporting

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

Condition: The City began the implementation of a new accounting system during July 2011. Therefore, during the audit the City was still in the transition process between the old and new systems. This resulted in a significant amount of time in obtaining reports and final financial statements from the client, therefore resulting in a prolonged audit and a significant number of adjustments by management. Due to the lack of proper training of some aspects of the new system, City accounting personnel required assistance from the auditors in determining final amounts for the financial statements. We believe this results in significant deficiency in financial accounting and reporting.

Context: During the audit it was very difficult to obtain the correct reports in a timely manner due to the implementation of the new accounting system.

Effect: The audit was not performed in a efficient manner and many of the reports provided by the new system could not be relied upon for testing purposes. Accounting personnel had to develop reports which resulted in instances where audit procedures had to be reperformed.

Cause: The new accounting system was not fully integrated and employees had not been fully and properly trained on the system before the audit began.

Recommendation: We recommend that the City have the new accounting system fully integrated and operating effectively by next year's audit. We also recommend that all employees receive the needed training in order to properly prepare and process reports.

Management Response: *Despite extensive preparations, the difficulties in transitioning from a 40 year old mainframe accounting system to a modern server-based system was greater than anticipated. After several months with new business procedures and software, the specific problem areas have been identified and are being addressed with program modifications, procedural modifications, and additional employee training. All significant issues related to financial reporting will be resolved before the end of fiscal 2011-12.*

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONCOMPLIANCE

11-2. Monitoring of Subrecipients

Federal Programs: Edward Byrne Memorial Justice Assistance Grant Program, CFDA# 16.738, Department of Justice Award Number 2009-DJ-BX-0250, Program year 2008-2012.

Edward Byrne Memorial Justice Assistance Grant Program, CFDA# 16.738, Department of Justice Award Number 2010-DJ-BX-1037, Program year 2009-2013.

Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government, CFDA# 16.804, Department of Justice Award Number 2009-S8-B9-0612, Program year 2009-2013.

THE CITY OF ROCHESTER, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 (Continued)**

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Criteria: A pass-through entity is responsible for monitoring the subrecipients use of federal awards through reporting and regular contact and ensuring that subrecipients expending \$500,000 or more in federal awards have a single audit completed in accordance with OMB Circular A-133 to ensure compliance with the single audit requirements.

Condition: During our audit of the financial statements it was observed that the City did not comply with OMB Circular A-133, Compliance Requirements Section M – Subrecipient Monitoring which states that a pass-through entity is responsible for monitoring subrecipients during the award period which includes obtaining subrecipient audits. We noted the City did not fully monitor the subrecipients and obtain the required single audits from the subrecipients.

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

Context: Audit procedures were performed to select a sample of subrecipients to verify the City was monitoring how the subrecipient was spending money and obtaining the single audits to monitor their compliance with OMB Circular A-133.

Effect: The City did not obtain any single audits for any of their subrecipients.

Cause: The City did not comply with OMB Circular A-133 related to subrecipient monitoring.

Recommendation: We recommend that the City update their Memorandums of Understanding (MOU) with the subrecipients to include language that the subrecipient must send the City a copy of their single audit's to ensure compliance with OMB Circular A-133.

Management Response: The City will modify the language in subrecipients agreements to ensure compliance with OMB Circular A-133.

11-3. Suspension and Debarment

Federal Programs: Edward Byrne Memorial Justice Assistance Grant Program, CFDA# 16.738, Department of Justice Award Number 2010-DJ-BX-1037, Program year 2009-2013.

Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government, CFDA# 16.804, Department of Justice Award Number 2009-SB-B9-0612, Program year 2009-2013.

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 in accordance with OMB Circular A-133 and A-102 Common Rule.

Condition: We noted that the City did not perform a verification check for vendors that received funding from the City in excess of \$25,000.

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

THE CITY OF ROCHESTER, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 (Continued)**

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Context: Audit procedures were performed to select a sample of disbursements to verify the City was not purchasing from suspended or debarred vendors to be in compliance with OMB Circular A-133 and A-102 Common Rule.

Effect: The City is not in compliance with OMB Circular A-133 and A-102 Common Rule requirements for suspension and debarment.

Cause: The City did not perform testing on vendors for suspension or debarment in accordance with OMB Circular A-133 and A-102 Common Rule.

Recommendation: We recommend that all vendors related to federal expenditures are verified to the EPLS website (www.epls.gov) to confirm they are neither a suspended nor a debarred vendor prior to contracting or purchasing from them to ensure compliance with OMB Circular A-133 and A-102 Common Rule.

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

THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

II. FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCIES

10-1. Financial Accounting and Reporting

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

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.

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

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

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to federal awards noted in the prior year.

**NEW YORK STATE
& OTHER AWARDS**



**Independent Auditor's Report on Compliance and
Controls 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 City of Rochester, New York's, (the City) compliance 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 programs tested for the year ended June 30, 2011. The City's major state transportation programs tested are identified in the summary of audit results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major state transportation assistance programs are 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 programs tested have 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 programs for the year ended June 30, 2011.

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 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 the state transportation assistance programs 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 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, 2011, and have issued our report thereon dated December 29, 2011. 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.

