

THE CITY OF ROCHESTER, NEW YORK
Annual Comprehensive Financial Report
Year Ended June 30, 2023

Prepared by:
Department of Finance

Kim D. Jones
Director of Finance

Kathleen Havens
Deputy Director of Finance-Accounting

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2023
TABLE OF CONTENTS

INTRODUCTORY SECTION	Page
Transmittal Letters	2
Certificate of Achievement	13
List of City Council Officials	14
Management Chart	15
Organization Units and Officials	16
 FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	18
REQUIRED SUPPLEMENTAL INFORMATION:	
Management Discussion and Analysis	22
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	41
Statement of Activities	42
Balance Sheet – Governmental Funds	43
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	44
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	45
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	46
Statement of Net Position - Proprietary Funds	47
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	50
Statement of Cash Flows - Proprietary Funds	51
Statement of Fiduciary Net Position	52
Statement of Changes in Fiduciary Net Position	53
Notes to the Financial Statements	54
REQUIRED SUPPLEMENTAL INFORMATION:	
Combining Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position - Budget and Actual - General, Certain Special Revenue and Proprietary Funds - Non-GAAP Budget Basis	102
Schedule of Changes in the City's Total OPEB Liability and Related Ratios	104
NYS ERS AND NYS PFRS PENSION PLAN - Schedule of the City's Pension Contributions	105
NYS ERS AND NYS PFRS PENSION PLAN - Schedule of the City's Proportionate Share of the Net Pension Liability	106
Notes to Required Supplemental Information	108
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS:	
Combining Balance Sheet - Nonmajor Governmental Funds	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	112
 STATISTICAL SECTION	
Net Position by Component - Last Ten Fiscal Years	114
Changes in Net Position - Last Ten Fiscal Years	115
Tax Revenues by Source - Last Ten Fiscal Years	117
Fund Balances of Governmental Funds - Last Ten Fiscal Years	118
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	119

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2023
TABLE OF CONTENTS

General Governmental Tax Revenues by Source - Last Ten Fiscal Years	120
Assessed Value and Estimated Actual Value of Taxable Real Property - Last Ten Fiscal Years	121
Property Tax Rates Per Thousand, Direct and Overlapping Governments - Last Ten Fiscal Years	122
Property Tax Levies and Collections - Last Ten Fiscal Years	123
Principal Property Taxpayers - Current and Nine Years Prior	124
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	125
Ratios of General Debt Bonded Outstanding - Last Ten Fiscal Years	126
Direct and Overlapping Debt	127
Legal Debt Margin Information - Last Ten Fiscal Years	128
Demographic Economic Statistics - Last Ten Calendar Years	130
Principal Private-Sector Employers in the Rochester Area - Current Year and Nine Years Prior	131
Budgeted Full-time Equivalent City Government Employees by Function - Last Ten Fiscal Years	132
Operating Indicators by Function - Last Ten Fiscal Years	133
Capital Asset Statistics by Function - Last Ten Fiscal Years	134

FEDERAL AWARDS - 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 <i>Government Auditing Standards</i>	136
Independent Auditor's Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	138
Schedule of Expenditures of Federal Awards	141
Notes to the Schedule of Expenditures of Federal Awards	143
Schedule of Findings and Questioned Costs	144
Schedule of Prior Year Findings and Questioned Costs	145

NEW YORK STATE TRANSPORTATION ASSISTANCE

Independents Auditor's Report on Compliance over New York State Department of Transportation Assistance Expended and Report on Internal Control Over Compliance In Accordance with Draft part 43 of NYCRR	148
Schedule of State Transportation Assistance Expended	151
Notes to the Schedule of State Transportation Assistance Expended	152
Schedule of Findings and Questioned Costs for State Transportation Assistance Expended	153

INTRODUCTORY SECTION



City of Rochester

City Hall Room 308A, 30 Church Street
Rochester, New York 14614-1290
www.cityofrochester.gov

Malik D. Evans
Mayor

December 26, 2023

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, 2023. The accounting firm selected by City Council, EFPR Group, CPAs, PLLC has audited the financial statements. The auditors' unmodified "clean" opinion is included in this report.

In each of the past thirty-nine 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 2023 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 Director of Finance and her entire staff. Their continuing efforts to upgrade the accounting and financial reporting systems of the City of Rochester has 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 blue ink, appearing to read 'Malik D. Evans', with a long horizontal flourish extending to the right.

Malik D. Evans
Mayor





City of Rochester

Department of Finance
City Hall Room 109A, 30 Church Street
Rochester, New York 14614
www.cityofrochester.gov

Kim D. Jones
Director of Finance

December 26, 2023

**The Mayor
The City of Rochester, New York**

I am pleased to submit the Annual Comprehensive Financial Report of the City of Rochester for the fiscal year ended June 30, 2023. 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.

EFPR Group, CPAs, PLLC have issued an unmodified ("clean") opinion on the City of Rochester's financial statements for the year ended June 30, 2023. 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City, located in Monroe County on Lake Ontario, approximately midway between Buffalo and Syracuse, encompasses approximately 37 square miles. Rochester was recorded as the third largest city in New York State by the 2019 census with an estimated population of 205,695. After decades of holding the title as the third-largest city in the state of New York, Rochester is now ranked as the fourth largest city in New York State according to the 2020 census report. The updated estimated population is currently 211,328. The City of Rochester lost its place by 241 people according to the 2020 Census results. Rochester is divided into 64,904 real estate parcels and serviced by 532 miles of public ways. Rochester is served by three bus lines; the New York Thruway; and seven major airlines at the Frederick Douglass Greater Rochester International Airport, with 19 non-stop destinations and major hubs with connections world-wide. 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 1817 and as a city in 1834, Rochester is governed by a mayor, who is directly elected by popular vote to a four-year term of office. As the chief executive officer and the administrative head of government, the mayor is responsible for the administration of all City affairs, including the appointment of all department heads. The nine-member City Council is responsible for the legislative affairs of City government. Each Council member is elected to a four-year term; four by districts representing approximately one-quarter of the City's area, and five by a city-wide vote. The members of City Council elect a President, who presides at Council meetings and ceremonial occasions, and who provides the Council with leadership in the drafting and passing of legislation.

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

City Council is required to adopt a final budget no later than the close of the fiscal year, (i.e., 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

Rochester's Industrial History

Rochester is located in western New York State where the Genesee River meets the south shore of Lake Ontario. The river drops in elevation as it flows through Rochester, creating rapids and waterfalls that were used to power grist mills and saw mills as early as the late 18th century. The combination of agriculture and water power established the city's early history as a grain processing center.

Rochester benefited substantially as construction of the Erie Canal (1817 to 1825) provided farmers and grain processors in Western New York with low-cost access to markets in New York City and the newly-settled states to the west. Grain processing expanded (and local grain cultivation declined) as western grain began to flow into Lake Erie and Lake Ontario ports on its way to eastern markets. Buffalo and Rochester became profitable places to mill the grain into flour before it was shipped on by canal or later, by rail. Rochester grew rapidly, increasing its population by 75% between 1830 and 1850.

As local grain cultivation declined, Rochester area farmers shifted to a profitable niche market, growing fresh flowers for New York City and Boston, and selling flower and vegetable seeds across the country. The legacy of Rochester's "Flower City" years lives on in the annual Lilac Festival held at Highland Park, Rochester's First Park. In May the Lilac Festival draws international crowds numbering in the thousands during the week-long Festival.

The Civil War spurred the industrial growth of New York State, including Rochester. While an explosion of rail construction during the 1850s and 1860s diminished the economic value of the Erie Canal, Rochester became a major stop on the new transportation corridors. George Eastman's inventions of the late 19th century resulted in the formation of the Eastman Kodak Company in Rochester. By the early 20th century, Kodak had become a key engine of growth in Rochester with peak employment of over 60,000 in 1982. Entrepreneurs of the same era founded other companies with continued name recognition – Bausch & Lomb, the Gannett Company and Hickey-Freeman, as examples.

Another Rochester success story was the Haloid Corporation. Chester Carlson's invention of xerography put the renamed Xerox Corporation at the forefront of innovation. Xerox, starting with the introduction of the world's first automatic plain copier in 1959, grew to become a leading provider of business document management products, as well as commercial printing equipment and business process outsourcing services.

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; of healthcare with Strong Memorial Hospital and UR's School of Medicine, Dentistry, and Nursing; and of arts with the Eastman School of Music.

Rochester's Transformation to a 21st Century Economy

The dominant feature of Rochester's economy during the previous 30 plus years has been the decline 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, key scientists and technicians in research and development positions, and many headquarters' staff. As these companies restructured, the workers who left these employers 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 with 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% (Center for Governmental Research "CGR" estimates from County Business Patterns data). Demonstrating the shift to a service based workforce, the University of Rochester has grown to be the largest upstate-based employer with 31,940 employees.

Eastman Kodak: 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 Rochester MSA payroll. Another fifth of total MSA payroll could be attributed to suppliers of Kodak and 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 the intervening years. Until the 1980s, the company faced few competitors, particularly in the lucrative U.S. market. The quality of its products and the respect afforded by its brand enabled the company to earn substantial profits. By the mid-1980s, Japanese competitor Fuji began to challenge Kodak's market position in the U.S. and across the world. Other companies such as 3M, Agfa and Konica also gained share at the expense of the market leaders. 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.

Profits continued to decline through the 2000s even as Kodak conducted massive layoffs and sale of facilities and business components. Eastman Kodak filed for Chapter 11 Bankruptcy in January 2012. Kodak emerged in September 2013, reduced in size, and refocused on corporate customers and the commercial printing and packaging businesses. Key to Kodak's restructuring was the sale of R&D patents for more than \$500 million to a technology consortium and sale of Eastman Business Park power plant facility to Illinois based Recycled Energy Development Inc. Kodak celebrated its return to the New York Stock Exchange in November 2013, listed as KODK. Today, Kodak's key business units include print systems, enterprise inkjet systems, flexographic printing, software and solutions, consumer and film, and advanced materials and 3D printing technology.

The City of Rochester, New York State, and their economic development partners continue to work with Kodak and the tenants of Eastman Business Park to assist in every way possible. Attraction efforts continue to bring new businesses to Eastman Business Park and its existing vacant parcels.

Kodak's Heirs: 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 Exelis, Inc. (formerly ITT Space System Division), which purchased Kodak's Remote Sensing Systems unit and renamed the unit ITT's Space System Division; 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 Business Development Division provides expanding and relocating businesses with technical and financial assistance through several business loan and grant programs. The division assists manufacturing, commercial retail, professional and high-tech businesses, both established and start-up organizations. In the fiscal year ending June 30, 2021, due to the COVID crisis, a new program was implemented to assist in the retention of existing businesses and their employees during challenging economic times. Approximately 500 businesses were assisted with nearly \$2.5 million dollars in funding (following program completion), which was provided during a challenging economic period. In Fiscal year ending June 30, 2023, the City began a new program utilizing American Rescue Plan Act (ARPA) funding to assist organizations who may provide healthy affordable food options to residents where they may not currently exist. The City is currently reviewing potential innovative models to bring healthy affordable food options to residents where they may not exist.

During the fiscal year ending June 30, 2023, the City of Rochester's Department of Neighborhood and Business Development assisted numerous businesses resulting in approximately 435 jobs retained and 150 new jobs created.

The unemployment rate for the Rochester area as of June 2023 was 3.1%, compared to the national rate of 3.8%, while NY State was 4.3%.

Significant Announcements

The ROC the Riverway initiative is a bold and progressive plan to revitalize Rochester's underutilized Genesee Riverfront. It consolidates more than two dozen transformational projects along the Genesee River into a unified strategy that will enable Rochester to better leverage the value of its riverfront. In February 2018, New York State made an initial commitment of \$50 million to implement the first phase of this vision, and the first projects awarded funding were announced in August 2018. Since then, the City has completed many successful ROC the Riverway projects, including construction of ROC City Skate Park (Phase I), Blue Cross Arena Exchange Street Addition, Rondel Memorial Library North Terrace, West River Wall Reconstruction at the North Star Commons, Main Street Resurgence (Phase 2), the Brewery Line Trail at High Falls Terrace Park, and Genesee Gateway Park (Erie Harbor Phase II). As of late 2023, construction is under way on Riverway Main to Andrews West (Charles Carroll Plaza / Sister Cities Bridge), the Pont de Rennes pedestrian bridge, and Aqueduct District Street Improvements. Numerous other projects are under design, including but not limited to Aqueduct Reimagined and Riverfront Promenades, Riverway Main to Andrews East (Genesee Crossroads Park), and ROC City Skate Park (Phases II and III).

Aqueduct Reimagined, the centerpiece of the ROC the Riverway vision, will reveal the historic Erie Canal Aqueduct and transform the Broad Street Bridge into a dynamic public space that uniquely celebrates the rich history and culture of Rochester. This project will include removal of the upper vehicular deck of the Broad Street Bridge, enhancement of the historic 1842 aqueduct below, and creation of an iconic location that is inviting to individuals of all socioeconomic statuses and physical abilities. New adjoining riverfront promenades and multimodal connections will facilitate seamless connectivity on both sides of the Genesee River. Preliminary engineering and design continued in 2023, along with stakeholder engagement and coordination with state and federal officials, to determine the features of this dynamic new space. Construction is under way on improvements to streets in the adjacent Aqueduct District to create a more pedestrian-friendly area while still accommodating needs for vehicular access.

The City is also advancing the Inner Loop North (ILN) Transformation Project, which will redesign and reconstruct the remaining 1.5-mile segment of the grade-separated Inner Loop Expressway on the north side of downtown Rochester. Like Inner Loop East, which the City removed in 2017, the ILN poses a formidable barrier between Downtown and adjacent neighborhoods, stifling redevelopment, depressing property values, and discouraging connectivity. The City completed the ILN Transformation Planning Study in September 2022, identifying a preferred concept for transforming the ILN into a network of urban streets that better meet the needs of all users; reconnect neighborhoods to Rochester's downtown; and create opportunities for equitable redevelopment and green space. Also in 2022, New York State's Governor committed \$100 million to fund the ILN project. As of 2023, the City is moving ahead with detailed engineering and design of the preferred concept, including further community engagement, as well as further land use planning for redevelopment.

The City is undertaking a major neighborhood revitalization effort in an area locally known as Bull's Head. Bull's Head includes the convergence of five neighborhood arterials and is the western gateway to downtown Rochester. The City's Bull's Head community planning process resulted in a neighborhood revitalization plan completed in fall 2019. As a catalyst for area-wide revitalization, the City has targeted to reposition over 12 acres of existing vacant and/or underutilized property. In 2022, the City was awarded an approximately \$7.5 million street construction grant through the federal Transportation Improvement Program (TIP). The total street project cost is anticipated to be approximately \$15 million. Preliminary street design work is underway with final design work to commence in 2024. An approximate five-year phased approach to mixed-use redevelopment at Bull's Head is anticipated to begin in 2024.

In September 2021, Constellation Brands, Inc., a leading beverage alcohol company announced the company's plan to move its global headquarters from Victor, N.Y., to the Aqueduct Building campus located at 50 East Broad Street,

downtown Rochester, N.Y. The company, which will have nearly 400 employees working in the City of Rochester, will move into 170,000 square feet of space at the Aqueduct campus. The construction and renovations are underway with occupancy expected in 2024.

Quality of Life

According to U.S. News, Rochester is ranked #3 for best places to live in NY State in 2023-2024. U.S. News analyzed 150 metro areas in the United States to find the best places to live based on indexes including quality of life, housing affordability, desirability, and the job market in each metro area.

Rochester features a unique blend of history and innovation. Many of the homes and commercial buildings in downtown Rochester are original, dating back a century or more, while others are undergoing renovations to become modern lofts and workspaces. Former home to pioneers and independent thinkers like Susan B. Anthony and Frederick Douglass, Rochester has worked hard to preserve and honor its landmarks.

Per the Greater Rochester Enterprise, Rochesterians enjoy an exceptional quality of life measured by a variety of factors: easy access to cultural amenities and recreational activities, affordable health care and cost of living, excellent schools, and a welcoming environment in which to raise a healthy and educated family. The Rochester community balances the arts, culture, sports, and nightlife of a big city with the ease, quiet, and comfort of a small town.

Technology: According to the Rochester Beacon, panelists who spoke at the “How Rochester Can Become a Hub for Entrepreneurs” online event said the region’s relatively low profile, despite being home to a well-developed high-tech ecosystem, is a hidden strength. The panelists agreed that the Rochester area offers plenty of tech-savvy talent to draw on for new hires whether it be Kodak or Xerox veterans or recent Rochester Institute of Technology or University of Rochester graduates. Rochester has the right infrastructure according to one of the panelist, noting that the region is home to some 150 optics firms, as well as top-flight research institutions.

Education: Rochester Institute of Technology (RIT) ranked as one of the top schools in the world to study game design and launch games, according to international rankings from The Princeton Review. In 2023, RIT’s game design and development program ranked third at the undergraduate level and fourth at the graduate level.

Health: Rochester’s health care system represents more than 10% of the regional economy. Rochester’s health systems are regional centers of excellence. There are at least 67,000 workers employed in health care, generating \$3.65 billion in annual income.

Educational Resources

Metropolitan Rochester is an educational and cultural center. Located within Monroe County are several universities and colleges including the University of Rochester (including its Medical Center, affiliated healthcare facilities and its Eastman School of Music), Roberts Wesleyan University, the State University of New York Brockport, Nazareth University, St. John Fisher University, Rochester Institute of Technology, and Monroe Community College.

University of Rochester (UR) has more than 26,000 employees, with the University of Rochester Medical Center (URMC) being the largest component of the UR. It is the largest private sector employer based in Upstate New York and the sixth-largest employer in the state.

Beginning in 1996, the University’s Medical Center executed a series of strategic plans that have dramatically expanded the physical footprint and economic impact of the institution. The college’s 2008 master plan called for new technology, additional facilities, more jobs, new research equipment and marketing of the medical center. A key building component of the plan included the \$60 million, 200,000-square-foot Saunders Research Building that was completed in 2011. 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. In May 2015, URMC officially opened a new \$145 million eight-story, 245,000 square foot addition to its hospital, called The Golisano Children’s Hospital.

Arts and Culture

Artistic activities and cultural institutions thrive within the Rochester metro area. The Rochester arts community open their doors for visitors once a month to experience open houses and behind the scenes looks at galleries and studios all over the city. The artists, historians, dancers, actors, writers, and musicians who call Rochester home help create an atmosphere that stimulates creativity and celebrates diversity. Museums, galleries, theatres and attractions offer special events and experiences that delight visitors from all over the world. This is the unique cultural experience visitors find in Rochester.

Established in 1921 by industrialist George Eastman, the world renowned Eastman School of Music is consistently ranked among the best comprehensive music schools in the United States. Eastman offers over 900 concerts annually by faculty, students, and guest artists at Kodak Hall at Eastman Theater, at Kilbourn Hall, and at Hatch Recital Hall. Numerous faculty and students of Eastman have received, or been nominated for, Grammy awards in the fields of classical and jazz music.

The Rochester Philharmonic Orchestra (RPO), also established by George Eastman in 1922, is a nationally award-winning orchestra that provides over 150 performances annually with nearly 170,000 in attendance. The RPO performs at the Kodak Hall at Eastman Theater, the Hochstein Performance Hall and other locations. The RPO is known for its educational programs providing free concerts for school children and the community. The Rochester Museum and Science Center (RMSC) holds over 1.2 million items of local history and 200 interactive exhibits. RMSC also operates the Strasenburgh Planetarium, located next to the RMSC, and the Cummings Nature Center, a 900-acre nature preserve near Naples, New York. Other Rochester museums include the Memorial Art Gallery of the University of Rochester, with 50 centuries of world art; the George Eastman House International, the George Eastman Museum of Photography and Film; and The Margaret Woodbury Strong Museum - a museum dedicated to the history of play with the world's largest collection of historical items associated with play. The combined institutions experience in excess of 1.0 million visitors each year.

Live theater in Rochester includes touring Broadway shows provided by the Rochester Broadway Theater League at the Auditorium Theater; performances at GEVA Theatre Center, a regional theater in downtown Rochester that is one of the nation's leading non-profit professional theaters; live theater and dance at Nazareth College Arts Center, including dance performances by world renowned, Rochester-based, Garth Fagan Dance; and performances at the Kodak Center for the Performing Arts, Downstairs Cabaret Theatre, and the Blackfriars Theater of Rochester.

Sports

The City has been home to numerous professional sports teams over the years: Baseball - Rochester Red Wings; Soccer - Rochester Rhinos; Lacrosse - Rochester Knighthawks; Ice Hockey - Rochester Americans (Amerks); and Basketball - Rochester RazorSharks. The Buffalo Bills are the closest National Football League team. The Bills' Training Camp is held each summer at St. John Fisher College in Rochester.

The Blue Cross Arena at the War Memorial. With seating capacity for sports events of 11,215, the Blue Cross Arena is home to the Rochester Americans Ice Hockey Team, the Rochester Nighthawks Lacrosse Team, and the Rochester Razorsharks Basketball Team. With a total capacity of 13,000 the arena is also a venue for many concerts and events.

Innovative Field. Home of the Rochester Red Wings, Innovative 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.

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 the country, Oak Hill has 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, four PGAs, two Senior PGA Championships, the US Senior Open and the Ryder

Cup. Until 2013, Locust Hill Country Club hosted an annual LPGA tournament, which in recent years had been known as the Wegmans LPGA Championship. Oak Hill hosted the 2023 PGA Championship. The Greater Rochester Enterprise estimates the economic impact of the 2023 PGA Championship to be \$190 million, drawing in 225,000 spectators.

Annual Festivals

Spring marks the beginning of Rochester's unique festival season. Almost every weekend from May to October featured major events that drew people to the City's most beloved neighborhoods and parks to enjoy the arts, sounds, and bustling activity of Rochester's festivals, concerts, parades, athletic events, and block parties. The Lilac Festival in May, the Xerox Rochester International Jazz Fest in June, the Corn Hill Arts Festival in July, the Park Avenue Festival in August, and the Fringe Festival in September are just a few of over 400 popular events that attract more than 1.5 million people from not only Rochester and New York State, but from all over the United States and beyond.

Exports

International trade by area exporters continued to be a significant component of the economic activity of the Rochester area. Exports from the Rochester Metropolitan Statistical Area (MSA) were over \$4.3 billion for calendar year 2022. New York State ranks fourth among top exporting states, behind Texas, California, and Louisiana. The Greater Rochester, NY region accounted for more than 6.0% of all New York State exports, making it the second largest exporting region in the state after New York City.

Waterfront Development

Port of Rochester: The Port of Rochester terminal building was renamed in honor of former Mayor Johnson. The terminal building was rededicated, and the new name is now William A. Johnson, Jr. Terminal Building at the Port of Rochester. The Port location provides a unique private investment opportunity based on its proximity to the major waterways of Lake Ontario and the Genesee River. The City's Local Waterfront Revitalization Plan (LWRP) for the Port area was amended to incorporate the elements of its most recent master planning process and the completed marina feasibility study. The Port has an 84-slip public marina facility near the confluence of Lake Ontario and the Genesee River. A nationally renowned marina operator was contracted to promote and operate the marina on behalf of the City.

Redevelopment of the ferry link building into a boater services facility and a new welcome center has brought several amenities to the Marina. The following are a few of the amenities that the community enjoy:

- State-of-the-art dock system
- Showers, restrooms, laundry
- Lounge
- Wi-Fi
- Gangway for secure access
- Pump-out station
- Four-lane public launch ramp
- Ships store
- Large party space available for rental

The Port of Rochester Marina is professionally managed and has staff on-site to provide superior customer service. Surrounding the marina is a public promenade connecting the Genesee Riverway Trail to the Charlotte Pier. The marina development enhances the recreational nature of the Port and supports new mixed-use development opportunities to complement the existing commercial, retail and restaurant uses. 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.

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. There is also an increasing number of people who now call Center City home.

The Rochester Downtown Development Corporation (RDDC) launched Eat Up Rochester, a downtown marketing initiative which was a huge success. RDDC is in the fundraising phase for The Commissary, a major new facility designed to incubate food businesses (food trucks, startup restaurants, caterers, bakers, and food production startups). Space design is complete, workshops have been underway for a year, and 150 food entrepreneurs have expressed interest in membership.

Downtown Innovation Zone (DIZ) – RDDC has tracked 173 innovation and creative class enterprises. They are also working with leaders in the video gaming industry to launch a gaming focused incubator driven by the creative and technical talents of Rochester area college and university graduates.

Advocacy: RDDC continues to aggressively engage in issues ranging from the parking system, infrastructure improvements, major public project design, public safety, activating street life, and the growth of the Downtown Innovation Zone.

A number of Center City projects have been completed:

Charlotte Square Rental Apartments: The project involved the new construction of 72 rental apartments and an investment of over \$15 million. This project is complete and fully leased up.

300 Alexander St.: Renovation of a former historic vacant apartment building for 58 units with over \$6 million in investments.

Temple Building: The \$2.6 million project included renovations to convert an additional 4 floors in the historic building for 30 loft apartments.

Mills at High Falls III: Conversion of a historic building adjacent to Mills I and II sites for an additional 14 units of affordable housing. The project is complete.

ROC City Skate Park: This project involved a proposed new downtown skate park that had tremendous grassroots support. This project became a reality on November 5, 2020 through a collaborative effort of City officials, community members and several generous donors. The Roc City Skate Park was created as a location that would bring a new vitality and sense of energy to Downtown Rochester. The Skate Park is a welcoming space where skateboarders, rollerbladers, BMXers and other progression-oriented sports enthusiasts come to embody the sport, sharpen their skills and enjoy endless hours of outdoor recreation. The Skate Park is located along the Genesee Riverway Trail under the Frederick Douglass-Susan B. Anthony Bridge and utilizes land that would have otherwise been unbuildable. This \$3.1 million project boasts mini-ramps and ledges, stairs and handrails, competition bowls and a main skate promenade, along with open space that provides opportunities for public art installations and performances.

The Sibley Square Building (250 East Main Street) has seen significant growth in downtown Rochester. This growth includes NextCorp (high tech incubator) expanding, The Mercantile featuring several restaurants, The Commissary (food and restaurant incubator) and two high tech businesses (Bandwidth Inc. and UltraPhil).

The City of Rochester's Business Development Division is currently working with Constellation Brands, Inc., an upstate wine producer, to relocate nearly 400 positions to the city of Rochester. It will include a significant investment to an existing building within the city of Rochester, named the Aqueduct Building located at 50 East Broad Street.

Investment in Residential Areas

In addition to investments in business development, the City is devoting a major share of its Community Development Block Grant (CDBG) program to the improvement of residential neighborhoods. The City has allocated millions of the total federal allocations and program dollars to the City's residential areas since the inception of the CDBG program in 1975.

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

The grant is based upon a citizen participation process that identified needs and priorities and the City's Housing Policy. The Housing Policy guides the allocation of federal and other resources available to the City to address priority housing needs and specific objectives. The goals and policy priorities adopted by the administration also guided the development of the program.

The expected outcomes of the program focus on the provision of decent housing, a suitable living environment and expanded economic opportunities for all citizens.

In support of these goals, the objectives and dollar allocations are:

- promote economic stability, job creation and development by encouraging private investment in neighborhood commercial, service, manufacturing and wholesale activities and improve the accessibility of City residents to existing and newly created economic opportunities,
- improve the housing stock and general property conditions through rehabilitation, redevelopment and new construction of housing, homeowner assistance, rental market support, housing choice and neighborhood and asset-based planning; and
- respond to general community needs by providing and leveraging resources to improve the efficiency, quality and access to existing services with a particular focus on public services and infrastructure improvement, and others which include staff costs, program management, and services to the homeless and those with AIDS.

LONG-TERM FINANCIAL PLANNING

The City has historically been able to maintain a stable, unassigned fund balance in the general fund at approximately one percent of total general fund revenues. The balance as of June 30, 2023 was \$119,107,564. The City adopted a fund balance policy on October 17, 2017 specifying unrestricted fund balance in the general fund to be maintained at no less than 12.5% of annual projected general fund expenditures in the same fiscal year. The policy also specifies that should fund balance in the general fund fall below this level then restoration will be no later than within three years:

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 a stable level of debt service. Also, the City Charter allocates the 9% New York State constitution debt limit between the City and the District; 5.5% for municipal purposes and 3.5% for educational purposes.

RELEVANT FINANCIAL POLICIES

In recognition of the level of state and federal education aid and of 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty-ninth 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 2023 Annual Comprehensive 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 could not be accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting, under the leadership of Kathleen Havens. 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 their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Kim D. Jones
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Rochester
New York

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF ROCHESTER, NEW YORK
MAYOR AND CITY COUNCIL OFFICIALS

June 30, 2023

Malik D. Evans, Mayor

Miguel A. Meléndez, Jr., (At-Large), President

Mary Lupien I (East District), Vice President

Mitchell D. Gruber (At-Large)

Willie J. Lightfoot (At-Large)

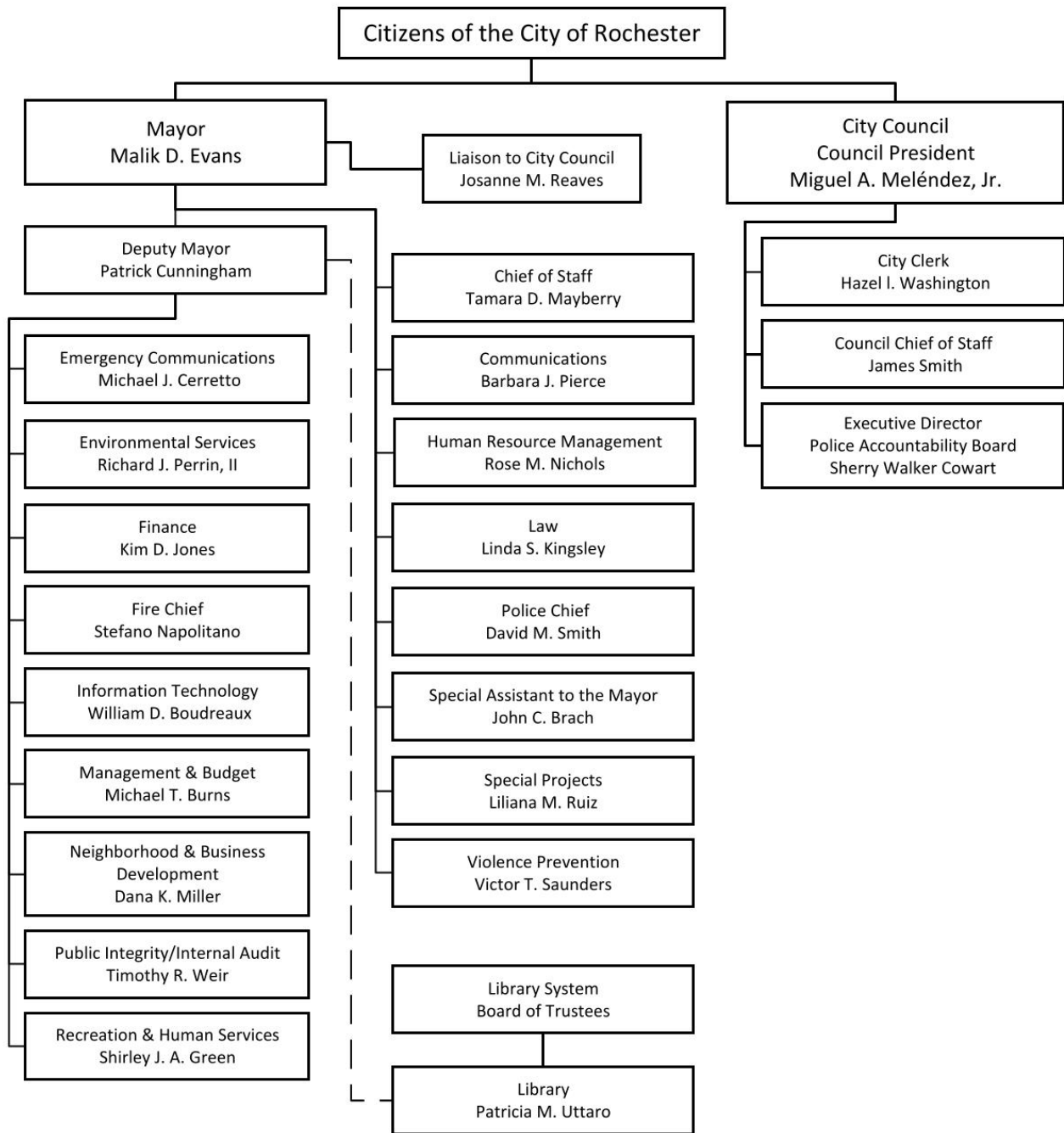
Stanley Martin (At-Large)

Kim Smith (At-Large)

LaShay D. Harris (South District)

Michael A. Patterson (Northeast District)

Jose Peo (Northwest District)



**CITY OF ROCHESTER, NEW YORK
ORGANIZATIONAL UNITS AND OFFICIALS**

Mayor

	Malik D. Evans
Deputy Mayor	Patrick Cunningham
Chief of Staff	Tamara D. Mayberry
City Clerk	Hazel I. Washington
City Council Chief of Staff	James Smith
Management & Budget	Michael T. Burns
Communications & Special Events	Barbara J. Pierce
Human Resource Management	Rose M. Nichols
Public Integrity/Internal Audit	Timothy R. Weir
Special Projects and Educational Initiative	Liliana M. Ruiz
Emergency Communications	Mike Cerretto
Environmental Services	Richard J. Perrin, II
Finance	Kim D. Jones
Fire	Stefano Napolitano
Information Technology	William D. Boudreaux
Law	Linda S. Kingsley
Library	Patricia M. Uttaro
Neighborhood & Business Development	Dana K. Miller
Police	David M. Smith
Recreation & Human Services	Shirley J.A. Green
Violence Prevention	Victor T. Saunders

FINANCIAL SECTION



100 South Clinton Avenue
Suite 1500
Rochester, NY 14604

P 585.427.8900
TF 800.546.7556
F 585.427.8947
W EFPRgroup.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate 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, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Rochester City School District, discretely presented component unit, which is reported on the statement of net position at (\$452,821,000). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to amounts included in the investment in joint venture is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in note 1.D to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 94 - "Public-Private and Public-Public Partnerships and Availability Payment Arrangements" and Statement No. 96 - "Subscription-Based Information Technology Arrangements", during the year ended June 30, 2023. Our opinions are not modified with respect to this matter.

As described in notes 1.G.12 to the financial statements, a restatement of the prior period was made during the year ended June 30, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the additional information as listed in the table of contents on pages 104 through 111 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining balance sheet - non major governmental funds and combining statement of revenue, expenditures and changes in fund balances non major governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining individual and fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 26, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Rochester, New York
December 26, 2023

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, 2023. 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 Annual Comprehensive Financial Report of the District for the year ended June 30, 2023.

Financial Highlights

- The liabilities and deferred inflows of the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$538,209,000 (net position).
- The City's total net position increased by \$35,211,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$174,996,000, an increase of \$29,411,000 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,050,000, or approximately 1.7% of total general fund expenditures.

The City's total outstanding debt decreased by \$1,399,000 from 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 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 position presents information on all of the City of Rochester's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 two legally separate component units, the Rochester City School District and the Land Bank. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

The City of Rochester maintains fifteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, 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 eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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, 2023, which includes the General Fund as well as certain special revenue and enterprise funds, is reported in the *Combining Schedule of Revenues, Expenses and Changes in Fund Balance/Net Position - Budget and Actual - General, Certain Special Revenue and Proprietary Funds - Non-GAAP Budget Basis* 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$538,209 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position 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 Position

(000's omitted)

	Governmental activities		Business-type activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Current and other assets	\$ 606,297	\$ 670,916	\$ 98,793	\$ 84,164	\$ 705,090	\$ 755,080
Pension assets	—	23,076	—	1,882	—	24,958
Capital assets	730,066	734,957	239,436	252,305	969,502	987,262
Total assets	1,336,363	1,428,949	338,229	338,351	1,674,592	1,767,300
Deferred pension outflow	146,748	171,265	2,967	3,565	149,715	174,830
Deferred OPEB outflow	88,349	—	7,967	—	96,316	—
Total deferred outflows of resources	235,097	171,265	10,934	3,565	246,031	174,830
Long-term liabilities outstanding	1,347,143	1,160,671	144,050	138,525	1,491,193	1,299,196
Other liabilities	384,344	479,413	48,677	51,508	433,021	530,921
Total liabilities	1,731,487	1,640,084	192,727	190,033	1,924,214	1,830,117
Deferred Inflow - PPP	—	—	4,097	—	4,097	—
Deferred Inflow - OPEB	469,592	403,939	42,342	36,631	511,934	440,570
Deferred inflow - leases	4,925	4,942	5,622	5,745	10,547	10,687
Deferred inflow - pension	7,818	234,426	222	6,474	8,040	240,900
Total deferred inflows of resources	482,335	643,307	52,283	48,850	534,618	692,157
Net investment in capital assets	602,955	612,195	177,832	183,358	780,787	795,553
Restricted	12,653	27,439	5,818	6,392	18,471	33,831
Unrestricted (deficit)	(1,257,970)	(1,322,811)	(79,497)	(86,717)	(1,337,467)	(1,409,528)
Total Net Position	\$ (642,362)	\$ (683,177)	\$ 104,153	\$ 103,033	\$ (538,209)	\$ (580,144)

*The 2022 balances are taken from the prior year ACFR and do not include the impact of the prior period restatement detailed in I.G. 12.

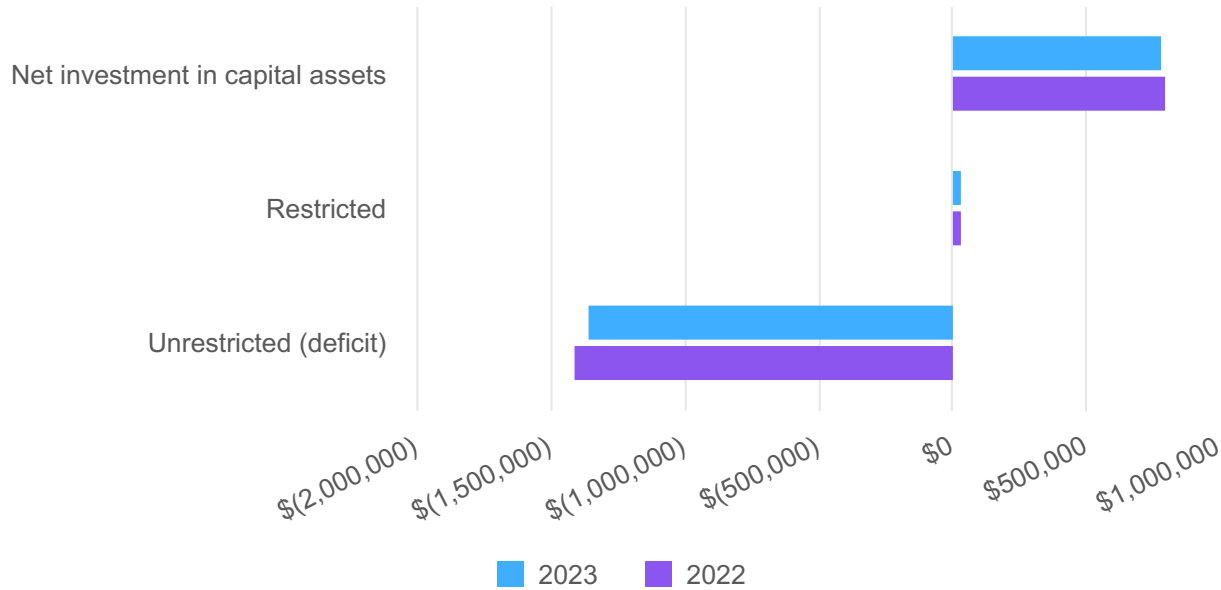
Current and other assets for the city decreased in governmental activities by \$(64,619,000). The largest portion of this was accounts receivable decreasing by \$48,810,000. This was a direct result of a change in policy regarding the accounts receivable in the Community Development fund. The Community Development is now recording an allowance for collection of uncollectible accounts, instead of as unearned revenue, which experienced a similar decrease of \$47,817,000. This shift in policy would not have a major impact on overall fund balance, but show more consistently amongst all funds. In an effort to keep tax increases to a minimum the City also used cash reserves to pay for operations, with cash and investment balance decreasing by 2%, \$9,678,000.

Over the past fiscal year the City's total liabilities in governmental activities increased by \$91,403,000. The policy change in reporting uncollectible accounts above, along with the increased spending of American Rescue Plan Act (ARPA) funds resulted in a decrease in unearned revenue of \$81,217,000. This decrease was a partial offset to an increased net pension liability. During this fiscal year, the aggregate net pension liability increased government wide by \$229,967,000, in addition to decreasing pension assets of \$24,598,000 from the prior fiscal year.

The increase in aggregate net pension liability also caused a decrease in the City's deferred inflow of resources. The deferred pension inflow decreased by \$232,860,000 across all funds. Governmental funds decreased by \$226,608,000, while the decrease in business type funds was \$6,252,000. Some of this

was offset by an increase in the City's deferred inflow of resources from OPEB which increased by \$65,653,000 in governmental funds and \$5,711,000 in business type funds.

City of Rochester Net Position
 June 30, 2022 and 2023



The City's total net position increased by \$41,935,000. As a result there is an increase of \$40,815,000 in the net position of governmental activities as well as an increase of \$1,120,000 in the net position of business-type activities. A portion of the City's net position 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 Net investment in Capital Assets and Restricted. This was true for both the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year. The unrestricted net deficit for the City decreased by (4.90)% for governmental activities and (8.33)% for business type activities

Governmental activities. As noted above, Governmental activities net position increased by \$40,815,000 Key components of this change are summarized as follows:

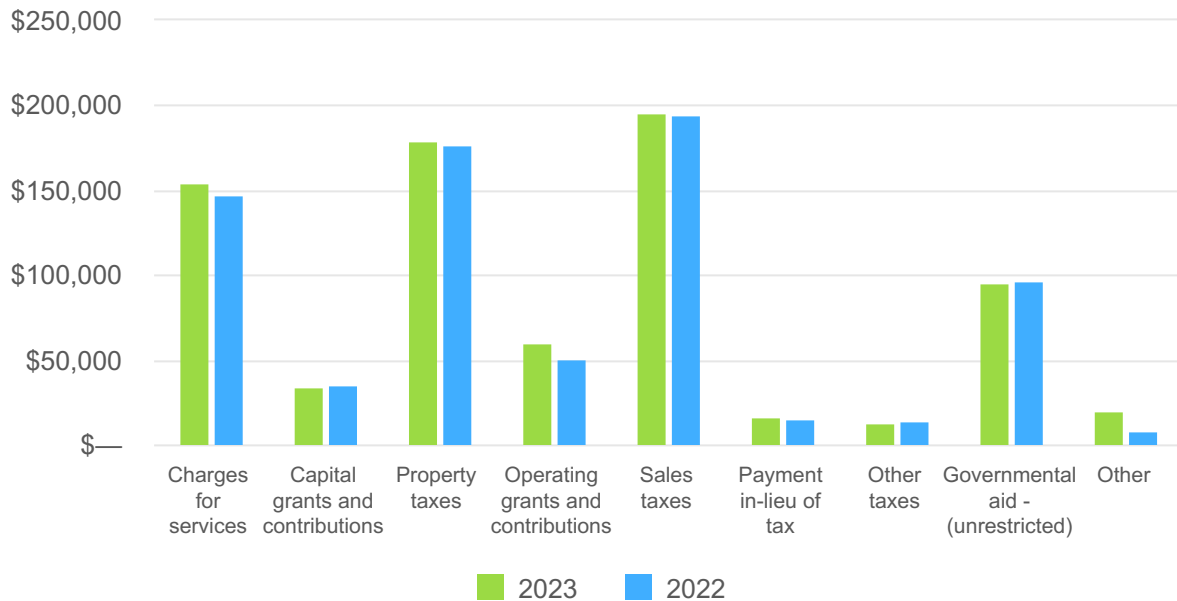
City of Rochester's Changes in Net Position
(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Revenues:						
Program revenues:						
Charges for services	\$ 154,119	\$ 147,659	\$ 84,279	\$ 82,606	\$ 238,398	\$ 230,265
Operating grants and contributions	60,285	50,265	—	—	60,285	50,265
Capital grants and contributions	33,695	35,171	15,354	717	49,049	35,888
General revenues:						
Property taxes	179,025	176,328	3,838	2,799	182,863	179,127
Sales and other taxes	225,241	223,878	905	905	226,146	224,783
Governmental aid	95,662	96,377	3,411	6,768	99,073	103,145
Other	20,235	8,790	2,556	1,692	22,791	10,482
Total revenues	768,262	738,468	110,343	95,487	878,605	833,955
Expenses:						
General Government	208,773	145,868	—	—	208,773	145,868
Neighborhood business development	36,975	29,278	—	—	36,975	29,278
Environmental services	49,939	45,570	—	—	49,939	45,570
Transportation	37,584	53,641	—	—	37,584	53,641
Emergency communications	21,154	16,195	—	—	21,154	16,195
Police department	148,115	148,749	—	—	148,115	148,749
Fire department	81,517	79,369	—	—	81,517	79,369
Library	14,396	23,697	—	—	14,396	23,697
Recreation and human services	17,790	13,256	—	—	17,790	13,256
Education	119,100	119,100	—	—	119,100	119,100
Interest on long term debt	4,279	2,530	—	—	4,279	2,530
Water	—	—	52,453	57,691	52,453	57,691
Parking	—	—	13,300	12,429	13,300	12,429
War memorial	—	—	2,492	2,265	2,492	2,265
Refuse	—	—	29,675	31,963	29,675	31,963
Cemetery	—	—	3,801	4,443	3,801	4,443
Public market	—	—	2,051	2,030	2,051	2,030
Total expenses	739,622	677,253	103,772	110,821	843,394	788,074
Excess (deficiencies) of revenues over expenses	28,640	61,215	6,571	(15,334)	35,211	45,881
Transfers	5,451	5,261	(5,451)	(5,261)	—	—
Change in net position	34,091	66,476	1,120	(20,595)	35,211	45,881
Net position (deficit) - beginning	(676,453)	(749,653)	103,033	123,628	(573,420)	(626,025)
Net position (deficit) - ending	\$ (642,362)	\$ (683,177)	\$ 104,153	\$ 103,033	\$ (538,209)	\$ (580,144)

*The 2022 balances are taken from the prior year ACFR and do not include the impact of the prior period restatement detailed in I.G. 12

Governmental activities revenue highlights

**Governmental activities revenues
 for fiscal years ending June 30, 2022 & 2023**



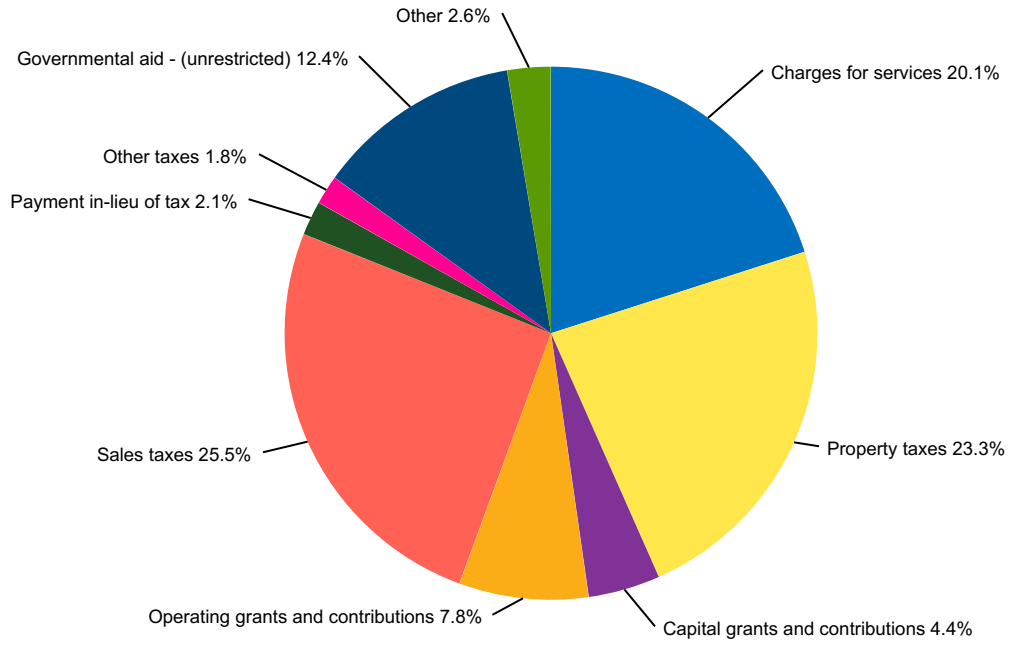
The major factors contributing to the overall revenue increase of \$29,794 were:

- Property tax revenue increased by \$2,697 primarily due to an increase of \$3,401 in adjusting entries for the year end accrual of the property tax receivable; an increase of \$345 in library support; and an increase of \$38 in Animal Control support; off set by a decrease of \$934 in Delinquent Collections; and a decrease of \$153 in Real Property Tax Levy;
- Sales and other taxes had an increase of \$1,363 primarily due to an increase of \$230 in Payment in-lieu of tax, and an increase of \$1,541 in Sales Tax received; offset by a decrease of \$408 in Other Taxes;
- Operating grants and contributions had an increase of \$10,020 primarily due to an increase of \$1,471 in library; an increase of \$1,699 in Recreation & Human Services; an increase of \$12,638 in General Government; an increase of \$43 in Fire; and an increase of \$307 in Environmental Services; offset by a decrease of \$2,282 in Neighborhood Business Development; a decrease of \$3,476 in Transportation; and a decrease of \$380 in Police;
- Charges for services increased by \$6,460, primarily due to an increase of \$5,291 in General Government; an increase of \$10 in Library; an increase of \$1,521 in Neighborhood Business Development; an increase of \$161 in Transportation; an increase of \$169 in Environmental Service; and an increase of \$188 in Emergency Communications; and an increase of \$455 in Police; offset by a decrease of \$967 in Fire and a decrease of \$368 in Recreation & Human Services;
- Other activities increased by \$11,445 as interest revenues increased by \$11,357 and miscellaneous revenues increased by \$88

The above increases of \$31,985 were offset by the following decreases which total \$2,191

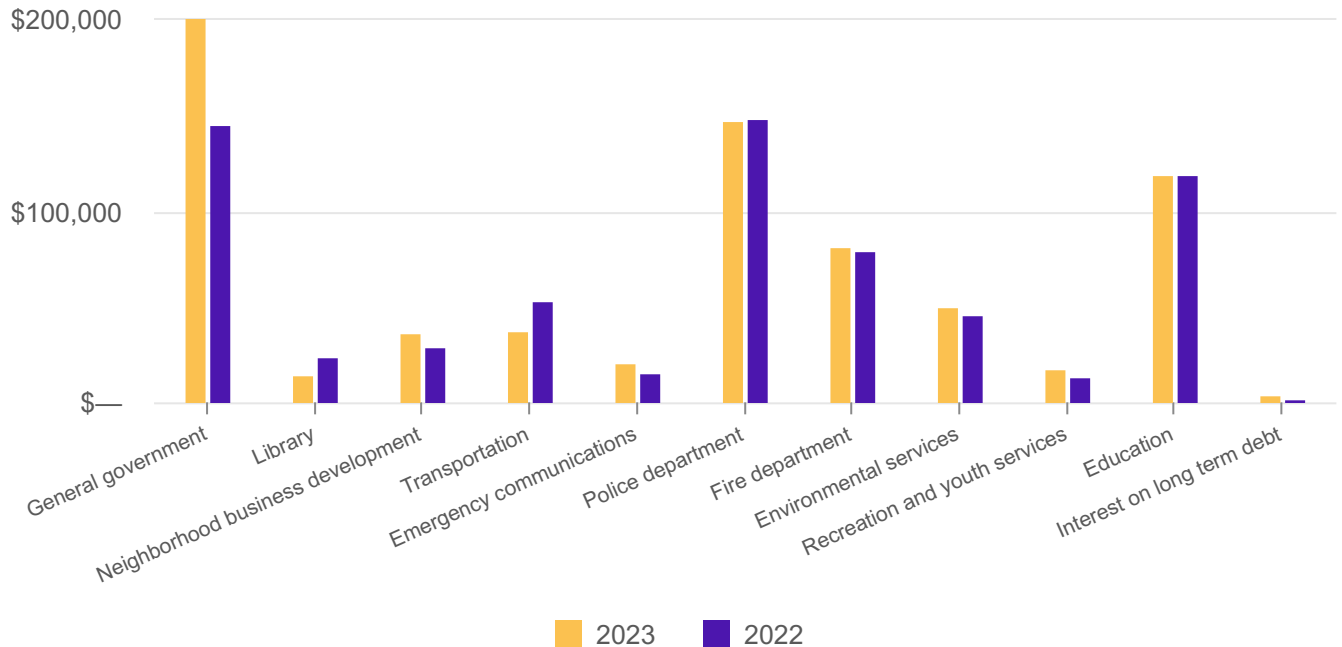
- Capital grants and contributions decreased by of \$1,476, primarily due to a decrease of \$6,806 in General Government; a decrease of \$388 in Environmental Services; and a decrease off \$169 in Recreation & Human Service; offset by an increase of \$933 in transportation; an increase of \$1,618 in Fire; an increase of \$2,809 in library; and an increase of \$527 in Neighborhood Business Development;
- Governmental aid decreased by \$715 primarily due to a change in New York State Star Program.

Revenues by Source - Governmental Activities



Governmental activities expense highlights

Governmental activities expenses
 for fiscal year ending June 30, 2022 & 2023



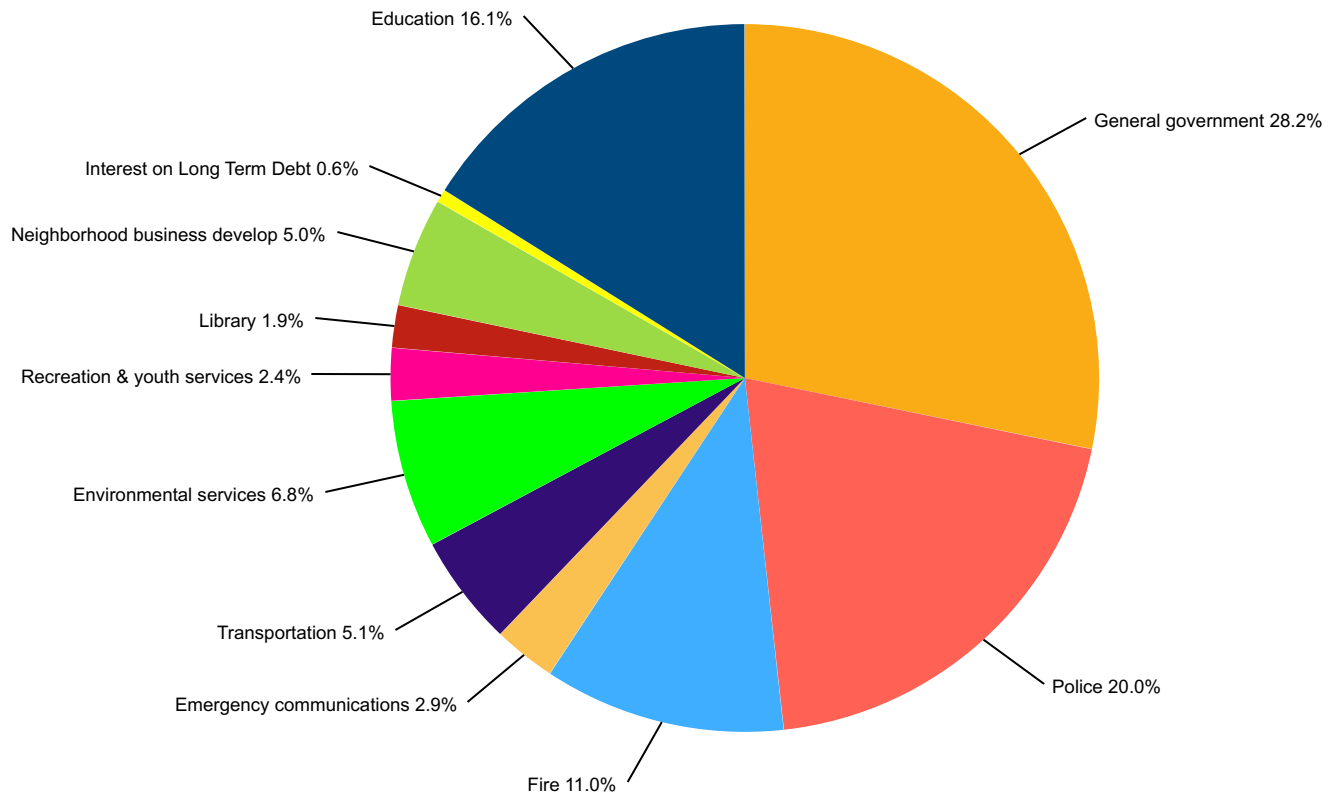
The major factors contributing to an increase of governmental activities expenses of \$62,369 were as follows:

- Recreation and Human Services expenses increased by \$4,534 primarily due to a increase of \$453 in General Capital; an increase of \$54 in Federal Projects; an increase of \$2,357 in General Fund; an increase of \$2,861 in Adjusting Entries; and an increase of \$84 in Animal Control; offset by a decrease of \$1,275 in Cultural/Recreation;
- Environmental services expenses increased by \$4,369 primarily due to an increase of \$4,425 in General Fund; an increase of \$198 in Transportation; an increase of \$4,425 in adjusting entries; and an increase of \$270 in Federal Projects; offset by a decrease of \$114 in General Capital; and a decrease of \$2,167 in Local Works;
- Neighborhood and business development expenses increased by \$7,697 due to an increase of \$43 in Federal Projects; an increase of \$673 in General Capital; an increase of \$3,080 in adjusting entries; an increase of \$5,381 in General fund; and an increase of \$11 in Economic Assistance; offset by a decrease of \$1,567 in Community Development; and a decrease of \$233 in State Projects;
- General government expenses increased by \$62,905 due to an increase of \$3,895 in General Capital; an increase of \$48,917 in adjusting entries; an increase of \$2,643 in Economic Assistance; an increase of \$7,611 in General Fund; an increase of \$5 in Other; an increase of \$261 in Local Works; and an increase of \$149 in Library; offset by a decrease of \$18 in Animal Control; a decrease of \$10 in Community Development; and a decrease of \$1,029 in Transportation;
- Fire expenses increased by \$2,148 primarily due to an increase of \$2,893 in adjusting entries; an increase of \$2,877 in General Fund; and an increase of \$41 in State Projects; offset by a decrease of \$3,661 in General Capital;
- Interest on long term debt expenses increased by \$1,749 primarily due to an increase of \$147 in Library; an increase of \$554 in General Fund; and an increase of \$1,075 in adjusting entries; offset by a decrease of \$28 in Local Works;
- Emergency communications expenses increased by \$4,959 due to an increase of \$805 in General Fund; and an increase of \$4,226 in adjustments; offset by a decrease of \$274 in General Capital.