Freed Maxick & Battaglia, CPAs, PC

Rochester, New York
December 29, 2011

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2011**

	Grant Number	Current Year
CITY GRANTS		
STATE OF NEW YORK:		
DEPARTMENT OF TRANSPORTATION:		
Broad Street Tunnel - 4751.87	D009279	1,885,230
Lake Avenue - 4752.45	D011414	-
Broad Street Bridge	D013824	12,491
CBD Wayfinding Signs	D017579	-
Lexington Avenue	D017499	-
West Ridge Road	D013560	32,717
Port of Rochester	D013858	-
Brooks Village/Genesee Street	A809	-
Lake Front Development	A-334	-
Inner Loop Study	D017599	18,646
Smith Street Bridge	D024554	26,648
Mt. Hope & E. Henrietta	D022408	(5,241)
Ridgeway Avenue	D031733	84,303
Snow & Ice Control	D005375	56,629
Consolidated Street & Highway Improvement		<u>3,064,918</u>
Total		<u>\$ 5,176,341</u>

THE CITY OF ROCHESTER, NEW YORK

**NOTES TO SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED JUNE 30, 2011**

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, 2011

I. **SUMMARY OF AUDIT RESULTS**

Internal control over State Transportation Assistance Expended:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses: Yes No

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

Identification of State Transportation Assistance Programs tested:

Name of Project

Broad Street Tunnel
Ridgeway Avenue

II. **COMPLIANCE FINDINGS AND QUESTIONED COSTS**

No findings were noted in the current year.

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2011**

	Grant Number	Current Year
CITY GRANTS		
STATE OF NEW YORK:		
DIV. OF CRIMINAL JUSTICE SERVICE:		
Motor Vehicle Theft	T464069	24,020
Motor Vehicle Theft	T464117	11,053
Impact VI	C484040	
Impact VII	C484100	498,904
SNUG	C099356	315,271
DEPARTMENT OF TRANSPORTATION:		
Broad Street Tunnel - 4751.8'	D009279	1,885,230
Lake Avenue - 4752.4'	D011414	-
Broad Street Bridge	D013824	12,491
CBD Wayfinding Signs	D017579	-
Lexington Avenue	D017499	-
West Ridge Road	D013560	32,717
Port of Rochester	D013858	-
Brooks Village/Genesee Street	A809	-
Lake Front Development	A-334	-
Inner Loop Study	D017599	18,646
Smith Street Bridge	D024554	26,648
Mt. Hope & E. Henrietta	D022408	(5,241)
Ridgeway Avenue	D031733	84,303
Snow & Ice Control	D005375	56,629
Consolidated Street & Highway Improvement		3,064,918
EMPIRE STATE DEVELOPMENT CORPORATION		
Restore NY - Demolition 2	W-055	30,081
Restore NY 2 Center City Mixed Use	W-054	75,857
Midtown Master Plan	V-877	21,046
Restore NY 3 Center City Mixed Use	W-835	3,411,422
Restore NY 3 Site Clearance	W-868	2,500,000
Lead Abatement (CEFAP)	3856	402,401
DORMITORY AUTHORITY OF NEW YORK STATE		
South Avenue Garage	1879	1,167,341
Phase 2B Rochester Rhinos Stadium	3979	611,428
W. Ridge Rd Targeted Business Exterior Improvement		119,568
OFFICE OF CHILDREN AND FAMILY SERVICES		
Adolescent Pregnancy 09-10	C024995	19,715
CAPP Grant 2011	C026968	182,323
OFFICE OF VICTIMS SERVICES		
Crime Victims Assistance 2009-2010	C-501131	14,119
Crime Victims Assistance 2010-2011	C-501131	38,069
NYS DEPARTMENT OF HEALTH		
Rochester Walks/Healthy Hear	C-024252	137,065
CBAPP	C-026014	183,403

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2011**

	Grant Number	Current Year
NYS OFFICE OF PARKS, RECREATION & HISTORIC PRESERVATION		
Clarrissa Street Reunior		5,000
Mt. Hope Gatehouse Restoratio		-
NYS DEPARTMENT OF EDUCATION		
2010 Local Gov't Records Management Improvement Gra		74,200
Monroe Projec		11,160
State Library Construction (Rundel Infrastructure phase2		469,438
State Library Construction (Rundel Infrastructure phase 1		-
AFFORDABLE HOUSING CORP.		
Affordable Housing	AHC-2118	181,142
NYS DEPARTMENT OF STATE		
Census 2010 Outreach Program		90,633
Brownfield Opportunities - LYLAKS	C303111	191
Brownfield Opportunities - Vacuum Oi	C303891	21,276
Brownfield Opportunities - LYLAKS Nom Phasi	C096005	-
NYS DEPARTMENT OF ENVIRONMENTAL CONSERVATION		
Orchard/Whitney Cleanup	C303000	104,469
24 Seneca Street Cleanup	C303145	821
1200 E. Main St. Cleanup	C303409	8,163
Andrews St. Investigator	C303648	22,474
Photech Cleanup	C303768	1,469,528
MONROE COUNTY:		
MONROE COUNTY DEPARTMENT OF TRANSPORTATION		
Norton Street Improvemen		16,570
MONROE COUNTY DEPARTMENT OF PUBLIC HEALTH		
Underage Tobacco 2010-2011		22,686
MONROE COUNTY DEPARTMENT OF PUBLIC SAFETY		
Stop DWI Enforcement - 2010		81,749
Stop DWI Enforcement - 2011		26,955

**THE CITY OF ROCHESTER, NEW YORK
 SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
 YEAR ENDED JUNE 30, 2011**

	Grant Number	Current Year
PUBLIC AUTHORITY:		
ROCHESTER GENESEE REGIONAL TRANSPORTATION AUTHORITY		
Midtown Relocati ^{or}		\$ 41,855
LOCAL FOUNDATIONS/ORGANIZATIONS		
GREATER ROCHESTER HEALTH FOUNDATION		
Lead Safe Homes		300,856
ROCHESTER WORKS		
Summer of Opportunity		75,000
ROCHESTER AREA COMMUNITY FOUNDATION		
Youth Voice One Visior		9,880
School #28		31,198
		<hr/>
SUBTOTAL CITY GRANTS		<hr/> 18,004,671 <hr/>

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