The above increases of which total \$88,361 were offset by the below decreases of \$25,992 as follows:

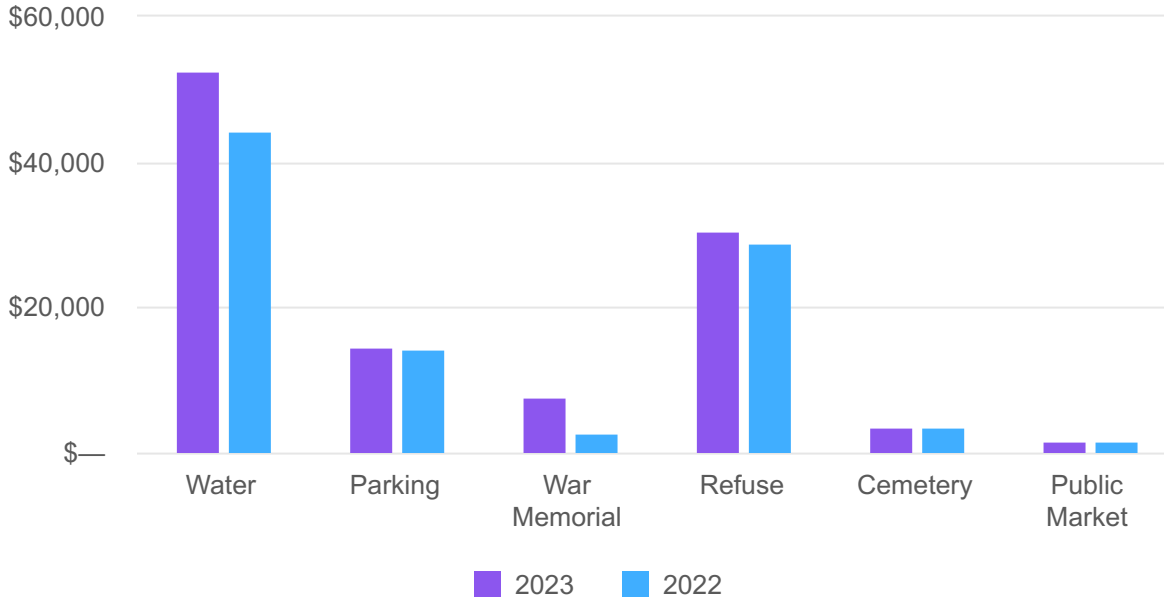
- Library expenses decreased by \$9,301 primarily due to a decrease of \$10,769 in adjusting entries; and a decrease of \$674 in Cultural/Recreation; offset by an increase of \$1,399 in General Capital; and an increase of \$743 in Library;
- Police expenses decreased by \$634 primarily due a decrease of \$13,539 in adjusting entries; and a decrease of \$3 in Animal Control; offset by an increase of \$28 in State Projects; an increase of \$9,832 in General Fund; and an increase of \$2,903 in General Capital;
- Transportation expenses decreased by \$16,057 primarily due to a decrease of \$7,327 in Transportation; a decrease of \$400 in Local Works; a decrease of \$3,483 in General Capital; and a decrease of \$5,830 in adjusting entries; offset by an increase of \$83 in Other; and an increase of \$804 General Fund;

Expenses by Source - Governmental Activities



Business-type activities revenue highlights

Business Type activities revenues
 for fiscal years ending June 30, 2022 & 2023



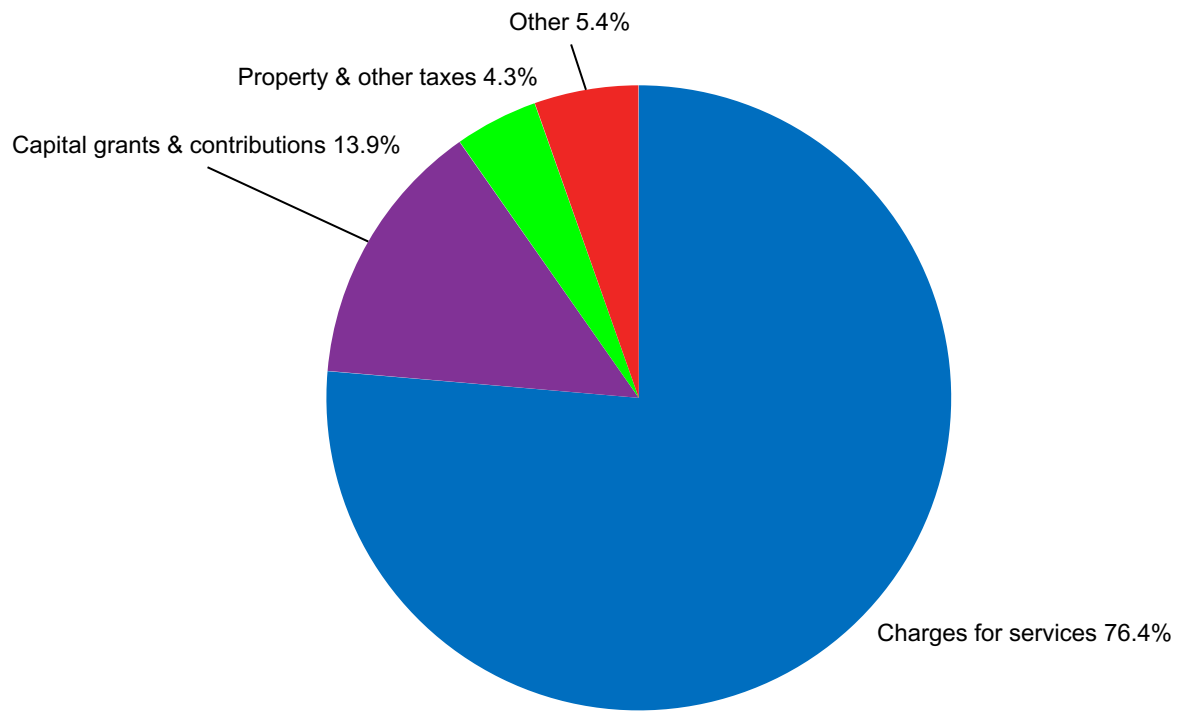
Revenues for business-type activities showed an overall increase of \$14,856.

- Property taxes increased by \$1,039 primarily due to a change in tax support with an increase of \$1,134 in War Memorial ; offset by a decrease of \$12 in Public Market and a decrease of \$84 in Cemetery;
- Investment earnings increased by \$1,024 primarily due to an increase of \$325 in Water; an increase of \$80 in Parking; an increase of \$236 in Cemetery; an increase of \$26 in war memorial; an increase of \$343 in refuse; and an increase of \$14 in public market
- Charges for services an increase of \$1,673 primarily due to an increase of of \$47 in Public Market; an increase of \$156 in Water; an increase of \$1,266 in Refuse; and an increase of of \$617 in War Memorial; offset by a decrease of \$48 in Parking; and a decrease of \$365 in Cemetery;
- Capital grants and contributions increased by \$14,637 primarily due to an increase of \$1,830 in Parking; an increase of \$9,611 in water; and an increase of \$3,196 in war memorial,

The above revenue increases of \$18,373 were offset by the below increases of \$3,517 as follows:

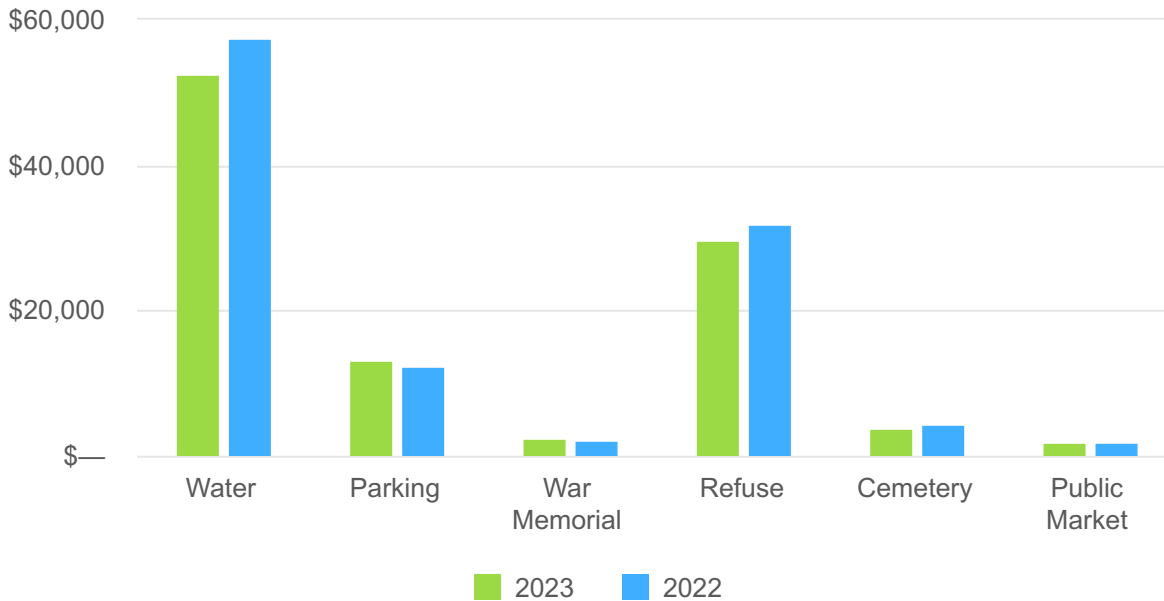
- Governmental aid decreased by \$3,357 primarily due to a decrease in \$1,768 in Water; a decrease of \$1,624 in parking; offset by an increase of \$35 in cemetery;
- Other miscellaneous decreased by \$160; primarily due to a decrease of \$135 in Water; a decrease of \$14 in Parking; a decrease of \$2 in Public Market; a decrease of \$1 in Cemetery; and a decrease of \$20 in Refuse; offset by an increase of \$4 in War Memorial;

Revenues by Source - Business-Type Activities



Business-type activities expense highlights.

Business Type activities expenses
 for fiscal years ending June 30, 2022 & 2023



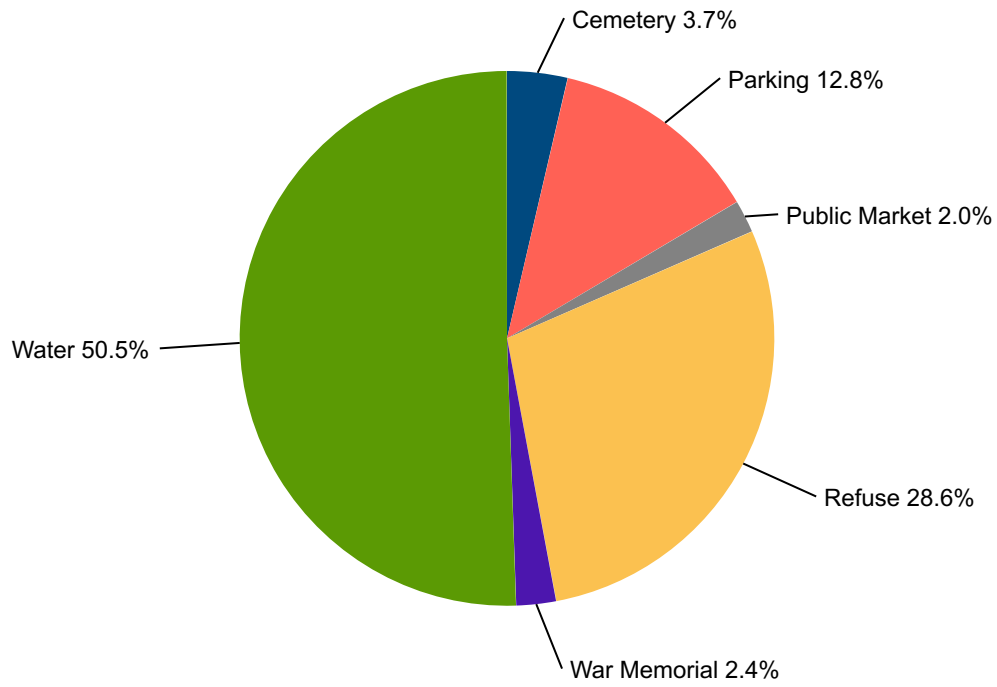
Expenses for business-type activities decreased by \$7,049:

- Water fund expenses decreased by \$5,238 primarily due to a decrease of \$12,332 in employee benefits; a decrease of \$120 in depreciation expense; and a decrease of \$1,045 in interest expense; offset by an increase of \$447 in personal services; and an increase of \$7,812 in supplies and materials;
- Cemetery fund expenses decreased by \$642 primarily due to a decrease of \$1,160 in employee benefits; a decrease of \$70 in personal services; a decrease of \$2 in depreciation expense; and a decrease of \$1 in interest expense; offset by an increase of \$591 in supplies and materials; and an increase of \$329 in supplies and materials;
- Refuse expenses decreased by \$2,288 primarily due to a decrease of \$2,561 in employee benefits; a decrease of \$633 in depreciation expense; and a decrease of \$2 in interest expense; offset by an increase of \$329 in personal services and an increase of \$579 in personal services;

The above decreases which total \$8,168 were partially offset by increases of \$1,119 as follows:

- Parking fund expenses increased by \$871 primarily due to an increase of \$1 in depreciation expense; an increase of \$1,872 in supplies and materials; and an increase of \$107 in personal services; offset by a decrease of \$1,072 in employee benefits; and a decrease of \$36 in interest expense;
- Public market fund expenses increased by \$21 primarily due to an increase of \$53 in employee benefits; an increase of \$5 in interest expense; an increase of \$27 in depreciation expense; and an increase of \$14 in personal services; offset by an increase of \$120 in supplies and materials;
- War memorial expenses increased by \$227 primarily due to an increase of \$7 in employee benefits; an increase of \$284 in depreciation expense; and an increase of \$799 in capital projects; offset by a decrease of \$756 in supplies and materials; and a decrease of \$'08 in interest expense.

Expenses by Source - Business-Type Activities



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, *unassigned 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 \$174,996, an increase of \$29,411 in comparison with the prior year. The restricted portion of fund balance includes resources subject to externally enforceable legal restrictions and amounts to \$22,897. The committed portion of fund balance is reported in the amount of \$102,916 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 \$77,267 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 governmental fund amount to \$(28,084) 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 \$52,128, unassigned fund balance was \$9,050, and total fund balance increased by \$7,083, reaching a total of \$119,108. Assigned and unassigned fund balance total to a combined amount of \$61,178. The fund balance of the City's general fund increased by \$4,204 in assigned fund balance and increased by \$222 in unassigned fund balance. The City also elected to increase committed fund balance by \$3,171, with totals of \$31,721 committed for retirement costs, \$23,963 committed for tax relief, and \$2,190 committed for council priorities. Amongst the highlights of the general fund this past year has been an increased focus on violence prevention and youth services. Programs such as Pathway to Peace, SOOP, and Americorps have had an increased focus in helping the youth of our community.

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 \$26,047, of this \$25,975 was committed and \$72 was assigned. The fund balance of the City's general capital projects fund increased by \$14,682. This increase is comprised of a \$14,673 increase of committed capital projects and an increase of \$9 in assigned capital projects. General capital projects continue to be very active with a focus on revitalizing downtown through Roc the Riverway, and other major projects. These projects have been designed to transform the downtown district. Major changes can be seen completed at the Blue Cross Arena, the Rundell Library, ROC City Skate Park, and along the river walk. New projects are commencing along Main St., Clinton Ave, and St. Paul Street creating a new vision of downtown.

Transportation capital projects. The transportation capital projects fund is used to account for road and bridge construction and reconstruction. There was a decrease of \$5,039 in transportation capital projects fund balance due to an increase in expenditures for projects. This past year the City has received \$19,799 in aid towards these projects as well as spending \$23,645 on these projects, in efforts to maintain and improve our City's infrastructure.

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 \$22,139. The fund balance increased by \$2,413. The major factors contributing to the increase were a \$2,687 increase in restricted community development and an increase of \$536 in committed community development. These funds have been focused on the removal of vacant and hazardous housing to rebuild and create affordable and sustainable housing.

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 position of the proprietary funds at the end of the current fiscal year totaled \$104,153. The change in net position between 2022 and 2023, which totaled an increase of \$1,120 consisted of the following: an increase of \$5,180 in the War Memorial fund, an increase of \$804 in the Refuse fund, and an increase of \$1,201 in the Parking fund; offset by the Public Market fund decreasing by \$286, along with decreases of \$5,428 in Water fund, and \$351 in the Cemetery fund;.

Unrestricted net position of the proprietary funds, which totaled \$(79,497) at year end, breakdown as follows: Water \$(31,768), Parking \$(11,946), War Memorial \$1,476, Refuse \$(33,420), Cemetery \$(2,844), and Public Market \$(995).

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 position at the end of the fiscal year was \$46,774, a decrease of \$7,092 from the prior year. With the

second year in a row of increased expenses the internal service fund operated at excess of \$(13,354) in expenses over revenue. This was partially offset by a transfer in of \$6,262.

Debt service fund. The debt service fund has a total fund balance of \$8,088, of which \$4,144 is restricted and \$3,944 is assigned for the payment of debt service. The fund balance decreased by \$435 during the current fiscal year. The fund balance continues to decrease as we make payments on our outstanding debt. Increases in interest rates has enabled the City to make these payments with a lesser effect on cash and fund balances

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. The Community Development special revenue fund however, is excluded from the annual operating budget, with the exception of administration related expense. 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 Funds received from the American Rescue Plan Act are included in the operating budget as they are allocated and disbursed.

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 required supplementary information to the financial statements

Capital Assets and Debt Administration

Capital Assets. In accordance with GASB Statement No. 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business type activities as of June 30, 2023, amounted to \$969,502 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. In addition, this year saw the implementation a new reporting standard. GASB Statement No. 96 defined the measurement and recording of Subscription-Based IT Arrangements as a right to use asset. Also the Net Pension Asset present last year was removed as an offset to help control pension costs.

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

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 27,186	\$ 27,186	\$ 10,539	\$ 10,539	\$ 37,725	\$ 37,725
Buildings	107,867	122,758	88,401	96,387	196,268	219,145
Machinery, equipment, and vehicles	35,057	34,612	12,558	15,960	47,615	50,572
Improvements other than buildings	55,407	51,153	125,875	138,494	181,282	189,647
Infrastructure	473,971	488,549	—	—	473,971	488,549
Construction in progress	20,404	11,431	1,164	3,338	21,568	14,769
Lease assets - real estate	7,593	9,260	899	959	8,492	10,219
Lease assets - equipment	254	273	—	—	254	273
Right to use assets -SBITA	2,327	—	—	—	2,327	—
Total	\$ 730,066	\$ 745,222	\$ 239,436	\$ 265,677	\$ 969,502	\$ 1,010,899

Long-term debt. On June 30, 2023 the City's outstanding debt was \$203,609. This was a decrease of \$1,399 from the prior year. An increase of \$162 in the governmental activities funds and a decrease of \$1,561 in the business-type activities funds.

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

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 47,700	\$ 43,441	\$ 49,095	\$ 43,060	\$ 96,795	\$ 86,501
Bond anticipation notes	83,607	87,704	23,207	30,803	106,814	118,507
Total	\$ 131,307	\$ 131,145	\$ 72,302	\$ 73,863	\$ 203,609	\$ 205,008

The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule, and funds a significant level of capital expenditures from current funds. Major capital projects have not been deferred. The City has a rating of AA- from Standard & Poor's, an A1 rating from Moody's Investors Service, and a rating of AA- from Fitch Ratings.

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.

More detailed information on the City's capital assets and long-term debt activity is provided in the Notes to the Financial Statements under I.G.3 and 7 and III.C, D and E.

Economic Factors

The dominant feature of Rochester's economy during the previous 30 years has been the decline 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 employers 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% (Center for Governmental Research "CGR" estimates from County Business Patterns data).

Eastman Kodak filed for Chapter 11 Bankruptcy in January 2012. Kodak emerged from bankruptcy on September 3, 2013, slimmed down and refocused on corporate customers and the commercial printing and packaging businesses. Key to Kodak's restructuring was the sale of R&D patents for more than \$500 million to a technology consortium and sale of Eastman Business Park power plant facility to Illinois based Recycled Energy Development Inc. Kodak celebrated its return to the New York Stock Exchange in November 2013, listed as KODK.

Attraction efforts continue to bring new businesses to Eastman Business Park and its existing vacant parcels. Today, about 6,000 people work at Eastman Business Park; with this park housing Kodak and over 100 other companies.

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 Harris Corporation, which bought Exelis, Inc., which had purchased Kodak's Remote Sensing Systems unit, 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.

Demonstrating the shift to a service based workforce, the University of Rochester has grown to be the largest local employer with 31,940 jobs. A significant share of the University's growth has occurred at the University of Rochester Medical Center as Strong Health extends clinical service penetration beyond the metropolitan area and URMC expands its research facilities and total employment. Educational and health services employment is now 24.1% of total nonagricultural employment in the Rochester metropolitan area. The University of Rochester attracted more than \$3 billion in research funding over the past five years, supporting thousands of highly skilled workers.

In June 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.

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 POSITION
JUNE 30, 2023 (000's Omitted)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	District	RLBC
ASSETS					
Cash and cash equivalents	\$ 362,102	\$ 47,874	\$ 409,976	\$ 225,221	\$ 1,145
Investments	98,074	—	98,074	—	—
Receivables (net of allowance for uncollectibles)					
Accounts	15,202	26,347	41,549	3,695	—
Taxes	35,998	—	35,998	—	—
Due from other governments	76,548	243	76,791	117,209	—
Due from component units	143	—	143	53	51
Inventory	—	—	—	509	—
Prepaid items	—	—	—	19,774	—
Cash and cash equivalents - restricted	18,866	7,162	26,028	32,855	—
Due from other governments - restricted	—	6	6	—	—
Interfund balances	(7,801)	7,801	—	—	—
PPP receivable	—	3,533	3,533	—	—
Lease receivable	5,073	5,672	10,745	—	—
Other Assets	2,092	155	2,247	—	—
Capital and Lease assets (net of accumulated depreciation/amortization)					
Land	27,186	10,539	37,725	19,352	—
Buildings	107,867	88,401	196,268	804,797	—
Machinery, equipment, and vehicles	35,057	12,558	47,615	17,262	—
Improvements other than buildings	55,407	125,875	181,282	—	—
Infrastructure	473,971	—	473,971	—	—
Construction in progress	20,404	1,164	21,568	33,519	—
Lease assets - real estate	7,593	899	8,492	939	—
Lease assets - equipment	254	—	254	365	—
SBITA assets	2,327	—	2,327	—	—
Total assets	1,336,363	338,229	1,674,592	1,275,550	1,196
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow pension	146,748	2,967	149,715	190,656	—
Deferred outflow - OPEB	88,349	7,967	96,316	32,316	—
Deferred charge on refunding, net of amortization	—	—	—	1,002	—
Total deferred outflows of resources	235,097	10,934	246,031	223,974	—
LIABILITIES					
Accounts payable and other accrued liabilities	91,187	7,752	98,939	86,142	4
Retainage payable	2,071	906	2,977	—	—
Accrued interest payable	2,917	1,377	4,294	—	—
Bond anticipation notes payable	83,607	23,207	106,814	16,030	—
Due to other governments	12,936	520	13,456	41,454	—
Due to component units	104	—	104	92	51
Unearned revenue	173,607	299	173,906	3,785	—
Noncurrent liabilities:					
Due within one year	17,915	14,616	32,531	100,827	—
Due in more than one year	1,347,143	144,050	1,491,193	1,581,075	—
Total liabilities	1,731,487	192,727	1,924,214	1,829,405	55
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflow - PPP	—	4,097	4,097	—	—
Deferred Inflow - OPEB	469,592	42,342	511,934	104,670	—
Deferred inflow - leases	4,925	5,622	10,547	—	—
Deferred inflow - pension	7,818	222	8,040	18,270	—
Total deferred inflows of resources	482,335	52,283	534,618	122,940	—
NET POSITION (DEFICIT)					
Net investment in capital assets	602,955	177,832	780,787	243,860	—
Restricted for:					
Capital projects	—	2,731	2,731	14,137	—
Debt service	4,144	3,087	7,231	27,020	—
Community development	8,509	—	8,509	—	—
RCSD	—	—	—	794	—
Unrestricted (deficit)	(1,257,970)	(79,497)	(1,337,467)	(738,632)	1,141
Total net position (deficit)	\$ (642,362)	\$ 104,153	\$ (538,209)	\$ (452,821)	\$ 1,141

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

CITY OF ROCHESTER, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023 (000's Omitted)

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	District	RLBC
					Governmental Activities	Business-Type Activities			
Primary government:									
Governmental activities:									
General government	\$ 208,773	\$ 95,416	\$ 13,649	\$ 5,164	\$ (94,544)	\$ —	\$ (94,544)	\$ —	\$ —
Neighborhood business development	36,975	5,850	25,939	1,568	(3,618)	—	(3,618)	—	—
Environmental services	49,939	21,328	631	214	(27,766)	—	(27,766)	—	—
Transportation	37,584	1,386	2,979	20,877	(12,342)	—	(12,342)	—	—
Emergency communications	21,154	19,738	—	—	(1,416)	—	(1,416)	—	—
Police department	148,115	5,333	2,729	—	(140,053)	—	(140,053)	—	—
Fire department	81,517	946	808	1,625	(78,138)	—	(78,138)	—	—
Library	14,396	2,455	9,451	3,738	1,248	—	1,248	—	—
Recreation and human services	17,790	1,667	4,099	509	(11,515)	—	(11,515)	—	—
Education	119,100	—	—	—	(119,100)	—	(119,100)	—	—
Interest on long term debt	4,279	—	—	—	(4,279)	—	(4,279)	—	—
Total governmental activities	739,622	154,119	60,285	33,695	(491,523)	—	(491,523)	—	—
Business-type activities:									
Water	52,453	41,105	—	9,854	—	(1,494)	(1,494)	—	—
Parking	13,300	8,509	—	2,000	—	(2,791)	(2,791)	—	—
War Memorial	2,492	1,745	—	3,500	—	2,753	2,753	—	—
Refuse	29,675	30,101	—	—	—	426	426	—	—
Cemetery	3,801	1,880	—	—	—	(1,921)	(1,921)	—	—
Public Market	2,051	939	—	—	—	(1,112)	(1,112)	—	—
Total business-type activities	103,772	84,279	—	15,354	—	(4,139)	(4,139)	—	—
Total primary government	843,394	238,398	60,285	49,049	(491,523)	(4,139)	(495,662)	—	—
Component units:									
District	\$ 980,520	\$ 3,192	\$ 243,178	\$ —				(734,150)	—
RLBC	986	—	287	—				—	(699)
Total component units	\$ 981,506	\$ 3,192	\$ 243,465	\$ —				(734,150)	(699)
General revenues:									
Property taxes					179,025	3,838	182,863	—	—
Sales taxes					195,705	—	195,705	—	—
Payment in-lieu of tax					16,010	—	16,010	—	—
Other taxes					13,526	905	14,431	—	—
Governmental aid - (unrestricted)					95,662	3,411	99,073	697,088	—
Investment earnings					13,481	1,079	14,560	5,894	—
Allocation to the district - (unrestricted)					—	—	—	119,100	—
Miscellaneous					6,754	1,477	8,231	15,242	282
Transfers					5,451	(5,451)	—	—	—
Total general revenues and transfers					525,614	5,259	530,873	837,324	282
Change in net position					34,091	1,120	35,211	103,174	(417)
Net position (deficit) - beginning as previously stated					(683,177)	103,033	(580,144)	(555,995)	1,558
Restatement - (see note I.G.12)					6,724	—	6,724	—	—
Net position (deficit) - beginning as restated					(676,453)	103,033	(573,420)	(555,995)	1,558
Net position (deficit) - ending					\$ (642,362)	\$ 104,153	\$ (538,209)	\$ (452,821)	\$ 1,141

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

THE CITY OF ROCHESTER, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023 (000's Omitted)

	General	Capital Projects		Special Revenue	Total Nonmajor Funds	Total Governmental Funds
		General	Transportation	Community Development		
ASSETS						
Cash and cash equivalents	\$216,675	\$ 71	\$ —	\$ 23,151	\$ 47,769	\$ 287,666
Investments	98,074	—	—	—	—	98,074
Receivables (net of allowance for uncollectibles)						
Accounts	2,259	1	—	51	815	3,126
Taxes	14,701	—	—	—	286	14,987
Due from other funds	16,646	58,890	6,684	2	5,360	87,582
Due from other governments	58,940	7,549	2,203	2,764	5,092	76,548
Due from component units	143	—	—	—	—	143
Cash and cash equivalents - restricted	—	2,882	7,951	—	8,033	18,866
Total assets	<u>\$407,438</u>	<u>\$ 69,393</u>	<u>\$ 16,838</u>	<u>\$ 25,968</u>	<u>\$ 67,355</u>	<u>\$ 586,992</u>
LIABILITIES						
Accounts payable and other accrued liabilities	\$ 28,165	\$ 6,713	\$ 3,469	\$ 1,519	\$ 3,265	\$ 43,131
Bond anticipation notes payable	—	29,257	47,554	—	6,796	83,607
Due to other funds	74,132	6,986	2,258	1,163	12,609	97,148
Due to other governments	12,497	—	—	1,073	439	14,009
Due to component units	63	—	—	—	41	104
Unearned revenue	173,473	390	—	74	60	173,997
Total liabilities	<u>288,330</u>	<u>43,346</u>	<u>53,281</u>	<u>3,829</u>	<u>23,210</u>	<u>411,996</u>
FUND BALANCES (DEFICIT)						
Restricted	56	—	—	8,509	14,332	22,897
Committed	57,874	25,975	—	13,630	5,437	102,916
Assigned	52,128	72	—	—	25,067	77,267
Unassigned (deficit)	9,050	—	(36,443)	—	(691)	(28,084)
Total fund balances (deficit)	<u>119,108</u>	<u>26,047</u>	<u>(36,443)</u>	<u>22,139</u>	<u>44,145</u>	<u>174,996</u>
Total liabilities and fund balances (deficit)	<u>\$407,438</u>	<u>\$ 69,393</u>	<u>\$ 16,838</u>	<u>\$ 25,968</u>	<u>\$ 67,355</u>	<u>\$ 586,992</u>

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

THE CITY OF ROCHESTER, NEW YORK
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023 (000's Omitted)

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

Total fund balances of governmental funds	\$ 174,996
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	730,066
Accrual of property and sales taxes to qualify as financial resources	21,011
Internal service funds are used by management to charge the cost of risk management and health insurance to individual funds.	46,774
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Accrual of interest on bonds and notes payable	(2,917)
Accrual of Medicare Part D revenue	86
Long-term assets/(liabilities), are not due in the current period and, therefore the receivables/ (payables), are not reported in the funds:	
Retainage liability	(2,071)
Bonds payable	(43,199)
Premium liability	(4,501)
Compensated absences	(18,629)
Workers' compensation	(17,360)
OPEB liability	(1,029,753)
Pollution remediation liability	(20,762)
Net pension liability	(225,403)
Lease payable long term liabilities	(8,250)
Lease receivable	5,073
Deferred lease inflow	(4,925)
Net deferred pension inflows/outflows	138,930
Net deferred OPEB inflows/outflows	(381,243)
Reserve account with NYS Retirement System	2,092
SBITA payable	(2,377)
Net position of governmental activities	<u>\$ (642,362)</u>

The notes to 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, 2023 (000's Omitted)**

	Capital Projects			Special Revenue	Total Nonmajor Funds	Total Governmental Funds
	General	General	Transportation	Community Development		
REVENUES						
Real property tax	\$ 166,812	\$ —	\$ —	\$ —	\$ 9,530	\$ 176,342
Sales tax	195,460	—	—	—	—	195,460
Other taxes	29,537	—	—	—	—	29,537
Departmental	26,121	—	—	—	24,056	50,177
Use of money and property	8,889	—	—	210	1,918	11,017
Licenses and permits	3,438	—	—	—	—	3,438
Federal aid	18,532	4,785	5,265	17,537	2,696	48,815
State aid	98,904	9,751	12,302	—	6,563	127,520
Local sources and other	27,143	1,175	2,232	1,934	8,404	40,888
Total revenues	<u>574,836</u>	<u>15,711</u>	<u>19,799</u>	<u>19,681</u>	<u>53,167</u>	<u>683,194</u>
EXPENDITURES						
Current:						
General government	171,200	—	—	—	9,188	180,388
Neighborhood business development	13,094	—	—	17,693	222	31,009
Environmental services	24,908	—	—	—	11,362	36,270
Transportation	4,716	—	—	—	199	4,915
Emergency communications	15,321	—	—	—	—	15,321
Police department	109,005	—	—	—	476	109,481
Fire department	59,374	—	—	—	596	59,970
Library	—	—	—	—	12,708	12,708
Recreation and human services	13,128	—	—	—	2,101	15,229
Education	119,100	—	—	—	—	119,100
Debt service:						
Principal retirement	9,864	—	—	—	420	10,284
Interest	3,292	—	—	—	325	3,617
Administrative charges	—	—	—	—	—	—
Capital outlay:						
General government	—	29,320	—	—	3,632	32,952
Neighborhood business development	—	990	—	—	112	1,102
Environmental services	—	957	198	—	—	1,155
Transportation	—	5,384	23,447	—	—	28,831
Emergency communications	—	23	—	—	—	23
Police department	—	3,625	—	—	—	3,625
Fire department	—	802	—	—	—	802
Library	—	1,420	—	—	1,312	2,732
Recreation and human services	—	455	—	—	325	780
Total expenditures	<u>543,002</u>	<u>42,976</u>	<u>23,645</u>	<u>17,693</u>	<u>42,978</u>	<u>670,294</u>
Excess (deficiency) of revenues over expenditures	<u>31,834</u>	<u>(27,265)</u>	<u>(3,846)</u>	<u>1,988</u>	<u>10,189</u>	<u>12,900</u>
OTHER FINANCING SOURCES (USES)						
Premium on bond issued	—	—	—	—	1,855	1,855
Issuance of bonds	—	10,625	657	—	4,185	15,467
Transfers in	18,742	33,037	6,243	425	3,946	62,393
Transfers out	(43,493)	(869)	(8,093)	—	(10,749)	(63,204)
Total other financing sources (uses)	<u>(24,751)</u>	<u>42,793</u>	<u>(1,193)</u>	<u>425</u>	<u>(763)</u>	<u>16,511</u>
Net change in fund balances	7,083	15,528	(5,039)	2,413	9,426	29,411
Fund balances (deficit) - beginning as previously stated	112,025	11,365	(38,164)	18,916	34,719	138,861
Restatement (see note I.G.12)	—	(846)	6,760	810	—	6,724
Fund balances (deficit) -beginning as restated	112,025	10,519	(31,404)	19,726	34,719	145,585
Fund balances (deficit) - ending	<u>\$ 119,108</u>	<u>\$ 26,047</u>	<u>\$ (36,443)</u>	<u>\$ 22,139</u>	<u>\$ 44,145</u>	<u>\$ 174,996</u>

The notes to 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, 2022 (000's Omitted)**

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

Net change in fund balances - total governmental funds	\$ 29,411
Change in net position of internal service fund reported in governmental activities	(7,092)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Governmental funds report capital outlays of \$36,431, as expenditures (\$28,092 net of disposals) However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation/amortization expense of \$32,982 This is the amount by which depreciation in the current period exceeded capital outlays net of disposals.	(4,890)
Change in accrual of interest payable on notes and bonds payable	(1,165)
Change in accrual of unrestricted governmental aid	(123)
Change in accrual of property tax	2,683
Change in accrual of sales tax	244
Change in pollution remediation liability	1,238
Change in lease receivable (net of deferred outflow of resources)	74

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Debt proceeds and principal payment	(5,182)
Premium liability	923

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 the governmental funds:

Workers' compensation	(1,000)
Compensated absences	(180)
Retirement amortization	1,177
Net pension expense and net deferred inflow/outflow of resources	(28,292)
Net Deferred inflow/outflow OPEB	22,696
OPEB expense	22,383
Retainage	(4)
Leases	1,475
SBITA	(2,377)
Other Asset - NYS retirement reserve	2,092

Change in net position of governmental activities	<u>\$ 34,091</u>
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The notes to financial statements are an integral part of this statement.

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023 (000's Omitted)

	Business-type Activities						Governmental	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 16,649	\$ 3,254	\$ 1,901	\$ 21,195	\$ 4,130	\$ 745	\$ 47,874	\$ 74,436
Receivables (net of allowance for uncollectibles)	18,967	3,612	233	2,733	802	—	26,347	—
Due from other funds	2,219	4,744	162	2,061	101	67	9,354	2,839
Due from other governments	243	—	—	—	—	—	243	—
Cash and equivalents - restricted	5,589	925	84	207	76	281	7,162	—
Due from other governments - restricted	6	—	—	—	—	—	6	—
Lease receivable	—	272	—	—	—	—	272	—
PPP receivable	—	944	2,589	—	—	—	3,533	—
Total current assets	43,673	13,751	4,969	26,196	5,109	1,093	94,791	77,275
Noncurrent assets:								
Other asset	66	14	—	62	10	3	155	—
Capital assets:								
Land	572	8,916	165	30	139	717	10,539	—
Buildings	46,259	116,270	56,913	508	7,878	11,544	239,372	—
Machinery, equipment, and vehicles	9,705	1,923	6,665	23,253	2,698	230	44,474	—
Improvements other than buildings	297,666	2,055	68	671	4,134	3,186	307,780	—
Construction in progress	843	145	76	56	44	—	1,164	—
Less accumulated depreciation	(211,628)	(88,260)	(32,853)	(17,367)	(7,759)	(6,925)	(364,792)	—
Lease assets:								
Real estate	—	1,019	—	—	—	—	1,019	—
Accumulated amortization - leases	—	(120)	—	—	—	—	(120)	—
Lease receivable	—	5,400	—	—	—	—	5,400	—
Total noncurrent assets	143,483	47,362	31,034	7,213	7,144	8,755	244,991	—
Total assets	187,156	61,113	36,003	33,409	12,253	9,848	339,782	77,275

Continued

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023 (000's Omitted)**

	Business-type Activities						Governmental Activities	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflow of resources - OPEB	3,696	869	—	2,946	365	91	7,967	—
Deferred outflows of resources - pension	1,256	270	—	1,188	197	56	2,967	—
Total deferred outflows of resources	4,952	1,139	—	4,134	562	147	10,934	—
Total assets and deferred outflows of resources	<u>\$ 192,108</u>	<u>\$ 62,252</u>	<u>\$ 36,003</u>	<u>\$ 37,543</u>	<u>\$ 12,815</u>	<u>\$ 9,995</u>	<u>\$ 350,716</u>	<u>\$ 77,275</u>
LIABILITIES								
Current liabilities:								
Accounts payable and other accrued liabilities	\$ 3,384	\$ 1,308	\$ 61	\$ 2,398	\$ 510	\$ 91	\$ 7,752	\$ 29,427
Retainage payable	661	145	—	56	44	—	906	—
Accrued interest payable	1,054	168	75	36	2	42	1,377	—
Workers' compensation, current portion	555	176	—	1,442	33	3	2,209	—
Bond anticipation notes payable	16,842	4,177	533	1,000	—	655	23,207	—
Bonds payable	6,248	1,593	929	—	111	341	9,222	—
Due to other funds	93	1,058	98	237	49	18	1,553	1,074
Due to other governments	240	51	—	194	25	10	520	—
Unearned revenue	—	73	—	—	226	—	299	—
Lease payable - current	—	36	—	—	—	—	36	—
Total current liabilities	29,077	8,785	1,696	5,363	1,000	1,160	47,081	30,501
Noncurrent liabilities:								
Workers' compensation	2,029	642	—	5,268	120	10	8,069	—
Bonds payable	31,695	2,822	3,450	—	107	1,799	39,873	—
Due to other governments	—	—	—	—	—	—	—	—
OPEB liability	43,590	10,199	—	34,614	4,269	1,102	93,774	—
Net pension liability	1,932	416	—	1,827	303	86	4,564	—
Lease payable - noncurrent	—	919	—	—	—	—	919	—
Total noncurrent liabilities	79,246	14,998	3,450	41,709	4,799	2,997	147,199	—
Total liabilities	108,323	23,783	5,146	47,072	5,799	4,157	194,280	30,501
DEFERRED INFLOWS OF RESOURCES								
Deferred inflow - PPP	—	940	3,157	—	—	—	4,097	—
Deferred inflow - OPEB	19,643	4,621	—	15,656	1,940	482	42,342	—
Deferred inflow - leases	—	5,622	—	—	—	—	5,622	—
Deferred inflow - pension	94	20	—	89	15	4	222	—
Total deferred inflows of resources	19,737	11,203	3,157	15,745	1,955	486	52,283	—
Total liabilities and deferred inflows of resources	<u>\$ 128,060</u>	<u>\$ 34,986</u>	<u>\$ 8,303</u>	<u>\$ 62,817</u>	<u>\$ 7,754</u>	<u>\$ 4,643</u>	<u>\$ 246,563</u>	<u>\$ 30,501</u>

Continued

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023 (000's Omitted)**

	Business-type Activities						Governmental Activities	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
NET POSITION (DEFICIT)								
Net investment in capital assets	93,559	38,579	26,206	6,303	6,948	6,237	177,832	—
Restricted for:								
Capital projects	—	—	—	1,797	934	—	2,731	—
Debt service	2,257	633	18	46	23	110	3,087	—
Health insurance	—	—	—	—	—	—	—	30,675
Dental insurance	—	—	—	—	—	—	—	—
Unrestricted (deficit)	(31,768)	(11,946)	1,476	(33,420)	(2,844)	(995)	(79,497)	16,099
Total net position (deficit)	64,048	27,266	27,700	(25,274)	5,061	5,352	104,153	46,774
Total liabilities, deferred inflows of resources and net position (deficit)	<u>\$ 192,108</u>	<u>\$ 62,252</u>	<u>\$ 36,003</u>	<u>\$ 37,543</u>	<u>\$ 12,815</u>	<u>\$ 9,995</u>	<u>\$ 350,716</u>	<u>\$ 77,275</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 (000's Omitted)**

	Business-type Activities						Governmental Activities	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES								
Charges for services	\$ 41,105	\$ 8,509	\$ 1,745	\$ 30,101	\$ 1,880	\$ 939	\$ 84,279	\$ 79,784
Total operating revenues	41,105	8,509	1,745	30,101	1,880	939	84,279	79,784
OPERATING EXPENSES								
Personnel services	8,288	1,749	—	7,737	1,297	347	19,418	—
Supplies and materials	32,578	7,303	1,029	14,072	1,690	857	57,529	—
Employee benefits	3,798	953	33	6,034	326	194	11,338	—
Claims settlement	—	—	—	—	—	—	—	93,687
Depreciation	7,768	2,934	1,271	1,792	488	571	14,824	—
Lease amortization	—	60	—	—	—	—	60	—
Total operating expenses	52,432	12,999	2,333	29,635	3,801	1,969	103,169	93,687
Operating (loss)	(11,327)	(4,490)	(588)	466	(1,921)	(1,030)	(18,890)	(13,903)
NONOPERATING REVENUES (EXPENSES)								
Real property tax	—	299	1,457	—	1,279	803	3,838	—
Other taxes	—	—	905	—	—	—	905	—
Interest and penalties	922	170	34	—	6	—	1,132	—
Interest on investments	340	85	26	360	253	15	1,079	549
Federal aid	—	3,376	—	—	—	—	3,376	—
Local sources and other	255	63	6	18	(3)	8	347	—
State grants	—	—	—	—	35	—	35	—
Interest expense	(21)	(302)	(160)	(40)	—	(82)	(605)	—
Total nonoperating revenues (expenses)	1,496	3,691	2,268	338	1,570	744	10,107	549
Income (loss) before contributions and transfers	(9,831)	(799)	1,680	804	(351)	(286)	(8,783)	(13,354)
Capital contributions	9,854	2,000	3,500	—	—	—	15,354	—
Transfers in	—	—	—	—	—	—	—	6,262
Transfers out	(5,451)	—	—	—	—	—	(5,451)	—
Change in net position	(5,428)	1,201	5,180	804	(351)	(286)	1,120	(7,092)
Net position (deficit) - beginning	69,476	26,065	22,520	(26,078)	5,412	5,638	103,033	53,866
Net position (deficit) - ending	\$ 64,048	\$ 27,266	\$ 27,700	\$ (25,274)	\$ 5,061	\$ 5,352	\$ 104,153	\$ 46,774

The notes to 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, 2023 (000's Omitted)**

	Business-type Activities						Governmental Activities	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 38,695	\$ 8,760	\$ 1,853	\$ 29,988	\$ 1,912	\$ 939	\$ 82,147	\$ 79,784
Payments to suppliers	(32,642)	(6,433)	(1,076)	(14,271)	(1,326)	(868)	(56,616)	(94,307)
Payments to employees	(14,120)	(2,909)	(33)	(14,458)	(1,881)	(569)	(33,970)	—
Net cash provided by (used for) operating activities	(8,067)	(582)	744	1,259	(1,295)	(498)	(8,439)	(14,523)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Real property taxes and other taxes	—	299	2,362	—	1,279	803	4,743	—
Transfers from other funds	—	—	—	—	—	—	—	6,263
Transfers to other funds	(5,451)	—	—	—	—	—	(5,451)	—
Interfund loans	(2,400)	(3,714)	(3,726)	(2,003)	771	(435)	(11,507)	13,397
Operating grants	—	3,376	—	—	35	—	3,411	—
Net cash provided by (used for) noncapital financing activities	(7,851)	(39)	(1,364)	(2,003)	2,085	368	(8,804)	19,660
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sales of bonds and notes	4,343	572	3	—	—	—	4,918	—
Capital contributions	9,611	2,000	3,500	—	—	—	15,111	—
Principal paid on bonds and notes	1,336	(3,252)	(1,072)	(1,000)	(95)	(410)	(4,493)	—
Interest expense paid on bonds and notes	348	(337)	(169)	(22)	(13)	(96)	(289)	—
Acquisition and construction of capital assets	(356)	(315)	(788)	(106)	(410)	(57)	(2,032)	—
Deferred inflow of lease payments	—	(123)	—	—	—	—	(123)	—
Proceeds from lease receivable	—	99	—	—	—	—	99	—
Proceeds from PPP receivable	—	(945)	(2,589)	—	—	—	(3,534)	—
Deferred inflow of PPP payments	—	940	3,157	—	—	—	4,097	—
Net cash provided by (used for) capital and related financing activities	15,282	(1,361)	2,042	(1,128)	(518)	(563)	13,754	—
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received from investments and customers	1,262	255	60	360	258	15	2,210	549
Net cash provided by investing activities	1,262	255	60	360	258	15	2,210	549
Net increase (decrease) in cash and cash equivalents	626	(1,727)	1,482	(1,512)	530	(678)	(1,279)	5,686
Cash and cash equivalents at beginning of year	21,612	5,906	503	22,914	3,676	1,704	56,315	68,750
Cash and cash equivalents at end of year	\$ 22,238	\$ 4,179	\$ 1,985	\$ 21,402	\$ 4,206	\$ 1,026	\$ 55,036	\$ 74,436
Cash and cash equivalents - unrestricted	\$ 16,649	\$ 3,254	\$ 1,901	\$ 21,195	\$ 4,130	\$ 745	\$ 47,874	\$ 74,436
Cash and cash equivalents -restricted	\$ 5,589	\$ 925	\$ 84	\$ 207	\$ 76	\$ 281	\$ 7,162	—
Reconciliation of operating loss to net cash provided by (used for) operating activities:								
Operating (loss)	\$ (11,327)	\$ (4,490)	\$ (588)	\$ 466	\$ (1,921)	\$ (1,030)	\$ (18,091)	\$ (13,903)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and lease amortization expense	7,768	2,994	1,271	1,792	488	571	14,884	—
(Increase) decrease in customer receivables	(2,410)	251	108	(112)	(46)	—	(2,209)	—
Increase (decrease) in accounts payable - supplier	(64)	871	(47)	(199)	442	(12)	991	(620)
Increase (decrease) in compensated absences	(44)	7	—	38	2	(11)	(8)	—
Increase in salaries & benefits payable	(1,990)	(215)	—	(726)	(260)	(16)	(3,207)	—
Total adjustments	3,260	3,908	1,332	793	626	532	10,451	(620)
Net cash provided by (used for) operating activities	\$ (8,067)	\$ (582)	\$ 744	\$ 1,259	\$ (1,295)	\$ (498)	\$ (7,640)	\$ (14,523)

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023 (000's Omitted)**

	Private-Purpose Trust Funds	Custodial Funds
ASSETS		
Cash and cash equivalents	\$ 602	\$ 19,655
Investments	2,967	—
Receivables (net of allowance for uncollectibles)	—	295
Total assets	<u>3,569</u>	<u>19,950</u>
LIABILITIES		
Accounts payable and other accrued liabilities	<u>20</u>	<u>786</u>
Total liabilities	<u>20</u>	<u>786</u>
NET POSITION		
Restricted for:		
Employees	—	5,692
Foreclosure	—	4,198
Community programs	—	2,853
Seizure funds	—	3,640
Escrow	—	2,782
Trust and other purposes	<u>3,549</u>	<u>—</u>
Total net position	<u>\$ 3,549</u>	<u>\$ 19,165</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Private-Purpose Trust Funds</u>	<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Employees	\$ —	\$ 9,188
Gifts and bequests	350	—
Interest on investments	147	—
Foreclosure	—	8,197
Community programs	—	330
Seizure funds	—	632
Escrow	—	155
Total contributions	<u>497</u>	<u>18,502</u>
DEDUCTIONS		
Community services	324	—
Payments on behalf of employees	—	10,535
Foreclosure	—	6,410
Community programs	—	120
Seizure funds		437
Escrow		44
Total deductions	<u>324</u>	<u>17,546</u>
Change in net position	173	956
Net position - beginning	<u>3,376</u>	<u>18,209</u>
Net position - ending	<u>\$ 3,549</u>	<u>\$ 19,165</u>

The notes to 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 Human Services, Police, Fire, and Emergency Communications. The City owns and operates six enterprise activities: a water system, parking, War Memorial, refuse, cemeteries, and public market.

The Rochester City School District (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 70 Carlson Rd, Suite 200, Rochester, New York 14610.

The Rochester Land Bank Corporation (RLBC) is a public authority and not-for-profit corporation formed under Article 16 of the Not-for-Profit Corporation Law (the "Land Bank Act"). The RLBC's Certificate of Incorporation was filed by the City on August 9, 2013. The RLBC was formed for the acquisition of abandoned, vacant and tax delinquent properties and facilitating their return to productive use. There is a seven member voting board consisting of five *ex officio* members and two appointed members - one member appointed by the Mayor and one member appointed by City Council. The RLBC is included in these statements as a discretely presented component unit, a governmental fund type. Separate financial statements may be obtained from the RLBC's Executive Director at 30 Church Street, Room 125B, Rochester, New York 14614.

Based on the financial accountability factors the RLBC was determined to be a discretely presented component unit. It is primarily funded by a New York State grant for the purchase and redevelopment of tax foreclosed properties and city taxes for operations. The component unit provides services directly to the public and not for the primary government and therefore it is discretely presented.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Position 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 significantly 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 City.

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 **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, and the Federal government.

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 collection 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 **Internal Service Fund** is used to account for entity-wide general liabilities including health and dental insurance premiums.

The **Private Purpose Trust 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 **Custodial Fund** is used to account for fiduciary activities. This includes, security deposits, real estate deposits, and parking violations escrow.

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, sale of event tickets for the War Memorial Fund, sale of graves for the Cemetery Fund and vendor charges for the Public Market Fund. 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 City's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2023, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The City also implement GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of Statement No. 96 is to define SBITAs, establish that a SBITA results in a right-to-use subscription asset, and a corresponding subscription liability, and provide capitalization criteria for outlays other than subscription payments. Lastly, the City has implemented the provisions of GASB Statement No. 99, Omnibus 2022, which provided clarification to the provisions of GASB Statement No. 87, Leases, Gasb Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements and GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

The City has evaluated the provisions of Statement No. 91, Conduit Debt Obligations and determined that they have no significant impact on the City's financial statements.

The following are GASB Statements that have been issued recently and are currently being evaluated, by the City, for their potential impact in future years:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which will be effective for the year ending June 30, 2024.
- Statement No. 101, *Compensated Absences*, which will be effective for the year ending June 30, 2025.

E. USE OF ESTIMATES

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/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* tax 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, 2023, the City had a legal margin of \$54,442,000.

G. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

1. Cash and Cash Equivalents, Deposits and Investments

The City's cash and cash equivalents consists of cash on hand, demand deposits, money market investments with original maturities of three months or less from the date of acquisition and NYCLASS investments.

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 in accordance with the City's Investment policy and New York State General Municipal Law Section 10 (3).

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 fair 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 in accordance with the City's investment policy and New York State General Municipal Law Section 10 (3).

Cash equivalents include bank deposits, money market accounts and NYCLASS investments. All highly liquid investments, both restricted and unrestricted, with an original maturity of approximately three months or less are considered to be cash equivalents. Interest earnings are recorded at maturity and generally allocated to the appropriate fund by outstanding balance.

The City reports Library investments in the private purpose trust fund, in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* and Statement No.

79, *Certain External Investment Pools and Pool Participants*, 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 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.

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 or constructed prior to fiscal year 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 \$5,000 (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, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

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 the life of the asset are not capitalized.

Land and construction in progress are not depreciated. Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the estimated useful lives in this table:

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City and the District had items that qualify for reporting in this category; the deferred outflows related to pensions and OPEB reported in the government-wide Statement of Net Position, and in the Proprietary Funds Statement of Net Position. The District also had an item that qualified as deferred outflow of resources related to the deferred charges on a refunding.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and therefore, will *not* be recognized as an inflow of resources (revenue) until that time. The City and the District have three items that qualifies for reporting in this category; the deferred inflow related to pensions, OPEB, and leases reported in the government-wide Statement of Net Position, and in the Proprietary Funds Statement of Net Position.

5. Unearned Revenue

Unearned revenue is a liability for resources obtained prior to revenue recognition. The unearned revenue of \$173,473,000 in the City's General Fund relates primarily to American Rescue Plan Act of 2021 (ARPA) funds, and property taxes that will not be collected within sixty days, \$390,000 in the General Capital Projects Fund relates to future rent from a lease agreement, \$74,000 in the City's Special Revenue Community

Development Fund relates to loan repayments for programs, \$60,000 in the State Projects Fund for DCJS program for body worn camera funding, \$226,000 in the City's Cemetery Fund relates primarily to charges for future care of grave sites, and \$73,000 in the City's Parking Fund relates primarily to prepaid monthly parking fees.

The District also received cash in advance of expenditures in the amount of \$3,785,000 for Special Aid fund projects during fiscal year 2022-23. These funds represent receipts for various grants that were not fully spent as of June 30, 2023. As the funds are spent during fiscal year 2023-24, revenue will be recorded.

6. Compensated Absences

It is the City's policy to pay employees for unused vacation and compensatory time when there is a separation from service. Employees have a vacation bank cap based on their start of service date with the City. Therefore, it is estimated that the prior fiscal year compensated absences balance is fully liquidated by the end of the next fiscal year. For Governmental activities, the current portion of this liability is accrued in the appropriate fund and for Business-type activities, the full liability is recognized at both the fund and entity-wide level. As of June 30, 2023, the liability for Governmental Activities was \$19,549,000 and \$1,333,000 for Business-type Activities, and \$4,848,000 for the District.

7. Long-term Obligations

In the government-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 position. Bond premiums, if any, are deposited in the debt service fund and used to retire debt in the respective funds. In the government-wide financial statements bond premiums and discounts are amortized over the life of the debt issued. Bond issuance costs, if any, are charged as a general fund operating expense on the fund basis statements.

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.

8. Net Position Flow Assumption

There are times when the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund Balances — Flow Assumptions and Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Under the City Charter, the Director of Finance has the authority to assign fund balance for specific purposes. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In

other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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.

The City has adopted a formal fund balance policy in which it shall strive to attain and maintain an adequate fund balance in its general fund in order to maintain a desirable credit rating and retain the ability to borrow at a reasonable interest rate. The City's policy establishes that the City will maintain a level of fund balance that is not restricted in the general fund that is no less than twelve and one-half percent of the annual projected general fund expenditures in the same fiscal year. In the event that the portion of fund balance that is not restricted falls below the minimum amount required by this policy, the City shall develop and implement a plan that increases the fund balance back to the required minimum level as soon as practicable, and no later than within three years.

10. 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 either assigned or committed fund balances since they do not constitute expenditures or liabilities. Total encumbrances in the General fund were \$19,856,000 at year end. These were substantially for environmental services purposes including \$1,401,000 for utilities, maintenance, fuel and security systems and general government purposes were \$9,582,000 which included recreation programs, medical services, and employee training.

11. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

The District utilizes the consumption method to record prepaid expenditures. As of June 30, 2023, the General Fund recorded prepaid expenditures in the amount of \$18,041,000 for charter schools, travel and health insurance. Additionally, prepayments of \$1,679,000 and \$44,000 were recorded in the Special Aid and Capital funds, respectively, for software and \$9,000 was recorded in the RJSCB fund for insurance. These prepayments will be recorded as expenditures during fiscal year 2023-24. Prepayments are classified as nonspendable to signify that portion of fund balance that is not in a spendable form.

12. Restatement

For the fiscal year ended June 30, 2023, the City corrected an error in the accrual of federal, state and local revenues for the prior fiscal year ended June 30, 2022 which resulted in the restatement of beginning fund balances (deficits), and restatement of net position as follows:

	Capital Projects		Special Revenue
	General	Transportation	Community Development
Fund balance beginning of year, as previously stated	\$ 11,365,000	\$ (38,164,000)	\$ 18,916,000
Restatement	(846,000)	6,760,000	810,000
Fund balance beginning of year, as restated	\$ 10,519,000	\$ (31,404,000)	19,726,000

	Governmental Activities
Net position beginning of year, as previously restated	\$ (683,177,000)
Restatement	6,724,000
Net position beginning of year, as restated	\$ (676,453,000)

Additionally, the RURA fund was previously included within the Federal Projects fund, but is now being treated as a standalone fund. As a result of this change, beginning fund balance in the Federal projects fund was decreased by \$1,120,000 and beginning fund balance in the RURA fund was increased by \$1,120,000.

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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual, General, Certain Special Revenue and Proprietary 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 combined General, Special Revenue, and Enterprise fund budget is adopted on a departmental basis in which expenditures may not legally exceed appropriations on a departmental level. Current year encumbrances are included with expenditures; however, the expenditure of prior years' encumbrances are 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 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 \$18,799,000. Estimated revenues increased by \$9,829,000 transfers to other funds increased by \$1,635,000 and transfers from other funds increased by \$515,000. Appropriation of fund balance increased by \$10,090,000.

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 are temporary and will be eliminated once the bond anticipation notes are converted to bonds. The deficit balance in the Refuse fund resulted from the implementation of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in previous years.

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, it is the City's policy 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, the City's 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. Irrevocable Letters of Credit issued by a Federal Home Loan Bank are collateralized at 100% as per NYS Municipal Law.

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.

Investment Pool– NYCLASS – The City and the District participate in the Cooperative Liquid Assets Securities System ("CLASS") a cooperative investment pool established pursuant to General Municipal Law that meets the definition of a 2a7-like pool. In accordance with the provisions of General Municipal Law, Article 3A, CLASS has designated Cutwater Asset Management, a wholly owned subsidiary of Municipal Bond Insurance Association ("MBIA"), Inc. as its registered investment advisor. MBIA, Inc. is registered with the Securities and Exchange Commission ("SEC"), and is subject to all rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS. The pool is authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The District's position in the pools is equal to the value of the pool shares. Additional information concerning the CLASS is presented in the annual report which may be obtained from MBIA Municipal Investors Service Corporation, 113 King Street, Armonk, NY 10504. CLASS is rated AAAM by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. The pool invests in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

1. Deposits

At year-end, the total carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$428,295,000 and the bank balance was \$434,294,000. 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 District's cash balance, both restricted and non-restricted, was \$65,637,000. 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 \$190,542,000 with \$25,000,000 held in money markets, and \$165,542,000 held in NYCLASS investments. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the District had cash equivalents in the form of money markets at fair value of \$192,561,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

3. Investments

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. It gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City has the ability to access.

Level 2:

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques use should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for investments measured at fair value:

Cash and Cash Equivalents - The fair value of cash and cash equivalents, consisting primarily of cash, NYCLASS investments, and money market funds, is classified as Level 1. Cash is valued at cost.

Exchanged Traded Products, Common Stocks, Government Bonds, Asset Backed Securities, and Corporate Bonds - Valued at the closing price reported on the active market on which the individual securities are listed.

Mutual Funds - Valued at the net asset value (NAV) of shares held at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At year end, the City had \$2,967,000 of Library trust funds invested. The Library's investments were measured at fair value on a recurring basis at June 30, 2023 and were all considered Level 1:

Library Investments (000's omitted)

Cash and cash equivalent	\$	12
Exchange Traded Products		
Equity ETPs		1,833
Fixed income ETPs		475
Total Exchange Traded Products		<u>2,308</u>
Mutual funds:		
Stocks		180
Bonds		458
Total mutual funds		<u>638</u>
Asset backed securities		
Financial/Investment		9
Total Asset backed securities		<u>9</u>
Total	\$	<u>2,967</u>

B. RECEIVABLES AND PAYABLES

The Primary Government had \$41,549,000 in accounts receivable at year-end. A significant receivable in the governmental activities was \$51,000 in economic development and housing loans made from the Community Development Special Revenue Fund. Significant business-type receivables were \$18,967,000 in the Water Fund, \$3,612,000 in the Parking Fund, \$233,000 in the War Memorial Fund, \$2,733,000 in the Refuse Fund, and \$802,000 in the Cemetery Fund.

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenue sources are as follows: General Fund taxes (\$18,075,000), Water Fund (\$2,500,000), Community Development Fund (\$47,430,000), and Refuse Fund (\$3,770,000).

The amount due from other governments to the City, as presented in the governmental fund level statements as of June 30, 2023, was \$76,548,000. This was comprised of the following items: \$7,246,000 from New York State, \$60,050,000 from Monroe County, \$6,838,000 from the Federal Government, and \$2,414,000 from others.

The amount due from other governments and component units, including the primary government to the District as of June 30, 2023 was \$117,262,000. This was comprised of the following items: \$38,123,000 from New York State, \$70,092,000 from the Federal Government and \$9,047,000 from local sources. As of year ended June 30, 2022, District management believes the following accounts receivable to be fully collectible within the subsequent fiscal year:

The Primary Government had \$98,939,000 in accounts payable and accrued liabilities at year-end. This amount also includes compensated absences (See Note I.G.6), as well as invoices expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

The District had \$86,142,000 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, 2023
	July 1, 2022	Increases	Decreases	
Capital assets, not being depreciated:				
Land	\$ 27,186	\$ —	\$ —	\$ 27,186
Construction in progress	17,931	10,558	8,085	20,404
Total capital assets, not being depreciated	45,117	10,558	8,085	47,590
Capital assets, being depreciated:				
Buildings	269,757	933	24	270,666
Improvements other than buildings	96,204	8,678	1,033	103,849
Machinery, equipment, and vehicles	133,163	6,231	4,921	134,473
Infrastructure	721,524	14,533	6,690	729,367
Total capital assets being depreciated	1,220,648	30,375	12,668	1,238,355
Less accumulated depreciation for:				
Buildings	155,425	7,386	12	162,799
Improvements other than buildings	44,901	3,541	—	48,442
Machinery, equipment, and vehicles	97,203	7,086	4,873	99,416
Infrastructure	242,813	12,583	—	255,396
Total accumulated depreciation	540,342	30,596	4,885	566,053
Total capital assets, being depreciated, net	680,306	(221)	7,783	672,302
Lease assets, being amortized:				
Real Estate	10,175	181	662	9,694
Equipment	352	62	19	395
Total Lease Assets being amortized	10,527	243	681	10,089
Less: accumulated amortization for:				
Real Estate	915	1,294	108	2,101
Equipment	79	80	18	141
Total Accumulated amortization	994	1,374	126	2,242
Total lease assets being amortized, net	9,533	(1,131)	555	7,847
SBITA assets, being amortized:				
SBITA	—	3,338	—	3,338
Less: accumulated amortization for SBITA:	—	1,011	—	1,011
Total SBITA assets being amortized, net:	—	2,327	—	2,327
Governmental activities capital assets, net	\$ 734,956	\$ 11,533	\$ 16,423	\$ 730,066

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

Class	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 10,539	—	—	\$ 10,539
Construction in progress	1,039	913	788	1,164
Total capital assets, not being depreciated	<u>11,578</u>	<u>913</u>	<u>788</u>	<u>11,703</u>
Capital assets, being depreciated:				
Buildings	239,335	37	—	239,372
Improvements other than buildings	307,780	—	—	307,780
Machinery, equipment, and vehicles	49,636	1,857	7,019	44,474
Total capital assets being depreciated	<u>596,751</u>	<u>1,894</u>	<u>7,019</u>	<u>591,626</u>
Less accumulated depreciation for:				
Buildings	145,120	5,851	—	150,971
Improvements other than buildings	175,632	6,273	—	181,905
Machinery, equipment, and vehicles	36,230	2,700	7,014	31,916
Total accumulated depreciation	<u>356,982</u>	<u>14,824</u>	<u>7,014</u>	<u>364,792</u>
Total capital assets, being depreciated, net	<u>239,769</u>	<u>(12,930)</u>	<u>5</u>	<u>226,834</u>
Lease assets being amortized:				
Real Estate	1,019	—	—	1,019
Less accumulated amortization for:				
Real Estate	60	60	—	120
Total lease assets being amortized, net	<u>959</u>	<u>(60)</u>	<u>—</u>	<u>899</u>
Business-type activities capital assets, net	<u>\$ 252,306</u>	<u>\$ (12,077)</u>	<u>\$ 793</u>	<u>\$ 239,436</u>

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

Governmental activities:	
General Government	\$ 2,700
Police	1,906
Fire	2,600
Emergency Communications	233
Transportation	12,640
Environmental Services	6,505
Recreation & Human Services	2,411
Library	991
Neighborhood & Business Development (NBD)	610
Total depreciation expense - governmental	<u>\$ 30,596</u>
Business-type activities:	
Water	\$ 7,768
Parking	2,934
War Memorial	1,271
Refuse	1,792
Cemetery	488
Public Market	571
Total depreciation expense - business-type	<u>\$ 14,824</u>
Total depreciation - Primary Government	<u><u>\$ 45,420</u></u>

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

Governmental activities:	
General government	1,423
Police	374
Library	17
Neighborhood & Business Development	571
Total amortization expense - governmental activities	<u>2,385</u>
Business-type activities:	
Parking	<u>60</u>
Total amortization expense - business type activities	<u>60</u>
Total amortization - Primary Government	<u><u>\$ 2,445</u></u>

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

Class	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 18,552	\$ 800	\$ —	\$ 19,352
Construction in progress	15,540	27,033	9,054	33,519
Total capital assets, not being depreciated	<u>34,092</u>	<u>27,833</u>	<u>9,054</u>	<u>52,871</u>
Capital assets, being depreciated:				
Buildings and improvements	1,300,606	29,189	11,363	1,318,432
Equipment and other	59,373	12,270	2,783	68,860
Total capital assets being depreciated	<u>1,359,979</u>	<u>41,459</u>	<u>14,146</u>	<u>1,387,292</u>
Less accumulated depreciation for:				
Buildings and improvements	468,866	45,047	278	513,635
Equipment and other	45,176	6,588	166	51,598
Total accumulated depreciation	<u>514,042</u>	<u>51,635</u>	<u>444</u>	<u>565,233</u>
Total capital assets, being depreciated, net:	<u>845,937</u>	<u>(10,176)</u>	<u>13,702</u>	<u>822,059</u>
Lease assets:				
Land improvements	334	—	—	334
Buildings	3,218	1,490	3,218	1,490
Equipment	5,768	—	4,000	1,768
Total lease assets being amortized	<u>9,320</u>	<u>1,490</u>	<u>7,218</u>	<u>3,592</u>
Less accumulated amortization:				
Land improvements	150	95	—	245
Buildings	3,055	803	3,218	640
Equipment	5,050	353	4,000	1,403
Total accumulated amortization	<u>8,255</u>	<u>1,251</u>	<u>7,218</u>	<u>2,288</u>
Total right to use assets being amortized, net	<u>1,065</u>	<u>239</u>	<u>—</u>	<u>1,304</u>
District capital assets, net	<u>\$ 881,094</u>	<u>\$ 17,896</u>	<u>\$ 22,756</u>	<u>\$ 876,234</u>

Depreciation expense and amortization was charged to functions of the District in the statement of activities as follows:

Instructional teaching regular school	\$ 45,237
General support central services	7,019
Pupil transportation	567
Community services	63
	<u>\$ 52,886</u>

D. CURRENT DEBT RELATED LIABILITIES

The following tables summarize changes in the City’s current debt related liabilities for the year ended June 30, 2023:

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

	Balance July 1, 2022	New Issues/ Additions	Notes Converted to Bonds	Maturities/ Reductions	Balance June 30, 2023	Due Within One Year
Bond Anticipation Notes						
Public improvement	\$ 79,009	\$ 22,350	\$ 12,587	\$ (9,538)	\$ 79,234	\$ 79,234
Library	6,000	564	4,605	(398)	1,561	1,561
Local Works	2,695	1,007	—	(890)	2,812	2,812
Total Bond Anticipation Notes	<u>\$ 87,704</u>	<u>\$ 23,921</u>	<u>\$ 17,192</u>	<u>\$ (10,826)</u>	<u>\$ 83,607</u>	<u>\$ 83,607</u>

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

	Balance July 1, 2022	New Issues/ Additions	Notes Converted to Bonds	Maturities/ Reductions	Balance June 30, 2023	Due Within One Year
Bond Anticipation Notes						
Water	\$ 21,511	\$ 11,914	\$ 15,449	\$ (1,134)	\$ 16,842	\$ 16,842
Parking	4,951	572	—	(1,346)	4,177	4,177
War Memorial	1,596	3	925	(141)	533	533
Public Market	745	—	—	(90)	655	655
Refuse	2,000	—	—	(1,000)	1,000	1,000
Total Bond Anticipation Notes	<u>\$ 30,803</u>	<u>\$ 12,489</u>	<u>\$ 16,374</u>	<u>\$ (3,711)</u>	<u>\$ 23,207</u>	<u>\$ 23,207</u>

As of June 30, 2023, the City had two Bond Anticipation Notes, one for \$73,840,000 at 4.00% maturing August 2, 2023 and one for \$49,005,000 at 4.5% maturing February 28, 2024. These BANS were the combined short term financing for capital projects in governmental activities, business-type activities and for the District.

The following table summarizes changes in the District's current debt related liabilities for the year ended June 30, 2023:

Changes in Current Related Liabilities - District (000's Omitted):

	<u>Balance</u> <u>July 1, 2022</u>	<u>New Issues/ Additions</u>	<u>Notes Converted to Bonds</u>	<u>Maturities/ Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within One Year</u>
Bond Anticipation Notes						
Rochester City School District	\$ 59,865	\$ 16,030	\$ 56,475	\$ (3,390)	\$ 16,030	\$ 16,030
Total Bond Anticipation Notes	\$ 59,865	\$ 16,030	\$ 56,475	\$ (3,390)	\$ 16,030	\$ 16,030

E. LONG-TERM LIABILITIES

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2023:

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

	Balance	New Issues/	Notes	Maturities/	Balance	
	July 1, 2022	Additions	Converted to Bond	Reductions	June 30, 2023	Due Within One Year
General Obligation Bonds						
Public improvement	\$ 36,782	\$ —	\$ 11,342	\$ (9,865)	\$ 38,259	\$ 9,764
Library	305	—	4,125	(85)	4,345	495
Local Works	930	—	—	(335)	595	295
Premium	5,424	—	—	(923)	4,501	923
Total General Obligation Bonds	43,441	—	15,467	(11,208)	47,700	11,477
Other Noncurrent Liabilities						
Promissory Note Payable****	422	—	—	(32)	390	32
Workers' Compensation	16,360	4,594	—	(3,594)	17,360	3,334
Pollution Remediation	22,000	205	—	(1,443)	20,762	—
OPEB Liability	1,052,136	403,939	—	(426,322)	1,029,753	—
Net Pension Liability**	18,097	207,306	—	—	225,403	—
Due to Other Governments - Pension Amortization*	1,177	—	—	(1,177)	—	—
Lease Liability	9,725	315	—	(1,790)	8,250	1,055
Due to Other Governments - HUD 108 Loan***	14,114	—	—	(1,051)	13,063	1,073
SBITA	—	3,406	—	(1,029)	2,377	944
Total Other Noncurrent Liabilities	1,134,031	619,765	—	(436,438)	1,317,358	6,438
TOTAL NONCURRENT LIABILITIES	\$ 1,177,472	\$ 619,765	\$ 15,467	\$ (447,646)	\$ 1,365,058	\$ 17,915

*This amount is only the noncurrent portion of the NYS Pension Liability Amortization.

** Additions and reductions to net pension liability are presented net of reductions.

*** The due within one year portion is displayed in due to other government in the community development fund financial statements.

****The City purchased the Maguire Building, a property at 448 Smith St., from Rochester Economic Development Corporation (REDCO) and issued a promissory note payable for the purchase price in the amount of \$515,000. The interest rate is 2%, and shall be payable by way of Lease credits. The City entered a 10-year operating lease with REDCO for a portion of the office space in the property at 55-57 St. Paul St, for use as administration space for REDCO. The initial lease term is for 10 years, starting April 1, 2021. REDCO has the option to renew for two additional 5-year terms. In lieu of making monthly rent payments, REDCO will apply their rent payments due to the City as credits against the City's promissory note payable. The final rent credit is due to be applied during the third year of the first lease extension. Per the lease agreement and promissory note terms, REDCO has the option of early termination of the lease as of February 28, 2026, without penalty, under the following conditions:

The Chief Executive Officer of REDCO certifies that it has substantially reduced its workforce and no longer requires the space at 55-57 St Paul Street to operate its business or REDCO substantially increases its space requirements, and the City is unable to provide additional space at St Paul. Upon early termination of the lease, the remaining balance of funds due for the purchase of 448 Smith Street will be due to REDCO on or before the 1st day of the last month of the Term. At June 30, 2023 the balance of this note was \$390,000.

Fiscal Year Ending June 30	Principal Payments	Interest	Total Lease Payments	Balance
2024	\$ 34,523	\$ 7,487	\$ (42,010)	\$ 355,394
2025	37,505	6,770	(44,275)	317,889
2026	40,671	5,991	(46,662)	277,218
2027	44,030	5,147	(49,177)	233,188
2028	47,593	4,234	(51,827)	185,595
2029	51,373	3,248	(54,621)	134,222
2030	55,381	2,184	(57,565)	78,841
2031	59,630	1,038	(60,668)	19,211
2032	19,211	76	(19,287)	—
Total	\$ 389,917	\$ 36,175	\$ (426,092)	

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

	Balance July 1, 2022	New Issues/ Additions	Notes Converted to Bond	Maturities/ Reductions	Balance June 30, 2023	Due Within One Year
General Obligation Bonds						
Water	\$ 26,993	\$ —	\$ 13,808	\$ (5,101)	\$ 35,700	\$ 5,901
Parking	5,675	—	—	(1,905)	3,770	1,486
War Memorial	4,355	—	835	(840)	4,350	925
Cemeteries	295	—	—	(95)	200	100
Public Market	2,290	—	—	(320)	1,970	320
Premium	3,452	143	—	(490)	3,105	492
Total General Obligation Bonds	<u>43,060</u>	<u>143</u>	<u>14,643</u>	<u>(8,751)</u>	<u>49,095</u>	<u>9,224</u>
Other Noncurrent Liabilities						
Workers' Compensation	9,677	2,726	—	(2,125)	10,278	2,209
OPEB Liability	95,413	36,631	—	(38,270)	93,774	3,147
Net Pension Liability**	—	4,564	—	—	4,564	—
Due to Other Governments - Pension Amortization*	133	—	—	(133)	—	—
Lease Liability	988	—	—	(33)	955	36
Total Other Noncurrent Liabilities	<u>106,211</u>	<u>43,921</u>	<u>—</u>	<u>(40,561)</u>	<u>109,571</u>	<u>5,392</u>
TOTAL NONCURRENT LIABILITIES	<u>\$ 149,271</u>	<u>\$ 44,064</u>	<u>\$ 14,643</u>	<u>\$ (49,312)</u>	<u>\$ 158,666</u>	<u>\$ 14,616</u>

*This amount is only the noncurrent portion of the NYS Pension Liability Amortization.

** Additions and reductions to net pension liability are presented net of reductions.

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 District's noncurrent and debt-related liabilities for the year ended June 30, 2023 :

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

	<u>Balance July 1, 2022</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
General Obligation and Revenue Bonds					
District Serial Bonds	\$ 72,253	\$ 50,355	\$ (13,298)	\$ 109,310	\$ 16,564
Premium	6,816	6,193	(985)	12,024	1,462
School Facilities Revenue Bonds					
FMP Revenue Bonds	463,535	—	(30,050)	433,485	31,565
Premium	67,646	—	(6,323)	61,323	6,323
TOTAL GENERAL OBLIGATION AND REVENUE BONDS	<u>610,250</u>	<u>56,548</u>	<u>(50,656)</u>	<u>616,142</u>	<u>55,914</u>
Other Noncurrent Liabilities					
Compensated Absences	4,238	6,491	(5,881)	4,848	4,848
Claims Payable:					
Worker's Compensation	27,734	7,401	(5,223)	29,912	5,571
TRS Incentive	3,500	—	(1,750)	1,750	1,750
Legal Contingencies	2,000	7,526	—	9,526	—
Other Post Employment Benefits ¹	926,532	—	(13,830)	912,702	—
Due to Other Governments:					
NYS Lottery Advance	41,334	—	(9,834)	31,500	31,500
ERS Pension Liability	—	46,889	—	46,889	—
TRS Pension Liability	—	27,330	—	27,330	—
Leases	1,065	238	—	1,303	1,244
Total Other Noncurrent Liabilities	<u>1,006,403</u>	<u>95,875</u>	<u>(36,518)</u>	<u>1,065,760</u>	<u>44,913</u>
TOTAL NONCURRENT and DEBT RELATED LIABILITIES	<u>\$ 1,616,653</u>	<u>\$ 152,423</u>	<u>\$ (87,174)</u>	<u>\$ 1,681,902</u>	<u>\$ 100,827</u>

¹ Reductions are presented net of any additions

Compensated absences paid in fiscal year 2022-23 totaled approximately \$5.5 million, excluding payroll taxes. This amount is reflected in the maturities/reductions along with any balance remaining from fiscal year 2021-22. The new issues/additions reflect the new long-term liability at June 30, 2023.

Debt Service Requirements

A schedule of City and District debt service requirements for general obligation bonds which are payable during future years ended June 30, 2003as follows (000's Omitted):

Fiscal year Ending June 30	General Obligation Debt						Total
	Governmental Activities		Business-Type Activities		District		
	Principal	Interest	Principal	Interest	Principal	Interest	
2024	10,554	1,612	8,732	1,804	16,564	4,299	43,565
2025	8,565	1,249	8,112	1,463	12,428	3,747	35,564
2026	4,995	958	6,379	1,164	12,100	3,260	28,856
2027	4,010	765	5,553	912	11,428	2,762	25,430
2028	3,865	598	3,850	704	9,855	2,316	21,188
2029-2033	10,255	1,182	10,410	1,697	39,000	5,829	68,373
2034-2037	955	54	2,955	251	7,935	434	12,584
Total	<u>\$43,199</u>	<u>\$ 6,418</u>	<u>\$45,991</u>	<u>\$ 7,995</u>	<u>\$109,310</u>	<u>\$22,647</u>	<u>\$ 235,560</u>

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

Outstanding Bond Issues - June 30, 2023

Issue	Rate(%)	Principal Balance	Final Maturity	Original Balance	Capital Project Fund Categories
General Obligation-1996, Series A	5.000	30,000	9/15/2023	70,690,000	G,L,P,S,W,Sch
General Obligation-1996, Series B (Taxable)	6.750	640,000	9/15/2024	9,380,000	P
General Obligation Serial Bonds-1997	5.000	775,000	10/1/2025	55,960,000	G,L,P,S,W,Sch
General Obligation Serial Bonds-1999	5.250	2,915,000	10/1/2026	69,575,000	G,W,S,L,WM,Sch
General Obligation Serial Bonds-2001, Series A	4.500	225,000	10/15/2027	29,275,000	G,L,S,W,Sch
General Obligation Serial Bonds-2001, Series B	5.000	600,000	2/15/2028	35,350,000	G,S,PM,WM,W,Sch
General Obligation Serial Bonds-2009, Series C3 (Taxable)	6.989	205,000	2/10/2024	1,830,000	G,W,P
School Refunding Bonds-2012, Series III	2.250	720,000	2/15/2025	9,640,000	Sch
Refunding Bonds-2012, Series IV	4.000	3,060,000	10/15/2031	14,655,000	G,S,W,Sch
Refunding Bonds-2012, Series V	2.500	1,620,000	2/15/2031	19,390,000	G,S,W,P,Sch
General Obligation Serial Bonds-2013, Series I	2.250	5,780,000	2/1/2025	29,150,000	G,LW,P,C
General Obligation Serial Bonds-2013, Series II	2.500	11,620,000	2/1/2029	67,470,000	G,W,P,Sch
General Obligation Serial Bonds-2015, Series I	5.000	22,200,000	8/1/2030	59,620,000	G,L,W,WM,P,Sch
General Obligation Refunding (Serial) Bonds-2016, Series I	4.000	2,090,000	10/15/2024	20,200,000	G,S,W,Sch
General Obligation Serial Bonds-2018, Series I	4.000	10,210,000	2/15/2032	35,140,000	G,L,LW,W,WM,P,PM
General Obligation Serial Bonds-2018, Series II	4.000	42,480,000	8/1/2033	70,914,000	G,L,LW,W,P,PM,Sch
General Obligation Refunding Serial Bonds-2020, Series I	1.270	12,865,000	8/1/2027	40,370,000	G,S,L,W,P,Sch
General Obligation Serial Bonds-2022, Series II	5.000	<u>80,465,000</u>	8/1/2036	80,465,000	G,L,W,WM,Sch
		<u>\$198,500,000</u>			

Capital Project Fund Categories: C=Cemeteries, G=Public Improvements, L=Library, LW=Local Works, P=Parking, PM=Public Market, R=Refuse, S=Sewer, Sch=School District, W=Water, WM=War Memorial

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 1.27% to 6.989% with maturity dates through fiscal year 2037. Bonds authorized but unissued as of June 30, 2023 amounted to \$76,617,000. The debt-contracting margin of the City as of June 30, 2023, was \$420,579,000.

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 for the year ended 2023.

F. 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.

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 \$205,000 and spent \$1,443,000 in pollution remediation obligation related activities. At June 30, 2023, the City had an outstanding pollution remediation liability of \$20,762,000.

G. LEASES

City as Lessee

The City is a lessee for non-cancelable leases of equipment (i.e., copiers) and real estate (i.e., office). The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual annual value of \$5,000 or more for equipment leases, and \$10,000 for property, plant and infrastructure leases.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease. Key estimates and judgements related to leases include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City calculates an Implicit Borrowing Rate (IBR) using information from the lease terms and the property's assessed value. If a suitable IBR cannot be calculated, the City's loan rate for real estate transactions (1%) is used, or business loan rate (3%) for equipment transactions.

The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option priced that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and liability if certain changes occur that are expected to significantly affect the

amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The total of the City's lease assets is recorded at a cost of \$11,108,000, less accumulated amortization of \$2,362,000.

The future lease payments under lease agreements are as follows (in thousands):

Maturity Analysis - Leases	Principal	Interest	Total
2024	1,083	393	1,476
2025	747	377	1,124
2026	730	358	1,088
2027	667	339	1,006
2028	696	317	1,013
2028 - 2033	2,401	1,304	3,705
2033 - 2038	1,720	871	2,591
2038 - 2043	886	312	1,198
2043-2048	107	116	223
2048-2053	168	41	209
Total	\$ 9,205	\$ 4,428	\$ 13,633

City as Lessor

The City is a lessor for non-cancelable leases on real estate (i.e., office, retail, recreation, and parking lots). The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines 1) the discount rate it uses to discount the expected lease receipts to present value, 2) lease term, and 3) lease receipts.

The City does not have a set Incremental Rate of Return (IRR) for its real estate leases. In lieu of an IRR, the City calculates an implicit borrowing rate (IBR) using information from the lease terms and the property's assessed value. If a suitable IBR cannot be calculated, the City's loan rate for real estate transactions (1%) is used, or business loan rate (3%) for equipment transactions.

The lease term includes the non-cancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the least receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

The total amount of inflows of resources, including lease revenue, interest revenue, and other lease related inflows, recognized during the fiscal year was \$145,896.

The future lease receipts under lease agreements are as follows (in thousands):

Maturity Analysis - Leases	Revenue	Interest	Total
2024	\$ 552	\$ 119	\$ 670
2025	561	108	669
2026	480	98	578
2027	396	92	488
2028	401	86	488
2028-2033	1,639	363	2,002
2033-2038	1,131	284	1,415
2038-2043	927	213	1,140
2043-2048	697	173	870
2048-2053	447	145	592
2053-2058	374	126	501
2059-2063	345	113	457
2063-2068	358	99	457
2068-2073	372	85	457
2073-2078	386	71	457
2078-2083	401	56	457
2083-2088	417	40	457
2088-2093	433	24	457
2093-2098	428	8	436
	\$ 10,745	\$ 2,303	\$ 13,048

H. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS - (SBITAs)

The City has entered into subscription-based information technology arrangements (SBITAs) involving:

- Budget development and management system
- Code development software
- Records management software
- Land management system
- Performance measurement/benchmarking software
- Web-based job board software
- Evidence management system
- Cloud based training system
- Web content management system software
- Lease/subscription tracking system
- Case management system

The total of the City’s subscription assets are recorded at a cost of \$3,338,000, less accumulated amortization of \$1,011,000.

The future subscription payments under SBITA agreements are as follows (in thousands):

<u>Maturity Analysis</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 944	\$ 50	\$ 994
2025	843	22	865
2026	517	4	521
2027	70	0	70
2028	3	0	3
Total	\$ 2,377	\$ 76	\$ 2,453

I. PUBLIC-PRIVATE PARTNERSHIP

War Memorial/Blue Cross Arena

In 2019, the City entered into a licensing agreement with Rochester Arena, LLC, under which Rochester Arena, LLC would operate the Blue Cross Arena Complex located at One War Memorial Square commencing October 14, 2019 and ending June 30, 2033. Per the agreement, Rochester Arena, LLC has the exclusive right to contract for, collect, receive and retain all income and revenues realized by, from or in connection with the Arena Complex.

Beginning in 2019, the City required Rochester Arena, LLC to make an annual facilities rental payment of \$60,000 and an annual parking rights fee payment of \$100,000. The City also required Rochester Arena, LLC to complete capital improvements valuing \$1,000,000 in years 4, 8 and 12 of the agreement. Additionally, Rochester Arena, LLC is required to remit to the City a \$2.75 ticket user fee for each event ticket with a face value greater than \$10.00. In FY23, the City realized variable income of \$582,247 from ticket user fees.

The total inflows of resources, including rent and fee revenues of \$750,000, capital improvements of \$857,000, interest revenues of \$44,000, and variable income of \$582,000, recognized during the fiscal year was \$2,233,000. Capital improvements totaling \$143,000 from the first 4-year period are still due to the City.

Future licensing receipts under this agreement are as follows (in thousands):

Maturity Analysis	Revenue	Interest	Total
2024	160	33	127
2025	160	32	128
2026	160	31	129
2027	1,160	28	1,132
2028	160	18	142
2028-2033	1,800	67	1,733
Total	\$ 3,600	\$ 209	\$ 3,391

J. FUND BALANCES - GOVERNMENTAL FUNDS

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

- **NonSpendable** - amounts that cannot be spent because they are either (a) not in a spendable form or (b) 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 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, 2023.

- **Unassigned** - amounts include the General Fund and all other governmental funds with a residual deficit balance.

As of June 30, 2023, governmental fund balances were classified as follows (000's omitted):

	<u>Capital Projects</u>			<u>Special Revenue</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>General</u>	<u>Transportation</u>	<u>Community Development</u>	<u>Nonmajor Governmental</u>	
Restricted:						
Debt service	\$ —	\$ —	\$ —	\$ —	\$ 4,144	\$ 4,144
Community development	—	—	—	8,509	—	8,509
Federal projects	—	—	—	—	4,643	4,643
RURA	—	—	—	—	1,155	1,155
State projects	—	—	—	—	4,390	4,390
Housing trust fund	56	—	—	—	—	56
Committed:						
Retirement costs	31,721	—	—	—	—	31,721
Property tax relief	23,963	—	—	—	—	23,963
Capital projects	—	25,975	—	—	—	25,975
Federal block grant	—	—	—	13,630	—	13,630
Cemetery perpetual care	—	—	—	—	5,437	5,437
Council priorities	2,190	—	—	—	—	2,190
Assigned:						
Open purchase orders and contracts:						
General government	9,582	—	—	—	—	9,582
Police	521	—	—	—	—	521
Fire	689	—	—	—	—	689
Emergency communications	267	—	—	—	—	267
Environmental services	1,401	—	—	—	—	1,401
Recreation & human services	4,848	—	—	—	—	4,848
Neighborhood & business development	2,548	—	—	—	—	2,548
Subsequent year's expenditures	8,828	—	—	—	—	8,828
Retirement costs	8,367	—	—	—	—	8,367
Property tax relief	5,100	—	—	—	—	5,100
Postemployment benefits	4,977	—	—	—	—	4,977
Debt service	—	—	—	—	3,944	3,944
Capital projects	5,000	72	—	—	—	5,072
Animal control	—	—	—	—	725	725
Library	—	—	—	—	1,261	1,261
Local works	—	—	—	—	16,993	16,993
Downtown programs	—	—	—	—	2,144	2,144
Unassigned (deficit)						
Capital projects fund - Transportation	—	—	(36,443)	—	—	(36,443)
Capital projects fund - Cultural and Recreation	—	—	—	—	(691)	(691)
General fund	9,050	—	—	—	—	9,050
Totals	<u>\$119,108</u>	<u>\$ 26,047</u>	<u>\$ (36,443)</u>	<u>\$ 22,139</u>	<u>\$ 44,145</u>	<u>\$ 174,996</u>

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 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. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

At June 30, 2023, the amount of these liabilities was \$51,248,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2021 resulted from the following (000's Omitted):

	Workers' Compensation	General Liability	Total
Estimated claims June 30, 2021	\$ 25,045	\$ 18,315	\$ 43,360
Claims incurred 2021-22	6,257	14,481	20,738
Payments 2021-22	(5,263)	(7,951)	(13,214)
Estimated claims June 30, 2022	\$ 26,039	\$ 24,845	\$ 50,884
Claims incurred 2022-23	7,319	10,811	18,130
Payments 2022-23	(5,720)	(12,046)	(17,766)
Estimated claims June 30, 2023	\$ 27,638	\$ 23,610	\$ 51,248

Third party insurance is maintained by the District on vehicles, boilers and machines, and stop loss for major medical benefits. In addition, the District carries a general liability policy with a self-insured retention of \$500,000 and the following limits:

Aggregate Limit	\$10,000,000
Each Occurrence	\$10,000,000

The schedule below presents the calculation of the District's change in estimated workers' compensation, which are included in claims payable.

	Workers' Compensation
Estimated claims June 30, 2021	\$ 26,878,488
Claims incurred 2021-22	5,766,881
Payments 2021-22	(4,911,194)
Estimated claims June 30, 2022	\$ 27,734,175
Claims incurred 2022--23	7,400,705
Payments 2022-23	(5,222,880)
Estimated claims June 30, 2023	\$ 29,912,000

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 City 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)

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 dependents, 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. Eligible dependents of retirees who retired on or after 1/1/2020 continue to receive health benefits for life at the same contribution level of the retiree. Coverage ceases if the surviving spouse remarries. Coverage for dependents ceases when they reach age 26. 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 57 firefighters receiving such compensation. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The District administers the District's Retiree Medical, Prescription, and Dental Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit Plan (OPEB). the Plan provides for continuation of medical, prescription and dental benefits for certain retirees and their spouses and can be amended by action of the District subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

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.

City and District Employees covered by benefit terms

At June 30, 2023, the following employees were covered by the benefit terms.

	City	District
Inactive employees or beneficiaries currently receiving benefit payments	3,419	3,965
Inactive employees entitled to but not yet receiving benefit payments	—	
Active employees	2,782	5,370
Total	6,201	9,335

Total OPEB Liability

The City's total OPEB liability of \$1,123,527,000 was measured as of June 30, 2023 and was determined based on an actuarial valuation as of July 1, 2021.

The District's total OPEB liability of \$912,702,000 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The City's total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Retiree share of benefit-related cost: Range of 0%-25% of premium cost
 Salary increase: 3.0% average salary increase used for Entry Age Normal (EAN)
 Discount rate: 4.00%
 Healthcare Cost Trend rates: Year 1 trend January 1, 2023 7% both Pre 65, and Post 65
 Ultimate trend January 1, 2033 and later 4.5% both Pre 65 and Post 65
 Grading per year .25% both Pre 65 and Post 65.

The discount rate was based on the prescribed discount interest rate methodology under GASB 75 based on an average of two 20-year bond indices (e.g., S&P Municipal Bond 20 Year High Grade Rate Index - 4.13%, and Fidelity GAAA 20 Years - 3.86%) as of June 30, 2023.

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The valuation uses assumptions and inputs provided for the July 1, 2021 valuation.

The District's total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increase: 3.0% average, including inflation
 Discount rate: 4.0%
 Healthcare Cost Trend rates: 7.0% for 2023 with a reduction of 0.25% per year and an ultimate rate of 4.5% in 2033 and years thereafter.

The discount rate was based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices as of June 30, 2023.

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the City's July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2021 to June 30, 2022.

Changes Total OPEB Liability	<u>City</u>	<u>District</u>
Balance as of 6/30/2022	\$ 1,147,548,740	\$ 926,531,734
Changes for the year		
Service cost	16,771,805	19,265,288
Interest	45,130,005	36,413,613
Changes in assumptions or other inputs	(47,326,140)	(37,125,839)
Benefits payments	<u>(38,597,218)</u>	<u>(32,382,840)</u>
Net changes	<u>(24,021,548)</u>	<u>(13,829,778)</u>
Balance 6/30/2023	<u>\$ 1,123,527,192</u>	<u>\$ 912,701,956</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.00 percent) or 1-percentage point higher (5.00 percent) than the current discount rate.

	Discount Rate 1% Decrease <u>(3.00%)</u>	Discount Rate <u>(4.00%)</u>	Discount Rate 1% Increase <u>(5.00%)</u>
Total OPEB Liability	\$ 1,347,702,614	\$ 1,123,527,192	\$ 954,166,927

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.00%) or one percentage point higher (5.0%) than the current discount rate.

	Discount Rate 1% Decrease <u>(3.00%)</u>	Discount Rate <u>(4.00%)</u>	Discount Rate 1% Increase <u>(5.00%)</u>
Total OPEB Liability	\$ 1,088,991,381	\$ 912,701,956	\$ 777,841,660

The employer currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the City and the District respectively.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

	Discount Rate 1% Decrease	Healthcare Cost Trend Rate	Discount Rate 1% Increase
Total OPEB Liability	\$ 931,443,466	\$ 1,123,527,192	\$ 1,381,515,083

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current healthcare cost trend rate.

	Discount Rate 1% Decrease <u>(6.0% decreasing to 3.5%)</u>	Healthcare Cost Trend Rate <u>(7.0% decreasing to 4.5%)</u>	Discount Rate 1% Increase <u>(8.0% decreasing to 5.5%)</u>
Total OPEB Liability	\$ 755,620,757	\$ 912,701,956	\$ 1,121,893,121

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized a decrease in OPEB expense of \$10,376,000. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 96,314,947	\$ 511,934,065
Total	<u>\$ 96,314,947</u>	<u>\$ 511,934,065</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2024	\$ (72,277,406)
2025	(72,277,406)
2026	(72,277,406)
2027	(77,058,748)
2028	(92,956,862)
2029	(27,265,757)
2030	(1,505,533)

For the year ended June 30, 2023, the District recognized OPEB expense of \$52,932,000. A summary of deferred inflows and outflows for the 2022 plan year valuation is as follows:

<u>Year Ended</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
6/29/2020	\$ 72,051,657.00
6/30/2022	46,026,835.00
6/30/2022	(190,722,313.00)
6/30/2023	<u>(32,026,136.00)</u>
Total	<u>\$ (104,669,957)</u>

Of the total deferred outflows/(inflows), \$32,315,619 represent subsequent benefit payments that will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ 2,746,927
2025	2,746,927
2026	9,297,079
2027	32,015,987
2028	41,221,353
2029	15,213,766
2030	1,427,918

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 \$86,000 for the City in fiscal year 2023, cannot be projected as a reduction to the actuarial accrued liability.

The District's Medicare Part D prescription drug subsidy, which reduces the cost of retiree healthcare premiums, is accrued as revenue only in the current year. Subsidies for future years cannot be recognized as a reduction to the actuarial accrued liability.

Effective January 1, 2002, the District established a Medical Reimbursement Account (MRA) for qualified retirees per the collective bargaining agreement between the District and Association of Supervisors and Administrators of Rochester for an attendance incentive. During fiscal year 2022-23, MRA claims totaling \$6,691 were paid by the District and at June 30, 2023, there were thirty-two active participants.

D. PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State Police and Fire Retirement System (PFRS), (the Systems).

Plan description. 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 District also participates in the New York State and Local Employees' Retirement System and in the New York State 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. 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. Benefits generally vest after five or ten years of credited service depending upon Tier membership.

Funding policy. 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, temporary and provisional employees, participate in the Systems. The Systems are contributory except for Tier I and II employees who joined the Employees' Retirement System or the Teachers' Retirement System before July 27, 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. The contribution rate for ERS and PFRS Tier VI employees which started April 1, 2012, is between 3% and 6%, dependent upon their salary for their entire working career. For ERS the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

As of July 1, 2013, new employees making a minimum salary of \$75,000 and are unrepresented (not associated with a union), and not already vested in the NYS Retirement System have the option of joining the Voluntary Defined Contribution Plan (VDC) maintained through TIAA-CREF. Employees contributions are based on the following, \$75,000 = 4.5%, \$75,000.01 to \$100,000 = 5.75% and greater than \$100,000 = 6%. All amounts are subject to the 415 limit set by law each year. The City's contribution is 8% of the employees annual wages. Employee contributions are deducted by employers from employees' paychecks and are sent to TIAA CREFF to be distributed to the approved investment providers as based on the participant's elections.

ERS and PFRS, effective with Chapter 57, Laws of 2010, initiated an employer contribution stabilization program, referred to as the Original Contribution Stabilization Program, which provides for the option of amortizing a portion of the pension cost over 10 years with repayment based on an interest rate established by the NYS Comptroller using current market rates.

TRS system is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, employees who joined on or after January 1, 2010 who contribute 3.0 to 3.5 percent of their salary and employees who joined on or after April 1, 2012 who contribute 3.0 to 6.0 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Summary of significant accounting policies. The annual report containing financial statements and required supplemental information for the Employees' and the Police and Fire Retirement Systems are prepared on the accrual basis of accounting and may be obtained from the New York State and Local Retirement Systems, 100 State Street, 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.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported the following asset/(liability) for its proportionate share of the net pension liability for each of the Systems. The net pension liability was measured as of March 31, 2023 for ERS and PFRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation.

Measurement Date	ERS		PFRS	
	March 31, 2023		March 31, 2023	
Net Pension Asset (Liability)	\$	(65,955,598)	\$	(164,011,307)
City's portion of the plan's total net pension asset/ liability		0.3075709 %		2.9763569%
Change in proportionate share since prior measurement date		0.0022555		(0.2094318)

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined.

Measurement Date	ERS		TRS	
	March 31, 2023		June 30, 2022	
Net Pension Asset (Liability)	\$	(46,889,010)	\$	(27,330,448)
District's portion of the Plan's total net pension liability		0.218658%		1.424283%
Change in proportionate share since prior measurement date		0.0306570		(0.020369)

At year end June 30, 2023, the City recognized ERS pension expenses of \$23,003,000. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 7,024,787	\$ 1,852,282
Changes of Assumptions	32,032,293	354,017
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	—	387,486
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	594,309	610,643
Total	\$ 39,651,389	\$ 3,204,428

The City's contributions subsequent to the measurement date for ERS amounted to \$3,224,000.

At year end June 30, 2023, the City recognized PFRS pension expenses of \$50,128,000.

The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PFRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 16,030,454	\$ —
Changes of Assumptions	79,922,282	—
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	289,948	—
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	1,823,281	4,835,272
Total	\$ 98,065,965	\$ 4,835,272

The City's contributions subsequent to the measurement date for PFRS amounted to \$8,774,000.

At year end June 30, 2023, the District's ERS recognized pension expenses of \$17,248,956 and for TRS \$36,310,538 net of deferrals or graded payment. At June 30, 2023, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	District	
	ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 4,994,046	\$ 1,316,820
Changes of Assumptions	22,772,328	251,677
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	—	275,471
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	3,935,810	2,404,653
Total	\$ 31,702,184	\$ 4,248,621

At year end June 30, 2023, the District recognized \$2,755,572 in contributions to ERS subsequent to the measurement date.

	District	
	TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 28,638,850	\$ 547,655
Changes of Assumptions	53,016,445	11,009,478
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	35,313,531	—
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	9,989,659	2,464,553
Total	\$ 126,958,485	\$ 14,021,686

At year end June 30, 2023, the District recognized \$29,240,307 in contributions to TRS subsequent to the measurement date.

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. The City's net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal year ending June 30,	ERS	PFRS
2024	\$ 8,561,230	\$ 17,458,461
2025	(3,559,188)	(4,250,437)
2026	13,442,774	47,738,243
2027	18,002,145	29,646,854
2028	—	2,637,572
Thereafter	—	—

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	ERS	TRS
2024	\$ 6,749,595	\$ 21,946,163
2025	(2,265,590)	11,765,803
2026	9,765,753	(2,645,685)
2027	13,203,805	71,548,004
2028	—	9,791,558
Thereafter	—	530,956

Actuarial Assumptions

The City's and the District's total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	PFRS	TRS
Measurement Date	March 31, 2023	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	April 1, 2022	June 30, 2021
Interest Rate	5.9%	5.9%	6.95%
Salary Scale	4.4%	6.2%	1.95% - 5.18%
Decrement Tables	04/01/15-03/31/20 System's Experience	04/01/15-03/31/20 System's Experience	07/01/15-06/30/20 System's Experience
Inflation Rate	2.9%	2.9%	2.4%
Cost of Living Adjustments	1.5%	1.5%	1.3%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2021.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2021.

For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

The City and District's long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

CITY AND DISTRICT	Target Allocation		Long-Term Expected Real Rate of Return	
	ERS and PFRS	TRS	ERS and PFRS	ERS and PFRS
	June 30, 2022	March 31, 2022	March 31, 2022	March 31, 2022
Measurement Date	June 30, 2022	March 31, 2022	March 31, 2022	March 31, 2022
Asset Class:				
Domestic equities	32.0%	33.0%	4.3%	6.5%
International equities	15.0	16.0	6.85	7.20
Global equities	—	4.0	—	6.9
Real estate	9.0	11.0	4.60	6.20
Private equity	10.0	8.0	7.50	9.90
Private debt	—	2.0	—	5.3
Real estate debt	—	6.0	—	—
Domestic fixed income securities	23.0	16.0	—	1.1
Global bonds	—	2.0	—	0.6
High yield bonds	—	1.0	—	3.3
Opportunistic/ARS portfolio	3.0	—	5.38	—
Credit	4.0	—	5.43	—
Real assets	3.0	—	5.84	—
Bond and mortgages	—	—	—	—
Cash equivalents	1.0	1.0	—	(0.30)
Inflation-indexed bonds	—	—	—	—
Total	<u>100.0%</u>	<u>100.0%</u>		

Discount Rate

The Discount rate used to calculate the total pension liability was 5.9% for ERS and PFRS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that the contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following tables present the City and District's proportionate share of the net pension liability calculated using the discount rate of 5.9% for ERS and PFRS and 6.95% for TRS, as well as what the City and District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (4.9% for ERS and PFRS and 5.95% for TRS) or one percent point higher (6.9% for ERS and PFRS and 7.95% for TRS) than the current rate:

		1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
CITY - ERS	Employer's proportionate share of the Net Pension asset/(liability)	\$ (159,386,392)	\$ (65,955,598)	\$ 12,116,699
CITY - PFRS	Employer's proportionate share of the Net Pension asset/(liability)	\$ (341,889,247)	\$ (164,011,307)	\$ (16,717,692)
DISTRICT-ERS	Employer's proportionate share of the Net Pension asset/(liability)	\$ (113,310,626)	\$ (46,889,010)	\$ 8,613,977
		1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
DISTRICT-TRS	Employer's proportionate share of the Net Pension asset/(liability)	\$ (251,999,542)	\$ (27,330,448)	\$ 161,614,786

Pension Plan Fiduciary Net Position

The City and District's net pension asset/(liability) of the employers participating in the System as of the respective measurement dates, were as follows:

	ERS	PFRS	TRS
	(Dollars in Thousands)		
Measurement Date	3/31/2023	3/31/2023	6/30/2022
Employers' total pension liability	\$ 232,627,259	\$ 43,835,333	\$ 133,883,474
Fiduciary net position	211,183,223	38,324,863	131,964,582
Employers' net pension asset/(liability)	\$ (21,444,036)	\$ (5,510,470)	\$ (1,918,892)
Ratio of fiduciary net position to the employers' total pension asset/(liability)	90.78%	87.43%	98.57%

Payables to the Pension Plan

For the City's ERS and PFRS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2023 based on 25% of the City's ERS and PFRS estimated bill. The City's accrued retirement contributions as of June 30, 2023 for ERS amounted to \$3,203,000 and PFRS amounted to \$8,393,000.

For the District, ERS employer contributions are paid annually based on the System's fiscal year which ends March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on ERS wages multiplied by the contribution rate by tier. Accrued employer retirement contributions were approximately \$2,755,572 and \$131,245 for employee contributions and an employer graded payment respectively, and employee accrued retirement contributions were \$319,150 as of June 30, 2023.

For the District's TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2022 through a State Aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on TRS wages multiplied by the employer's contribution rate of 9.8%, as calculated by the TRS as the actuarially required rate. Employer accrued retirement contributions as of June 30, 2023 were \$24,726,000 and employee accrued retirement contributions were \$2,462,000.

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, including those that occur at year end such as allocation of fringe benefits and workers compensation expenses as well as the allocation of tax collections, are the primary reasons 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, 2023 (000's Omitted):

Due to:	Due From:										Total
	General	General Capital	Transportation Capital	Community Development	Nonmajor Governmental Debt	Library	Nonmajor Governmental Special Revenue	Nonmajor Governmental Capital Projects	Internal Service	Proprietary	
General	\$ —	\$ 58,582	\$ 1,383	\$ 2	\$ 61	\$ 119	\$ 1,848	\$ 372	\$ 2,839	\$ 8,926	\$ 74,132
General Capital	6,975	—	11	—	—	—	—	—	—	—	6,986
Transportation Capital	2,258	—	—	—	—	—	—	—	—	—	2,258
Community Development	1,161	2	—	—	—	—	—	—	—	—	1,163
Nonmajor Capital Projects	296	—	—	—	—	—	—	—	—	—	296
Library	46	—	0	—	—	—	3	2,899	—	—	2,948
Nonmajor Special Revenue	3,341	306	5,290	—	—	—	—	—	—	428	9,365
Internal Service	1,074	—	—	—	—	—	—	—	—	—	1,074
Proprietary	1,495	—	—	—	—	—	58	—	—	—	1,553
Total	\$ 16,646	\$ 58,890	\$ 6,684	\$ 2	\$ 61	\$ 119	\$ 1,909	\$ 3,271	\$ 2,839	\$ 9,354	\$ 99,775

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 and maintain our general liability fund balance. Interfund transfers for the fiscal year ending June 30, 2023, which were routine in nature, were as follows (000's Omitted):

Transfer Out:	Transfer In:									
	General	Nonmajor Debt Service	General Capital	Transportation Capital	Community Development	Nonmajor Governmental Special Revenue	Nonmajor Governmental Capital Projects	Internal Service	Proprietary	Total
General	\$ —	\$ —	\$ 31,252	\$ 5,099	\$ —	\$ —	\$ 880	\$ —	\$ 6,262	\$ 43,493
Nonmajor Debt Service	3,970	—	1,725	—	—	156	—	—	—	5,851
General Capital	200	244	—	—	425	—	—	—	—	869
Transportation Capital	6,433	1,660	—	—	—	—	—	—	—	8,093
Nonmajor Capital Projects	—	19	—	—	—	—	—	—	—	19
Nonmajor Special Revenue	2,688	—	60	1,144	—	—	987	—	—	4,879
Proprietary	5,451	—	—	—	—	—	—	—	—	5,451
Total	\$ 18,742	\$ 1,923	\$ 33,037	\$ 6,243	\$ 425	\$ 156	\$ 1,867	\$ —	\$ 6,262	\$ 68,655

F. TAX ABATEMENTS

The City of Rochester provides tax abatements under eight programs: COMIDA (County of Monroe Industrial Development Agency), CUE (Conversion Urban Exemption), Capital Improvement, Business Investment, Empire Zone, Municipal Housing Authority, Housing Development Fund Companies, and Redevelopment Company Housing Projects. All tax abatements except COMIDA are obtained through filing an application with the City of Rochester Assessment Bureau. The COMIDA application must be filed with Monroe County.

Program	NYS Real Property Tax Law	Purpose of Program		Real Property Taxes being abated
COMIDA - CHOICE* Criteria to be eligible to receive abatement *Core Housing Owner Incentive Exemption	RPTL 412-a & General Municipal Law 874 Owner occupied housing	Promote new residential owner occupied units in the Center City District Center City District (Homestead Tax Rate)		\$ 267,056
COMIDA	RPTL 412-a & General Municipal Law 874	Job Growth (Non-Homestead Tax Rate)		\$ 17,865,009
CUE Conversion Urban Exemption	RPTL 485-a	Converted to mixed-use from under utilized commercial buildings (Residential & Commercial Non-Homestead Tax Rate)		\$ 2,152,839
421-f Capital Improvements to Residential Buildings Criteria to be eligible to receive abatement	Real Property Tax Law 421-f Owner occupied housing	Capital Improvements to residential properties Center City District (Homestead Tax Rate)		\$ 48,376
485-b Business Improvement Exemption	RPTL 485-b	Improvements to Commercial & Industrial properties (Non-Homestead Tax Rate)		\$ 298,686
Rochester Housing Authority	Public Housing Law Section 52(3) 52(5) 52(6)	Municipal Housing Authority	(NH Non-Homestead)	\$ 299,077
			(H Homestead)	\$ 1,205,313
Sub Totals				\$ 1,504,390
Housing Development Fund Companies	Private Housing Finance Law Section 577 (3)	Low Income Housing	(NH Non-Homestead)	\$ 10,167,678
			(H Homestead)	\$ 464,209
Sub Totals				\$ 10,631,887
Redevelopment Company Housing Projects	Private Housing Finance Law Sections 125, 127	Low Income Housing	(NH Non-Homestead)	\$ 155,799
			(H Homestead)	\$ 4,909
Sub Totals				\$ 160,708
Total Housing				\$ 12,296,985
Total All Programs				\$ 32,928,951

G. SUBSEQUENT EVENTS

On August 1, 2023, the City of Rochester issued Bond Anticipation Notes, 2023 Series II in the amount of \$105,250,000. A portion of the proceeds of the bonds in the amount of \$64,036,000 were used to redeem bond anticipation notes maturing on August 2, 2023, and the remaining \$41,214,000 provided original financing. The City received a net interest rate of 3.4468%.

On December 19, 2023, the City sold the East End Garage to EEG Parking LLC. The net sale proceeds were \$3,855,000.

Management has evaluated subsequent events through December 26, 2023 which is the date the financial statements are available for issuance, and have determined except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

The City of Rochester, New York

Required Supplemental Information

COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCE/NET POSITION

BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND PROPRIETARY FUNDS

NON-GAAP BUDGET BASIS

FOR THE YEAR ENDED JUNE 30, 2023 (000's Omitted)

(continued)

	General Fund		Special Revenue Funds		Proprietary Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
REVENUES										
Real property tax	\$ 166,700	\$ 167,042	\$ 11,103	\$ 11,163	\$ 30,108	\$ 30,824	\$ 207,911	\$ 207,911	\$ 209,029	\$ 1,118
Sales taxes	188,772	195,460	—	—	—	—	188,772	188,772	195,460	6,688
Other taxes	27,228	29,307	—	—	905	905	28,133	28,133	30,212	2,079
Charges for services	25,058	26,265	22,475	22,128	53,948	56,963	101,481	101,481	105,356	3,875
Use of money and property	150	8,888	29	254	259	1,139	438	438	10,281	9,843
Interest and penalties	2,120	4,027	—	—	905	928	3,025	3,025	4,955	1,930
Licenses and permits	3,176	3,266	44	49	—	—	3,220	3,220	3,315	95
Federal aid	41,781	23,450	—	—	3,377	3,377	45,158	45,158	26,827	(18,331)
State aid	106,653	106,339	1,088	1,029	—	35	107,741	107,741	107,403	(338)
Local sources and other	24,314	23,146	7,341	7,162	243	303	31,898	31,898	30,611	(1,287)
Total revenues	<u>585,952</u>	<u>587,190</u>	<u>42,080</u>	<u>41,785</u>	<u>89,745</u>	<u>94,474</u>	<u>717,777</u>	<u>717,777</u>	<u>723,449</u>	<u>5,672</u>
EXPENDITURES										
Council and clerk	6,248	5,097	—	—	—	—	6,248	6,248	5,097	1,151
Administration	23,584	17,515	—	—	—	—	23,584	23,584	17,515	6,069
Information technology	9,215	8,997	—	—	—	—	9,215	9,215	8,997	218
Finance	5,789	5,640	—	—	6,338	5,448	12,127	12,127	11,088	1,039
Neighborhood development	27,792	22,338	—	—	—	—	27,792	27,792	22,338	5,454
Environmental services	29,934	30,390	15,972	12,155	49,104	48,050	95,010	95,010	90,595	4,415
Library	—	—	13,339	13,258	—	—	13,339	13,339	13,258	81
Police	110,924	109,433	—	—	—	—	110,924	110,924	109,433	1,491
Fire	60,121	60,335	—	—	—	—	60,121	60,121	60,335	(214)
Emergency communications	16,368	15,314	—	—	—	—	16,368	16,368	15,314	1,054
Recreation and human services	20,988	19,507	1,775	1,748	1,109	1,110	23,872	23,872	22,365	1,507
Undistributed	146,429	140,157	9,484	9,164	15,138	14,281	171,051	171,051	163,602	7,449
Contingency	266	—	—	—	—	—	266	266	—	266
Debt services	23,590	22,686	2,119	2,033	14,622	14,743	40,331	40,331	39,462	869
Total expenditures	<u>481,248</u>	<u>457,409</u>	<u>42,689</u>	<u>38,358</u>	<u>86,311</u>	<u>83,632</u>	<u>610,248</u>	<u>610,248</u>	<u>579,399</u>	<u>30,849</u>
Excess of revenues over expenditures	<u>104,704</u>	<u>129,781</u>	<u>(609)</u>	<u>3,427</u>	<u>3,434</u>	<u>10,842</u>	<u>107,529</u>	<u>107,529</u>	<u>144,050</u>	<u>36,521</u>

The City of Rochester, New York

Required Supplemental Information

COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCE/NET POSITION

BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND PROPRIETARY FUNDS

NON-GAAP BUDGET BASIS

FOR THE YEAR ENDED JUNE 30, 2023 (000's Omitted)

	General Fund		Special Revenue Funds		Proprietary Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 11,878	\$ 11,350	\$ 155	\$ 155	\$ 1,321	\$ —	\$ 12,839	\$ 13,354	\$ 11,505	\$ (1,849)
Transfers (to) other funds	(27,692)	(27,692)	(2,049)	(2,049)	(7,837)	(7,837)	35,943	(37,578)	(37,578)	—
Transfers (to) component unit	(119,100)	(119,100)	—	—	—	—	(119,100)	(119,100)	(119,100)	—
Total other financing uses	<u>(134,914)</u>	<u>(135,442)</u>	<u>(1,894)</u>	<u>(1,894)</u>	<u>(6,516)</u>	<u>(7,837)</u>	<u>(70,318)</u>	<u>(143,324)</u>	<u>(145,173)</u>	<u>(1,849)</u>
Appropriation of prior year fund balance	30,210	—	2,503	—	3,082	—	25,706	35,795	—	(35,795)
Excess (deficiency) of revenues and other sources over expenditures and other uses- Budget Basis	<u>—</u>	<u>(5,661)</u>	<u>—</u>	<u>1,533</u>	<u>—</u>	<u>3,005</u>	<u>62,917</u>	<u>—</u>	<u>(1,123)</u>	<u>(1,123)</u>
Encumbrances included in actual		<u>19,856</u>		<u>1,869</u>		<u>1,187</u>			<u>22,912</u>	
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		14,195		3,402		4,192			21,789	
Expenditures of prior years' encumbrances		<u>(7,112)</u>		<u>(157)</u>		<u>(496)</u>			<u>(7,765)</u>	
Excess(deficiency) of revenues and other sources over expenditures and other uses		7,083		3,245		3,696			14,024	
Net proprietary capital expense		—		—		(28,554)			(28,554)	
Depreciation expense		—		—		(14,826)			(14,826)	
Debt service cash basis		—		—		11,973			11,973	
Contribution to reserve for capital projects		—		—		7,837			7,837	
Other post employment benefits		—		—		3,896			3,896	
Capital and debt reimbursement		—		—		2,486			2,486	
Capital contribution		—		—		15,111			15,111	
Aggregate net pension expense		—		—		(791)			(791)	
Aggreagte change from leases' amortization and interest		—		—		291			291	
Fund Balance/Net Position - beginning as restated		<u>112,025</u>		<u>15,733</u>		<u>103,032</u>			<u>230,790</u>	
Fund Balance/Net Position - ending		<u>\$ 119,108</u>		<u>\$ 18,978</u>		<u>\$ 104,151</u>			<u>\$ 242,237</u>	

The City of Rochester, New York

Required Supplemental Information

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS* (000's Omitted)

	Year Ended June 30					
	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service cost	\$ 13,985	\$ 14,405	\$ 29,129	\$ 33,769	\$ 17,510	\$ 16,772
Interest cost	50,478	51,477	36,615	32,881	65,405	45,130
Changes in assumptions or other inputs	—	—	43,032	132,325	(651,328)	(47,326)
Benefit payments	(35,414)	(36,524)	(35,532)	(36,817)	(37,833)	(38,597)
Net changes in total OPEB liability	29,049	29,358	73,244	162,158	(606,246)	(24,021)
Total OPEB Liability - beginning	\$ 1,459,985	\$ 1,489,034	\$ 1,518,392	\$ 1,591,636	\$ 1,753,794	\$ 1,147,548
Total OPEB liability - ending	\$ 1,489,034	\$ 1,518,392	\$ 1,591,636	\$ 1,753,794	\$ 1,147,548	\$ 1,123,527
Covered employee payroll	\$ 226,033	\$ 241,678	\$ 236,695	\$ 236,207	\$ 246,751	\$ 279,480
Total OPEB liability as a percentage of covered employee payroll	658.77 %	628.27 %	672.44 %	742.48 %	465.06 %	402.01 %

*OPEB Schedules in the Required Supplemental Information are intended to show information for ten years, additional years' information will be displayed as it becomes available.

The City of Rochester, New York

Required Supplemental Information

SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS

NYSERS AND NYSPFRS PENSION PLAN

LAST TEN FISCAL YEARS (000's Omitted)

		Year Ended June 30									
		EMPLOYEES' RETIREMENT SYSTEM									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution		\$ 10,634	\$ 17,665	\$ 15,473	\$ 14,271	\$ 14,185	\$ 13,650	\$ 13,570	\$ 13,733	\$ 14,721	\$ 13,583
Contributions in relation to the contractually required contribution		10,634	17,665	15,473	14,271	14,185	13,650	13,570	13,733	14,721	13,583
Contribution deficiency (excess)		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll		\$ 86,121	\$ 88,861	\$ 90,559	\$ 89,172	\$ 91,092	\$ 95,339	\$ 99,649	\$ 92,510	\$ 97,124	\$ 103,720
Contributions as a percentage of covered payroll		12%	20%	17%	17%	15%	14%	14%	15%	15%	13%

		Year Ended June 30									
		POLICE AND FIRE RETIREMENT SYSTEM									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution		\$ 21,218	\$ 27,261	\$ 25,610	\$ 28,374	\$ 27,647	\$ 27,171	\$ 29,519	\$ 30,745	\$ 35,538	\$ 34,159
Contributions in relation to the contractually required contribution		21,218	27,261	25,610	28,374	27,647	27,171	29,519	30,745	35,538	34,159
Contribution deficiency (excess)		\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
City's covered payroll		\$ 103,393	\$ 111,485	\$ 111,504	\$ 115,196	\$ 116,417	\$ 130,412	\$ 125,631	\$ 126,299	\$ 131,596	\$ 148,407
Contributions as a percentage of covered payroll		21%	24%	23%	25%	24%	21%	23%	24%	27%	23%

The City of Rochester, New York

Required Supplemental Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NYSERS AND NYSPFRS PENSION PLAN

LAST TEN FISCAL YEARS* (000's Omitted)

Measurement Date March 31	Year Ended June 30									
	EMPLOYEES' RETIREMENT SYSTEM									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
City's proportion of the net pension asset (liability)	0.33000000%	0.33074222%	0.3258387%	0.33000000%	0.3240283%	0.3148499%	0.3108603%	0.3053154%	0.3075709 %	
City's proportionate share of the net pension asset (liability)	\$ (11,280)	\$ (53,085)	\$ (30,617)	\$ (10,618)	\$ (22,958)	\$ (83,374)	\$ (310)	\$ 24,958	\$ (65,956)	
City's covered payroll	\$ 88,861	\$ 90,559	\$ 89,172	\$ 90,728	\$ 91,504	\$ 92,627	\$ 90,292	\$ 93,549	\$ 93,549	
City's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	12.69%	58.62%	34.33%	11.66%	25.09%	90.36%	0.34%	26.68%	70.50 %	
Plan fiduciary net position as a percentage of the total pension	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%	103.65%	90.78 %	

The City of Rochester, New York

Required Supplemental Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

NYSERS AND NYSPFRS PENSION PLAN

LAST TEN FISCAL YEARS* (000's Omitted)

Continued

Measurement Date March 31	Year Ended June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
City's proportion of the net pension asset (liability)	0.3290000 %	3.2675555 %	3.2880163 %	3.1900000 %	3.1894350 %	3.3239807 %	3.1872234 %	3.1857887 %	2.9763569 %	
City's proportionate share of the net pension asset (liability)	\$ (9,055)	\$ (96,745)	\$ (68,149)	\$ (32,194)	\$ (53,489)	\$ (177,665)	\$ (55,339)	\$ (18,097)	\$ (164,011)	
City's covered payroll	\$ 111,485	\$ 111,505	\$ 115,196	\$ 116,517	\$ 126,453	\$ 124,079	\$ 125,590	\$ 125,233	\$ 125,233	
City's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	8.12 %	86.76 %	59.16 %	27.63 %	42.30 %	143.19 %	44.06 %	14.45 %	130.96 %	
Plan fiduciary net position as a percentage of the total pension	99.0 %	90.2 %	93.5 %	96.9 %	95.1 %	84.9 %	95.79 %	98.66 %	87.43 %	

*Pension Schedules in the Required Supplemental Information are intended to show information for ten years, additional years' information will be displayed as it becomes available.

I. 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 Combining Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position - Budget and Actual - General, Certain Special Revenue and Proprietary 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 combined General, Special Revenue, and Enterprise fund budget is adopted on a departmental basis in which expenditures may not legally exceed appropriations on a departmental level. Current year encumbrances are included with expenditures; however, the expenditure of prior years' encumbrances are not included.

II. OTHER POST EMPLOYMENT BENEFITS

The City has not established an OPEB Trust. There are no accumulated assets held in a Trust.

The City Retiree Health Plan's most significant factors and assumptions affecting the total OPEB liability are due to changes in the mortality table and mortality improvement scale as well as factors shown in the below table:

<u>Year Ended June 30</u>	<u>Salary Scale</u>	<u>Single Discount Rate</u>	<u>Ultimate Healthcare Cost Trend Rate</u>
2023	3.0%	4.00%	4.5%
2022	3.0%	3.77%	4.5%
2021	3.0%	2.09%	4.5%
2020	3.0%	2.4%	4.5%
2019	3.0%	3.5%	5.0%
2018	3.0%	3.5%	5.0%

III. RETIREMENT SYSTEM

The City's proportionate share of the net pension liability of the pension systems is significantly dependent on the performance of the stock market and the funds that the retirement system invests in. Additionally the discount factor has varied over the past nine years as shown in the table below:

Year ended June 30	ERS & PFRS
2023	5.9%
2022	5.9%
2021	5.9%
2020	6.8%
2019	7.0%
2018	7.0%
2017	7.0%
2016	7.5%
2015	7.5%

Nonmajor Governmental Funds

Debt Funds

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.

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 include the libraries, and parks and recreation facilities.

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.

RURA Fund - This fund is for the revenues and expenditures of the Rochester Urban Renewal Agency.

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

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, 2023 (000's Omitted)**

	Capital Projects					Special Revenue						Total Nonmajor Governmental Funds
	Debt Service	Economic Assistance	Cultural and Recreation	Animal Control	Library	Local Works	Federal Projects	State Projects	Cemetery Perpetual Care	Other	RURA	
ASSETS												
Cash and cash equivalents	\$ 5,791	\$ —	\$ —	\$ 1,148	\$ 1,583	\$ 23,011	\$ 4,957	\$ 1,628	\$ 5,407	\$ 3,089	\$ 1,155	\$ 47,769
Receivables (net of allowance for uncollectibles)												
Accounts	—	—	—	22	781	—	12	—	—	—	—	815
Taxes	—	—	—	—	—	286	—	—	—	—	—	286
Due from other funds	61	169	3,102	85	119	1,705	—	60	30	29	—	5,360
Due from other governments	—	662	—	—	3,229	—	186	1,015	—	—	—	5,092
Cash and cash equivalents - restricted	2,277	2,347	1,352	—	—	—	—	2,057	—	—	—	8,033
Total assets	<u>\$ 8,129</u>	<u>\$ 3,178</u>	<u>\$ 4,454</u>	<u>\$ 1,255</u>	<u>\$ 5,712</u>	<u>\$ 25,002</u>	<u>\$ 5,155</u>	<u>\$ 4,760</u>	<u>\$ 5,437</u>	<u>\$ 3,118</u>	<u>\$ 1,155</u>	<u>\$ 67,355</u>
LIABILITIES												
Accounts payable and other accrued liabilities	\$ —	\$ 1,059	\$ 172	\$ 190	\$ 1,256	\$ 350	\$ 205	\$ 8	\$ —	\$ 25	—	\$ 3,265
Bond anticipation notes payable	—	2,250	4,546	—	—	—	—	—	—	—	—	6,796
Due to other funds	—	15	281	308	2,948	7,499	307	302	—	949	—	12,609
Due to other governments	—	—	—	32	247	160	—	—	—	—	—	439
Due to component units	41	—	—	—	—	—	—	—	—	—	—	41
Unearned revenue	—	—	—	—	—	—	—	60	—	—	—	60
Total liabilities	<u>41</u>	<u>3,324</u>	<u>4,999</u>	<u>530</u>	<u>4,451</u>	<u>8,009</u>	<u>512</u>	<u>370</u>	<u>—</u>	<u>974</u>	<u>—</u>	<u>23,210</u>
FUND BALANCES (DEFICIT)												
Restricted	4,144	—	—	—	—	—	4,643	4,390	—	—	1,155	14,332
Committed	—	—	—	—	—	—	—	—	5,437	—	—	5,437
Assigned	3,944	—	—	725	1,261	16,993	—	—	—	2,144	—	25,067
Unassigned (deficit)	—	(146)	(545)	—	—	—	—	—	—	—	—	(691)
Total fund balances (deficit)	<u>8,088</u>	<u>(146)</u>	<u>(545)</u>	<u>725</u>	<u>1,261</u>	<u>16,993</u>	<u>4,643</u>	<u>4,390</u>	<u>5,437</u>	<u>2,144</u>	<u>1,155</u>	<u>44,145</u>
Total liabilities and fund balances (deficit)	<u>\$ 8,129</u>	<u>\$ 3,178</u>	<u>\$ 4,454</u>	<u>\$ 1,255</u>	<u>\$ 5,712</u>	<u>\$ 25,002</u>	<u>\$ 5,155</u>	<u>\$ 4,760</u>	<u>\$ 5,437</u>	<u>\$ 3,118</u>	<u>\$ 1,155</u>	<u>\$ 67,355</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, 2023 (000's Omitted)

	Capital Projects					Special Revenue						Total Nonmajor Governmental Funds
	Debt Service	Economic Assistance	Cultural and Recreation	Animal Control	Library	Local Works	Federal Projects	State Projects	Cemetery Perpetual Care	Other	RURA	
REVENUES												
Real property tax	\$ —	\$ —	\$ —	\$ 2,110	\$ 7,420	\$ —	\$ —	\$ —	\$ —	\$ —	—	\$ 9,530
Departmental	—	—	—	270	2,455	21,089	242	—	—	—	—	24,056
Use of money and property	1,638	—	—	13	—	231	35	1	—	—	—	1,918
Federal aid	—	843	202	—	—	—	1,146	505	—	—	—	2,696
State aid	—	1,056	1,350	—	942	87	137	2,991	—	—	—	6,563
Local sources and other	—	—	—	—	7,159	—	28	3	113	1,066	35	8,404
Total revenues	1,638	1,899	1,552	2,393	17,976	21,407	1,588	3,500	113	1,066	35	53,167
EXPENDITURES												
Current:												
General government	—	—	—	633	4,316	4,215	—	—	—	24	—	9,188
Neighborhood business development	—	—	—	—	—	—	173	49	—	—	—	222
Environmental services	—	—	—	—	—	11,046	316	—	—	—	—	11,362
Transportation	—	—	—	—	—	—	—	—	—	199	—	199
Police department	—	—	—	—	—	—	—	476	—	—	—	476
Fire department	—	—	—	—	—	—	—	596	—	—	—	596
Library	—	—	—	—	12,708	—	—	—	—	—	—	12,708
Recreation and human services	—	—	—	1,686	—	—	415	—	—	—	—	2,101
Debt service:												
Principal retirement	—	—	—	—	85	335	—	—	—	—	—	420
Interest	—	—	—	—	239	86	—	—	—	—	—	325
Capital outlay:												
General government	—	3,632	—	—	—	—	—	—	—	—	—	3,632
Neighborhood business development	—	112	—	—	—	—	—	—	—	—	—	112
Library	—	—	1,312	—	—	—	—	—	—	—	—	1,312
Recreation and human services	—	—	325	—	—	—	—	—	—	—	—	325
Total expenditures	—	3,744	1,637	2,319	17,348	15,682	904	1,121	—	223	—	42,978
Excess (deficiency) of revenues over (under) expenditures	1,638	(1,845)	(85)	74	628	5,725	684	2,379	113	843	35	10,189
OTHER FINANCING SOURCES (USES)												
Premium on bonds issued	1,855	—	—	—	—	—	—	—	—	—	—	1,855
Issuance of refunding bonds	—	60	4,125	—	—	—	—	—	—	—	—	4,185
Transfers in	1,923	5	1,862	—	71	85	—	—	—	—	—	3,946
Transfers out	(5,851)	—	(19)	(60)	(987)	(2,290)	(429)	(164)	—	(949)	—	(10,749)
Total other financing source (uses)	(2,073)	65	5,968	(60)	(916)	(2,205)	(429)	(164)	—	(949)	—	(763)
Net change in fund balances	(435)	(1,780)	5,883	14	(288)	3,520	255	2,215	113	(106)	35	9,426
Fund balances (deficit) - beginning	8,523	1,634	(6,428)	711	1,549	13,473	4,388	2,175	5,324	2,250	1,120	34,719
Fund balances (deficit) - ending	\$ 8,088	\$ (146)	\$ (545)	\$ 725	\$ 1,261	\$ 16,993	\$ 4,643	\$ 4,390	\$ 5,437	\$ 2,144	\$ 1,155	\$ 44,145

STATISTICAL SECTION

This part of the City of Rochester's Annual Comprehensive 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>	114
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	121
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>	125
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>	130
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>	132

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 597,794	\$ 602,559	\$ 626,977	\$ 642,707	\$ 648,630	\$ 644,067	\$ 639,146	\$ 627,321	\$ 612,195	\$ 602,955
Restricted	120,328	83,436	66,658	40,619	58,170	55,167	27,248	21,450	27,439	12,653
Unrestricted	<u>(229,839)</u>	<u>(240,753)</u>	<u>(315,517)</u>	<u>(371,720)</u>	<u>(1,282,903)</u>	<u>(1,299,337)</u>	<u>(1,380,299)</u>	<u>(1,398,424)</u>	<u>(1,322,811)</u>	<u>(1,257,970)</u>
Total governmental activities net position	<u>\$ 488,283</u>	<u>\$ 445,242</u>	<u>\$ 378,118</u>	<u>\$ 311,606</u>	<u>\$ (576,103)</u>	<u>\$ (600,103)</u>	<u>\$ (713,905)</u>	<u>\$ (749,653)</u>	<u>\$ (683,177)</u>	<u>\$ (642,362)</u>
Business-type activities										
Net investment in capital assets	\$ 211,529	\$ 207,285	\$ 205,542	\$ 199,698	\$ 194,635	\$ 193,621	\$ 197,327	\$ 195,736	\$ 183,358	\$ 177,832
Restricted	16,722	16,417	17,126	9,442	13,122	8,649	5,955	5,365	6,392	5,818
Unrestricted	<u>5,770</u>	<u>1,640</u>	<u>(1,184)</u>	<u>2,084</u>	<u>(64,109)</u>	<u>(67,423)</u>	<u>(71,376)</u>	<u>(77,473)</u>	<u>(86,717)</u>	<u>(79,497)</u>
Total business-type activities net position	<u>\$ 234,021</u>	<u>\$ 225,342</u>	<u>\$ 221,484</u>	<u>\$ 211,224</u>	<u>\$ 143,648</u>	<u>\$ 134,847</u>	<u>\$ 131,906</u>	<u>\$ 123,628</u>	<u>\$ 103,033</u>	<u>\$ 104,153</u>
Primary government										
Net investment in capital assets	\$ 809,323	\$ 809,844	\$ 832,519	\$ 842,405	\$ 843,265	\$ 837,688	\$ 836,473	\$ 823,057	\$ 795,553	\$ 780,787
Restricted	137,050	99,853	83,784	50,061	71,292	63,816	33,203	26,815	33,831	18,471
Unrestricted	<u>(224,069)</u>	<u>(239,113)</u>	<u>(316,701)</u>	<u>(369,635)</u>	<u>(1,347,012)</u>	<u>(1,366,760)</u>	<u>(1,451,675)</u>	<u>(1,475,897)</u>	<u>(1,409,528)</u>	<u>(1,337,467)</u>
Total primary government net position	<u>\$ 722,304</u>	<u>\$ 670,584</u>	<u>\$ 599,602</u>	<u>\$ 522,831</u>	<u>\$ (432,455)</u>	<u>\$ (465,256)</u>	<u>\$ (581,999)</u>	<u>\$ (626,025)</u>	<u>\$ (580,144)</u>	<u>\$ (538,209)</u>

Note: Prior years' information not available on accrual basis

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 154,138	\$ 136,679	\$ 166,709	\$ 177,758	\$ 145,574	\$ 176,535	\$ 174,924	\$ 182,621	\$ 145,868	\$ 208,773
Neighborhood business development	43,480	38,195	25,883	31,641	33,522	67,776	36,384	39,377	29,278	36,975
Environmental services	45,366	45,209	42,010	50,473	44,742	4,350	43,238	53,498	45,570	49,939
Transportation	8,982	22,674	24,987	24,743	36,007	29,659	41,553	43,685	53,641	37,584
Emergency communications	22,853	23,141	24,369	25,752	22,993	20,867	36,003	26,496	16,195	21,154
Police department	143,880	147,566	157,406	163,702	155,441	155,314	147,567	168,899	148,749	148,115
Fire department	78,226	79,577	85,311	87,741	82,995	82,340	108,534	92,644	79,369	81,517
Library	13,878	14,003	15,739	15,705	14,017	13,626	18,391	18,042	23,697	14,396
Recreation and human services	18,069	18,954	20,361	19,039	17,935	17,835	19,365	15,997	13,256	17,790
Education	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100
Interest on long-term debt	4,596	4,483	4,535	4,295	4,032	4,125	3,904	2,447	2,530	4,279
Total governmental activities expenses	<u>652,568</u>	<u>649,581</u>	<u>686,410</u>	<u>719,949</u>	<u>676,358</u>	<u>691,527</u>	<u>748,963</u>	<u>762,806</u>	<u>677,253</u>	<u>739,622</u>
Business-type activities:										
Water	31,348	36,081	33,076	34,549	35,973	37,721	35,413	43,538	57,691	52,453
Parking	17,039	15,466	15,595	29,238	15,115	15,099	14,426	13,425	12,429	13,300
War Memorial	2,526	2,443	2,068	2,449	2,632	2,543	1,756	5,616	2,265	2,492
Refuse	26,850	29,703	28,978	29,986	30,777	31,388	27,869	26,536	31,963	29,675
Cemetery	2,679	3,025	3,565	3,522	3,264	3,617	4,018	3,664	4,443	3,801
Public Market	899	1,065	1,101	2,012	1,842	1,909	2,035	2,064	2,030	2,051
Total business-type activities expenses	<u>81,341</u>	<u>87,783</u>	<u>84,383</u>	<u>101,756</u>	<u>89,603</u>	<u>92,277</u>	<u>85,517</u>	<u>94,843</u>	<u>110,821</u>	<u>103,772</u>
Total primary government expenses	<u>\$ 733,909</u>	<u>\$ 737,364</u>	<u>\$ 770,793</u>	<u>\$ 821,705</u>	<u>\$ 765,961</u>	<u>\$ 783,804</u>	<u>\$ 834,480</u>	<u>\$ 857,649</u>	<u>\$ 788,074</u>	<u>\$ 843,394</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 69,563	\$ 71,570	\$ 74,205	\$ 80,035	\$ 83,268	\$ 90,683	\$ 88,470	\$ 95,143	\$ 90,125	\$ 95,416
Neighborhood business development	3,681	7,080	6,497	5,990	5,653	5,762	6,391	4,960	4,329	5,850
Environmental services	19,552	20,351	20,291	20,687	21,059	20,773	20,636	20,680	21,159	21,328
Transportation	1,048	946	1,106	1,392	1,045	1,102	1,010	1,179	1,225	1,386
Emergency communications	16,474	17,337	17,528	17,269	18,060	18,228	18,923	18,572	19,550	19,738
Police department	6,470	7,059	8,412	6,426	5,018	4,564	3,805	3,537	4,878	5,333
Fire department	2,185	2,066	1,960	2,799	2,646	2,830	2,463	2,507	1,913	946
Library	2,455	2,730	2,658	2,529	2,585	2,606	2,583	2,598	2,445	2,455
Recreation and human services	1,196	1,717	1,044	1,163	1,508	1,509	1,612	1,730	2,035	1,667
Operating grants and contributions	38,495	43,486	33,289	38,226	36,161	35,446	30,320	47,265	50,265	60,285
Capital grants and contributions	19,769	16,065	18,166	37,791	35,019	18,083	21,712	31,532	35,171	33,695
Total governmental activities program revenues	<u>180,888</u>	<u>190,407</u>	<u>185,156</u>	<u>214,307</u>	<u>212,022</u>	<u>201,586</u>	<u>197,925</u>	<u>229,703</u>	<u>233,095</u>	<u>248,099</u>

Continued

**THE CITY OF ROCHESTER, NEW YORK
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

(accrual basis of accounting)

(000's Omitted)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Continued									
Business-type activities:										
Charges for services:										
Water	\$ 36,579	\$ 36,925	\$ 37,298	\$ 39,022	\$ 39,156	\$ 36,962	\$ 37,485	\$ 40,722	\$ 40,949	\$ 41,105
Parking	11,823	12,704	11,553	17,033	11,578	11,854	8,895	7,667	8,557	8,509
War Memorial	1,342	913	994	932	128	1,036	1,126	639	1,128	1,745
Refuse	25,675	26,196	27,317	27,843	28,572	27,919	28,380	28,092	28,835	30,101
Cemetery	1,557	1,532	1,467	1,531	1,395	1,512	1,478	2,161	2,245	1,880
Public Market	824	789	819	724	935	954	694	865	892	939
Operating grants and contributions	115	—	—	—	—	—	2	51	—	—
Capital grants and contributions	20,578	1,374	1,433	4,160	278	1,325	628	6,700	717	15,354
Total business-type activities program revenues	98,493	80,433	80,881	91,245	82,042	81,562	78,688	86,897	83,323	99,633
Total primary government program revenues	\$ 279,381	\$ 270,840	\$ 266,037	\$ 305,552	\$ 294,064	\$ 283,148	\$ 276,613	\$ 316,600	\$ 316,418	\$ 347,732
Net (expense)/revenue										
Governmental activities	\$ (471,680)	\$ (459,174)	\$ (501,252)	\$ (505,642)	\$ (464,336)	\$ (489,941)	\$ (551,038)	\$ (533,103)	\$ (444,158)	\$ (491,523)
Business-type activities	17,152	(7,350)	(3,502)	(10,511)	(7,561)	(10,715)	(6,829)	(7,946)	(27,498)	(4,139)
Total primary government net expense	\$ (454,528)	\$ (466,524)	\$ (504,754)	\$ (516,153)	\$ (471,897)	\$ (500,656)	\$ (557,867)	\$ (541,049)	\$ (471,656)	\$ (495,662)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 148,913	\$ 152,593	\$ 152,921	\$ 154,506	\$ 159,165	\$ 168,603	\$ 159,415	\$ 172,414	\$ 176,328	179,025
Sales taxes	140,551	139,782	144,945	148,263	153,971	159,719	159,903	174,006	194,164	195,705
Payment in-lieu of tax	11,525	10,928	11,238	12,367	13,600	14,589	14,307	14,384	15,780	16,010
Other taxes	8,527	8,410	7,619	8,354	8,937	9,868	8,358	10,526	13,934	13,526
Governmental aid - (unrestricted)	104,821	108,673	103,420	101,269	99,677	99,011	81,264	114,189	96,377	95,662
Investment earnings	1,401	1,476	1,576	1,819	1,831	2,762	3,853	991	2,124	13,481
Miscellaneous	4,845	5,923	7,035	7,178	5,202	6,101	5,590	5,343	6,666	6,754
Transfers	5,374	5,374	5,374	5,374	5,217	5,288	4,546	5,451	5,261	5,451
Total governmental activities	425,957	433,159	434,128	439,130	447,600	465,941	437,236	497,304	510,634	525,614
Business-type activities:										
Taxes										
Property taxes	2,224	2,635	2,641	3,366	2,890	4,585	3,177	2,647	2,799	3,838
Other taxes	905	906	905	905	905	905	905	905	905	905
Governmental aid	433	5	5	60	77	15	2,454	41	6,768	3,411
Investment earnings	174	389	238	325	398	668	807	16	55	1,079
Miscellaneous	1,080	975	1,229	969	1,233	1,029	—	1,510	1,637	1,477
Transfers	(5,374)	(5,374)	(5,374)	(5,374)	(5,217)	(5,288)	(4,546)	(5,451)	(5,261)	(5,451)
Total business-type activities	(558)	(464)	(356)	251	286	1,914	2,797	(332)	6,903	5,259
Total primary government	\$ 425,399	\$ 432,695	\$ 433,772	\$ 439,381	\$ 447,886	\$ 467,855	\$ 440,033	\$ 496,972	\$ 517,537	\$ 530,873
Change in Net Position										
Governmental activities	\$ (45,723)	\$ (26,015)	\$ (67,124)	\$ (66,512)	\$ (16,736)	\$ (24,000)	\$ (113,802)	\$ (35,799)	\$ 66,476	34,091
Business-type activities	16,594	(7,814)	(3,858)	(10,260)	(7,275)	(8,801)	(2,941)	(8,278)	(20,595)	1,120
Total primary government	\$ (29,129)	\$ (33,829)	\$ (70,982)	\$ (76,772)	\$ (24,011)	\$ (32,801)	\$ (116,743)	\$ (44,077)	\$ 45,881	\$ 35,211

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property tax	\$151,137	\$155,228	\$155,562	\$154,506	\$159,165	\$168,603	\$159,415	\$172,414	\$176,328	179,025
Sales tax	140,551	139,782	144,945	148,263	153,971	159,719	159,903	174,006	194,164	195,705
Payment in-lieu of tax	11,525	10,928	11,238	12,367	13,600	14,589	14,307	14,384	15,780	16,010
Other taxes	<u>9,432</u>	<u>9,316</u>	<u>8,524</u>	<u>8,354</u>	<u>8,937</u>	<u>9,868</u>	<u>8,358</u>	<u>10,526</u>	<u>13,934</u>	<u>13,526</u>
Total taxes	<u>\$312,645</u>	<u>\$315,254</u>	<u>\$320,269</u>	<u>\$323,490</u>	<u>\$335,673</u>	<u>\$352,779</u>	<u>\$341,983</u>	<u>\$371,330</u>	<u>\$400,206</u>	<u>\$404,266</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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23	\$ 11	\$ 570	—
Restricted	—	—	—	—	—	—	—	—	—	56
Committed	47,835	50,155	41,636	47,835	47,874	50,204	48,904	39,950	54,703	57,874
Assigned	27,923	30,753	39,939	37,029	37,731	32,035	21,753	53,664	47,924	52,128
Unassigned	5,152	5,030	5,672	5,670	5,700	5,803	1	5,943	8,828	9,050
Total general fund	<u>80,910</u>	<u>85,938</u>	<u>87,247</u>	<u>90,534</u>	<u>91,305</u>	<u>88,042</u>	<u>70,681</u>	<u>99,568</u>	<u>112,025</u>	<u>119,108</u>
Restricted, reported in:										
Debt service funds	8,689	5,070	8,274	4,606	5,063	5,198	3,060	2,819	2,767	4,144
Special revenue/Community development funds	4,798	4,667	3,901	3,241	3,477	3,866	2,232	4,792	5,822	8,509
Other governmental funds	4,389	4,989	5,394	6,641	6,711	7,920	8,004	7,126	7,683	10,188
Committed, reported in:										
Capital projects funds	81,463	69,865	42,605	28,139	34,780	33,367	26,941	12,189	11,302	25,975
Special revenue/Community development funds	5,473	411	872	3,905	4,314	6,335	8,577	9,138	14,728	13,630
Other governmental funds	8,824	8,495	8,771	8,064	8,459	8,562	5,220	5,390	5,324	5,437
Assigned, reported in:										
Debt service funds	15,615	15,780	15,979	16,262	12,515	11,994	9,637	7,167	5,756	3,944
Capital projects funds	677	606	563	39	29	36	45	54	63	72
Other governmental funds	10,970	11,006	13,110	14,632	13,897	13,846	15,071	18,218	17,983	21,123
Unassigned, reported in:										
Capital projects funds	—	(16,181)	(8,967)	(17,726)	(4,843)	(7,881)	(22,022)	(28,639)	(38,164)	(36,443)
Other governmental funds	—	—	—	(548)	(920)	(416)	(1,116)	(5,255)	(6,428)	(691)
Total all other governmental funds	<u>140,898</u>	<u>104,708</u>	<u>90,502</u>	<u>67,255</u>	<u>83,482</u>	<u>82,827</u>	<u>55,649</u>	<u>32,999</u>	<u>26,836</u>	<u>55,888</u>
Total all governmental funds	<u>\$221,808</u>	<u>\$190,646</u>	<u>\$177,749</u>	<u>\$157,789</u>	<u>\$174,787</u>	<u>\$170,869</u>	<u>\$126,330</u>	<u>\$132,567</u>	<u>\$138,861</u>	<u>\$174,996</u>

Note: The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Changes to the fund balance information presented in a statistical section may be made prospectively, although retroactive application is encouraged.

THE CITY OF ROCHESTER, NEW YORK
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(000's Omitted)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Real property tax	\$148,791	\$153,969	\$155,756	\$158,343	\$161,231	\$162,331	\$163,762	\$174,546	\$177,046	176,342
Sales tax	140,227	139,816	144,550	147,978	153,510	159,242	159,852	172,917	192,530	195,460
Other taxes	20,052	19,338	18,857	20,721	22,537	24,457	22,665	24,910	29,714	29,537
Departmental	43,371	49,225	47,801	48,155	47,156	47,791	49,507	44,803	44,786	50,177
Use of money and property	766	821	3,409	1,001	901	1,646	2,071	986	2,010	11,017
Licenses and permits	3,384	3,175	3,894	3,420	3,496	3,783	3,405	3,309	3,350	3,438
Federal aid	37,067	35,610	23,265	37,205	42,201	24,966	18,918	47,451	39,412	48,815
State aid	115,867	120,854	119,449	123,733	115,515	116,339	101,631	139,585	122,781	127,520
Local sources and other	32,771	36,186	38,114	40,807	37,502	36,859	37,809	37,279	46,836	40,888
Total revenues	<u>542,296</u>	<u>558,994</u>	<u>555,095</u>	<u>581,363</u>	<u>584,049</u>	<u>577,414</u>	<u>559,620</u>	<u>645,786</u>	<u>658,465</u>	<u>683,194</u>
Expenditures										
General government	124,930	144,892	160,000	169,152	151,510	155,259	153,451	158,463	170,689	180,388
Neighborhood business development	37,985	39,104	25,280	22,107	24,347	24,840	23,068	28,598	27,405	31,009
Environmental services	28,498	30,708	29,345	34,003	33,666	33,460	33,133	33,145	36,410	36,270
Transportation	5,211	8,858	22,286	31,140	4,374	4,405	3,907	3,916	4,028	4,915
Emergency communications	12,906	12,810	11,621	13,443	13,520	13,754	14,351	14,273	14,515	15,321
Police	87,439	87,908	89,431	93,955	95,115	97,341	99,007	99,646	99,626	109,481
Fire	46,560	46,363	47,298	49,861	50,775	51,677	52,075	53,251	57,053	59,970
Library	11,030	11,122	12,929	12,761	11,629	11,718	11,072	11,147	11,944	12,708
Recreation & human services	11,394	11,412	11,303	11,031	10,843	10,486	9,559	9,717	12,733	15,229
Education (Allocation to the District)	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100
Debt service:										
Principal retirement	17,389	17,875	14,765	15,893	14,426	17,476	16,623	14,769	12,381	10,284
Interest	4,715	4,522	4,548	4,400	4,009	4,198	3,964	3,606	2,943	3,617
Administrative charges	16	11	7	14	4	2	10	1	1	—
Capital outlay	75,044	58,567	39,477	29,861	65,577	53,135	69,220	80,963	77,367	72,002
Total expenditures	<u>582,217</u>	<u>593,252</u>	<u>587,390</u>	<u>606,721</u>	<u>598,895</u>	<u>596,851</u>	<u>608,540</u>	<u>630,595</u>	<u>646,195</u>	<u>670,294</u>
Excess of revenues over (under) expenditures	(39,921)	(34,258)	(32,295)	(25,358)	(14,846)	(19,437)	(48,920)	15,191	12,270	12,900
Other financing sources (uses)										
Payment to refunded bond escrow agent	—	—	—	—	—	—	(4,915)	—	—	—
Premium on bond issued	—	—	—	170	1,876	977	—	—	—	1,855
Issuance of debt	—	—	20,622	1,424	25,833	11,414	5,033	—	—	15,467
Transfers in	35,378	60,110	41,428	45,110	45,370	53,601	48,205	36,514	50,800	62,393
Transfers out	(31,704)	(57,014)	(42,652)	(39,815)	(41,235)	(50,473)	(44,050)	(45,519)	(56,776)	(63,204)
Capital Contributions	45	—	—	(1,490)	—	—	—	—	—	—
Total other financing sources (uses)	<u>3,719</u>	<u>3,096</u>	<u>19,398</u>	<u>5,399</u>	<u>31,844</u>	<u>15,519</u>	<u>4,273</u>	<u>(9,005)</u>	<u>(5,976)</u>	<u>16,511</u>
Net change in fund balances	<u>(36,202)</u>	<u>(31,162)</u>	<u>(12,897)</u>	<u>(19,959)</u>	<u>16,998</u>	<u>(3,918)</u>	<u>(44,647)</u>	<u>6,186</u>	<u>6,294</u>	<u>29,411</u>
Debt service as a percentage of noncapital expenditures	4.36%	4.19%	3.53%	3.52%	3.46%	3.99%	3.82%	3.34%	2.69%	2.32%

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)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property tax	\$148,791	\$153,969	\$155,756	\$158,343	\$161,231	\$162,331	\$163,763	\$174,546	\$ 177,046	\$176,342
Sales tax	140,227	139,816	144,550	147,978	153,510	159,242	159,852	172,917	192,530	195,460
Other taxes	<u>20,052</u>	<u>19,338</u>	<u>18,857</u>	<u>20,721</u>	<u>22,537</u>	<u>24,457</u>	<u>22,665</u>	<u>24,910</u>	<u>29,714</u>	<u>29,537</u>
Total taxes	<u>\$309,070</u>	<u>\$313,123</u>	<u>\$319,163</u>	<u>\$327,042</u>	<u>\$337,278</u>	<u>\$346,030</u>	<u>\$346,280</u>	<u>\$372,373</u>	<u>\$ 399,290</u>	<u>\$401,339</u>

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

Fiscal Year	Assessed Value Municipal Purposes	Veterans Exemption (1)	Assessed Value School Purposes	Estimated Actual Value Municipal Purposes	Estimated Actual Value School Purposes	Assessed Value as a Percentage of Actual Value (2)	Total Direct Rate Applied to Base	Total Direct Homestead Rate Per Thousand	Total Direct Nonhomestead Rate Per Thousand
2014	5,882,907	48,443	5,931,350	5,976,135	6,024,586	98.45 %	2.84 %	19.65	42.04
2015	5,927,413	46,532	5,973,945	6,207,365	6,250,507	95.58 %	2.90 %	20.05	42.86
2016	5,980,615	12,247	5,992,862	6,194,319	6,207,003	96.55 %	2.88 %	20.15	41.92
2017	6,482,549	11,501	6,494,050	6,673,408	6,680,286	97.21 %	2.69 %	19.21	37.76
2018	6,450,304	10,231	6,460,535	6,650,484	6,661,032	96.99 %	2.70 %	18.33	39.45
2019	6,395,261	1,634	6,396,895	6,569,349	6,571,027	97.35 %	2.79 %	18.86	41.15
2020	6,457,508	2,166	6,459,674	6,794,516	6,796,795	95.04 %	2.77 %	19.43	39.46
2021	7,548,863	1,962	7,550,825	8,446,753	8,448,948	89.37 %	2.49 %	17.57	35.83
2022	7,548,687	1,754	7,550,441	7,973,684	7,975,537	94.67 %	2.49 %	17.17	36.50
2023	7,619,654	1,094	7,620,748	8,122,433	8,123,598	93.81 %	2.46 %	17.05	36.07

Notes:

- 1) Subject to the School District 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	District Purposes	Total Direct Rate	Monroe County (1)		
2014	Homestead	5.70	13.95	19.65	9.20	28.85
	Nonhomestead	12.09	29.95	42.04	9.20	51.24
2015	Homestead	6.22	13.83	20.05	9.22	29.27
	Nonhomestead	13.17	29.69	42.86	9.22	52.08
2016	Homestead	6.21	13.94	20.15	9.22	29.37
	Nonhomestead	12.88	29.03	41.91	9.22	51.13
2017	Homestead	6.11	13.10	19.21	9.17	28.38
	Nonhomestead	11.98	25.78	37.76	9.17	46.93
2018	Homestead	5.83	12.50	18.33	9.17	27.50
	Nonhomestead	12.52	26.93	39.45	9.17	48.62
2019	Homestead	6.29	12.58	18.86	9.21	28.08
	Nonhomestead	13.71	27.43	41.15	9.21	50.36
2020	Homestead	6.48	12.95	19.43	9.64	29.07
	Nonhomestead	13.15	26.31	39.46	9.64	49.10
2021	Homestead	6.42	11.15	17.57	8.76	26.33
	Nonhomestead	13.09	22.74	35.83	8.76	44.59
2022	Homestead	6.27	10.89	17.17	9.79	26.95
	Nonhomestead	13.33	23.17	36.50	9.79	46.29
2023	Homestead	6.23	10.82	17.05	9.54	26.59
	Nonhomestead	13.18	22.90	36.07	9.54	45.62

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
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 Levy
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy			
2014	206,188	191,616	92.93 %	11,342	202,958	98.43 %	697	21,197	10.28 %
2015	213,694	198,289	92.79 %	11,895	210,184	98.36 %	1,568	24,043	11.25 %
2016	213,823	198,982	93.06 %	11,333	210,315	98.36 %	1,860	25,849	12.09 %
2017	217,466	203,176	93.43 %	12,010	215,186	98.95 %	3,211	23,558	10.83 %
2018	219,298	205,190	93.57 %	12,186	217,376	99.12 %	427	23,471	10.70 %
2019	224,642	209,139	93.10 %	12,505	221,644	98.67 %	2,154	23,597	10.50 %
2020	224,736	209,033	93.01 %	12,970	222,003	98.78 %	1,378	28,807	12.82 %
2021	233,630	219,473	93.94 %	12,009	231,482	99.08 %	2,451	30,917	13.23 %
2022	234,136	220,524	94.19 %	8,548	229,072	97.84 %	174	29,313	12.52 %
2023	235,517	221,459	94.03 %	N/A	221,459	94.03 %	-2,619	26,100	11.08 %

Notes:

- 1) Tax exempt properties with an assessed value of \$875,578,450 made payments in lieu of taxes amounting to \$15,867,538 for the fiscal year ending June 30, 2023. If these properties had been fully taxable, total revenues would have increased by \$14,561,512. 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
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS PRIOR
June 30, 2023
(000's Omitted)

	2023			2014		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Rochester Gas and Electric	\$1,051,659	1	13.80%	\$618,109	1	10.51%
Buckingham Properties	78,239	2	1.03%	63,127	4	1.07%
Frontier Telephone Corp.	60,616	3	0.80%	75,268	2	1.28%
Eastman Kodak Co.	48,951	4	0.64%	65,095	3	1.11%
CSX (Conrail)	36,539	5	0.48%	25,097	5	0.43%
Clinton Asset Holding	25,000	6	0.33%	25,000	6	0.42%
Maguire Family Properties	21,135	7	0.28%	20,414	7	0.35%
Maison Properties	17,484	8	0.23%	—	—	—%
Downing Rochester	16,130	9	0.21%	—	—	—%
Gallina Development	15,299	10	0.20%	—	—	—%
JP Morgan/Chase (Chase Manhattan)	—	—	—	18,621	8	0.32%
NK-TCC Property LLC	—	—	—	16,296	9	0.28%
AP/AIM Rochester Hotel, LLC	—	—	—	14,800	10	0.25%
Totals	\$1,371,052		18.00%	\$941,827		16.02%

Note:

- 1) The total taxable assessed value of \$7,619,654,371 was used for fiscal year 2022-23 taxes.
- 2) The total taxable assessed value of \$5,882,907,153 was used for fiscal year 2013-14 taxes.

Source: Assessment Roll of the City of Rochester

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	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Leases	Notes	SBITA (3)	General Obligation Bonds	Leases			
2014	112,686	—	—	—	78,000	—	190,686	1.98%	908
2015	94,107	—	—	—	68,605	—	162,712	1.62%	776
2016	101,754	—	—	—	82,096	—	183,850	1.83%	880
2017	85,018	—	—	—	72,073	—	157,091	1.48%	755
2018	97,307	—	—	—	72,566	—	169,873	1.56%	823
2019	91,039	—	—	—	77,511	—	168,550	1.49%	819
2020	72,508	—	—	—	64,811	—	137,319	1.11%	650
2021	56,778	—	451	—	52,745	—	109,974	0.87%	522
2022	43,441	9,725	422	—	43,060	988	97,636	0.79%	466
2023	47,700	8,250	390	2,377	49,095	955	108,767	N/A	N/A

Note:

- 1) Population figures from US Census Bureau (www.quickfacts.census.gov). Figure for 2023 not available yet.
- 2) Per Capita Personal Income figures for Monroe County from US Dept. of Commerce Bureau of Economic Analysis (www.bea.gov).
- 3) Subscription Based Information Technology Arrangements

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

Fiscal Year	Total Primary Government		Total	Percentage of Estimated Actual Taxable Value of Property	
	General Obligation Bonds	Less: Amounts Available for Debt		Per Capita (1)	
2014	190,686	27,977	162,709	2.77%	775
2015	162,712	24,644	138,068	2.33%	658
2016	169,384	28,048	141,336	2.36%	677
2017	157,091	24,188	132,903	2.05%	639
2018	169,873	20,782	149,091	2.31%	723
2019	168,550	20,394	148,156	2.32%	720
2020	137,319	15,946	121,373	1.88%	574
2021	109,523	13,388	96,135	1.27%	456
2022	86,501	11,932	74,569	0.99%	356
2023	96,795	7,231	89,564	1.12%	409

Notes:

- 1) Population figures for 2014 - 2022 are from US Census Bureau www.quickfacts.census.gov, current year data unavailable. 2022 population used for 2023.

THE CITY OF ROCHESTER, NEW YORK
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2023
(000's Omitted)

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	57,906	100%	57,906
County of Monroe (1)	435,986	14.56%	63,480
Total	\$493,892		\$121,386

1) Source: County of Monroe Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of the County of Monroe that is borne by the property taxpayers of the City of Rochester. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$532,221	\$542,837	\$544,119	\$551,650	\$571,293	\$578,783	\$594,865	\$640,541	\$665,382	\$688,060
Total net debt applicable to limit	<u>323,825</u>	<u>312,336</u>	<u>313,593</u>	<u>301,104</u>	<u>288,152</u>	<u>287,721</u>	<u>285,591</u>	<u>277,699</u>	<u>278,426</u>	<u>267,481</u>
Legal debt margin	<u>\$208,396</u>	<u>\$230,501</u>	<u>\$230,526</u>	<u>\$250,546</u>	<u>\$283,141</u>	<u>\$291,062</u>	<u>\$309,274</u>	<u>\$362,842</u>	<u>\$386,956</u>	<u>\$420,579</u>
Total net debt applicable to the limit as a percentage of debt limit	60.84%	57.54%	57.63%	54.58%	50.44%	49.71%	48.01%	43.35%	41.84%	38.87%

Legal Debt Margin Calculation for Fiscal Year 2022

Indebtedness		
Borrowings (Bonds and Notes)	\$ 328,252	(1)
Contract liabilities	—	(2) \$ 328,252
Deductions and Exclusions		
Water Bonds and Notes	48,505	(3)
Sanitary Sewer Bonds and Notes	—	(3)
Appropriation	—	(4)
Cash and cash equivalents	1,321	(5) <u>(49,826)</u>
Net indebtedness		278,426
Debt limit (9% of five-year average full valuation)		<u>665,382</u>
Debt Contracting Margin		<u>\$386,956</u>

**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".
- 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 fair 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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Population (1)	209,983	209,802	208,880	208,046	206,284	205,695	211,328	210,606	209,352	209,352
Total Personal Income Monroe County (2)	34,179,862	35,847,022	36,057,927	38,050,420	39,314,982	40,822,554	43,193,802	45,344,632	45,344,632	N/A
Per Capital Personal Income Monroe County (2)	45,568	47,857	48,223	50,894	52,951	55,034	58,299	60,046	60,046	N/A
District Enrollment (3)	29,103	28,401	27,611	26,984	26,611	25,690	25,109	23,360	21,408	20,730
Unemployment Rate (4)	8.1 %	6.9 %	6.5 %	6.9 %	6.8 %	5.5 %	8.7 %	11.4 %	6.1 %	4.8 %
Employed (4)	84,500	85,400	85,200	83,600	84,600	84,900	82,200	81,200	84,300	85,500

Source:

- (1) 2014 - 2022 figures from US Census Bureau (www.factfinder.census.org). Current year data unavailable, 2022 population used for 2023.
- (2) US Dept. of Commerce Bureau of Economic Analysis (www.bea.gov). Total personal income in thousands of dollars 2022 and 2023 data unavailable, 2021 personal income used for 2022.
- (3) Rochester City School District (www.rcsdk12.org).
- (4) www.labor.state.ny.us (Average rates computed through June 2023) for City of Rochester.

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

	2023			2014		
	Employees (1)	Rank	Percentage of Total Employment (2)	Employees (1)	Rank	Percentage of Total Employment (2)
University of Rochester/Strong Memorial Hospital	31,940	1	5.91 %	21,881	1	4.12 %
Rochester Regional Health System (3)	17,297	2	3.20 %	—	—	— %
Wegmans Food Markets Inc.	13,211	3	2.44 %	13,843	2	2.61 %
Paychex Inc.	4,700	4	0.87 %	3,819	6	0.72 %
Rochester Institute of Technology	4,045	5	0.75 %	3,259	10	0.61 %
L3Harris Technologies Inc.	3,746	6	0.69 %	—	—	— %
Heritage Christian Services Inc.	2,417	7	0.45 %	—	—	— %
Lifetime Healthcare Cos. Inc.	2,209	8	0.41 %	3,749	7	0.71 %
Angels In Your Home	2,082	9	0.39 %	—	—	— %
Tops Markets LLC	1,998	10	0.37 %	—	—	— %
Rochester General Health System (ViaHealth)	—	—	— %	8,100	3	1.53 %
Eastman Kodak Company	—	—	— %	3,429	8	0.65 %
Xerox Corporation	—	—	— %	5,617	4	1.06 %
Unity Health System	—	—	— %	2,732	5	0.51 %
Sutherland Global Services Inc.	—	—	— %	3,364	9	0.63 %

(1) Source: Rochester Business Journal The Lists - 2023 Edition.

(2) Employment source: www.labor.state.ny.us employment data as of 6/30/23

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

(3) Rochester General Health System (ViaHealth) merged with Unity Health System.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Council and Clerk	23.1	23.1	23.8	23.3	23.2	23.1	26.4	28.2	29.0	79.5
Administration	93.5	97.4	107.1	110.1	107.9	110.6	124.5	123.7	120.4	144.3
Information Technology	54.2	54.8	54.8	55.2	54.8	55.4	41.4	38.0	44.2	44.4
Finance	106.9	110.9	110.5	109.8	103.7	113.1	111.6	103.1	103.7	106.7
Neighborhood & Business Development	138.2	138.7	136.0	136.9	137.4	137.6	141.6	139.0	140.3	152.8
Environmental Services	682.1	721.1	728.3	731.6	731.6	730.7	741.2	751.3	761.9	773.7
Emergency Communications	231.7	233.9	233.1	230.4	228.1	226.7	231.1	231.1	224.2	224.2
Police	939.0	905.4	903.6	939.1	939.9	941.7	938.2	914.7	869.4	873.9
Fire	527.2	523.5	525.3	532.6	520.8	521.5	518.8	515.7	519.2	511.7
Library	142.2	140.4	138.8	139.5	133.4	132.8	134.3	131.2	132.5	135.8
Recreation & Human Services	198.1	202.2	201.5	211.3	209.8	193.3	194.6	182.7	225.6	233.3
Total	<u>3,136.2</u>	<u>3,151.4</u>	<u>3,162.8</u>	<u>3,219.8</u>	<u>3,190.6</u>	<u>3,186.5</u>	<u>3,203.7</u>	<u>3,158.7</u>	<u>3,170.4</u>	<u>3,280.3</u>

Full-time Employees
Last Ten Fiscal Years

City	2,714	2,723	2,734	2,747	2,736	2,745	2,763	2,742	2,756	2,882
District	5,221	5,618	5,740	6,022	6,315	6,552	6,011	5,522	5,584	5,980
Total	<u>7,935</u>	<u>8,341</u>	<u>8,474</u>	<u>8,769</u>	<u>9,051</u>	<u>9,297</u>	<u>8,774</u>	<u>8,264</u>	<u>8,340</u>	<u>8,862</u>

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Estimated										
Emergency Communications										
Calls received	1,125,130	1,150,976	1,178,101	1,204,047	1,092,679	1,026,433	1,031,446	1,137,312	1,151,234	1,160,000
Police										
Calls for service	341,567	358,239	351,012	339,630	333,918	318,859	316,824	269,959	309,461	257,202
Reported crimes	25,890	22,398	22,907	22,204	21,310	20,384	19,797	19,396	20,421	19,041
Fire										
Unit responses	42,366	44,977	46,283	44,162	44,150	46,042	44,190	46,875	45,850	45,550
Refuse										
Residential accounts	51,277	51,519	51,773	51,351	51,444	51,430	51,429	51,681	51,804	51,820
Commercial accounts	2,393	2,464	2,552	2,614	2,689	2,703	2,720	2,740	2,701	2,679
Total tonnage	99,201	99,302	99,748	99,773	99,597	99,917	101,490	107,965	107,941	103,891
Water										
Millions of gallons per day:										
Filtration plant production	37.4	37.5	36.3	36.66	37.9	36.2	35.3	34.87	36.2	35.6
City water demand	28.2	29.8	28.5	27.01	26.8	27.3	26.1	26.15	26.4	26.8
Library										
Total circulation	1,362,970	1,312,304	1,238,353	1,184,341	1,439,832	1,410,567	1,110,679	633,380	826,934	856,602
Door Count/Visits	1,859,661	1,697,882	1,517,576	1,465,962	1,354,314	1,310,650	888,604	246,350	644,528	781,459
Computer Use Sessions	373,830	340,972	297,738	279,942	247,569	230,137	108,974	16,631	57,420	75,450
Wireless Sessions	—	—	—	—	135,755	127,878	96,974	47,692	84,366	100,080
Parking(1)										
Total parking spaces	10,642	12,260	12,260	12,260	10,572	10,572	10,572	8,074	8,074	8,074
Annual car counts	2,571,280	2,571,644	2,574,170	2,569,640	2,310,223	2,553,605	2,035,896	648,431	1,181,549	1,334,631
Parks and Recreation(2)										
Convention Center attendance	255,000	250,000	251,305	207,941	209,925	190,452	141,047	63,500	60,730	284,803
War Memorial/Blue Cross Arena(3)										
Total attendance	399,000	380,000	386,682	441,428	383,110	360,319	183,265	—	193,593	295,820

Source: City of Rochester Budget & Departments

(1) 2021-2022 figures are for parking garages only - no data available for parking lots and meters.

(2) 99% of the 2021 figure was for people getting COVID vaccinations.

(3) The Blue Cross Arena was closed 2021 due to the COVID pandemic.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Miles of streets	532	532	533	533	533	533	533	533	533	533
Parking garages	8	9	9	8	8	8	8	8	8	8
Libraries	11	11	11	11	11	11	11	11	11	11
Fire houses	16	16	16	16	16	16	16	16	16	16
City-owned street lights	28,110	28,110	28,191	28,185	28,340	28,345	28,436	28,382	28,472	28,550
Fire hydrants	7,638	7,655	7,654	7,662	7,642	7,691	7,647	7,672	7,659	7,662

Source: City of Rochester Budget & Departments

FEDERAL AWARDS



100 South Clinton Avenue
Suite 1500
Rochester, NY 14604

P 585.427.8900
TF 800.546.7556
F 585.427.8947
W EFPRgroup.com

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

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, business-type activities, the aggregate 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, 2023, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 26, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in schedule of findings and responses as item 2023-001 to be a material weakness.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

Report on 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 financial statements. 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 or other matters that are required to be reported under Government Auditing Standards.

The City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Rochester, New York
December 26, 2023



100 South Clinton Avenue
Suite 1500
Rochester, NY 14604

P 585.427.8900
TF 800.546.7556
F 585.427.8947
W EFPRgroup.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Rochester, New York's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Rochester, New York
December 26, 2023

THE CITY OF ROCHESTER, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through NYS Bureau of School Management Program				
Child Nutrition Cluster Summer Food Service Program for Children	10.559	36-079500	\$ —	\$ 137,441
Total Child Nutrition Cluster			—	137,441
Total U.S. Department of Agriculture			—	137,441
U.S. Department of Housing and Urban Development				
Direct Program				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/ Entitlement Grants	14.218	N/A	655,497	9,945,958
CARES Act - Community Development Block Grants/Entitlement Grants	14.218	N/A	163,810	248,914
Total CDBG - Entitlement Grants Cluster			819,307	10,194,872
Emergency Solutions Grants Program CARES Act - Emergency Solutions Grants Program	14.231	N/A	747,192	793,421
	14.231	N/A	1,210,822	1,238,477
Total Emergency Solutions Grant			1,958,014	2,031,898
Home Investment Partnerships Program	14.239	N/A	—	1,930,877
Home Investment Partnerships Program - ARP	14.239	N/A	—	15,564
Total HOME Program			—	1,946,441
Housing Opportunities for Persons with Aids (HOPWA)	14.241	N/A	1,112,487	1,132,318
Lead Hazard Reduction Demonstration	14.905	N/A	—	1,646,254
Total U.S. Department of Housing and Urban Development			3,889,808	16,951,783
U.S. Department of Justice				
Direct Program				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	—	75,300
Body Worn Camera	16.835	N/A	—	3,418
Equitable Sharing Program	16.922	N/A	—	180,143
Passed through NYS Office of Victims Services				
Crime Victims Assistance	16.575	C11053GG; C11356GG	—	328,959
Passed through Division of Criminal Justice Services				
Violence Against Women Formula Grants	16.588	C00270GG	—	25,823
Passed Through Monroe County				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	2017-WE-AX-0050	—	38,362
Total U.S. Department of Justice			—	652,005
U.S. Department of Transportation				
Passed through NYS Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction (DOT- Pass Through)	20.205	D35003; D35409; D35467; D35650; D35651; D35673; D35674; D35768; D036027; D036225; D036398; D40322; D40346; D40373	—	6,634,020
Total Highway Planning and Construction Cluster			—	6,634,020
Passed Through NYS GTSC				
Pedestrian Safety Program	20.616	T006731; C002658	—	42,385
Total U.S. Department of Transportation			—	6,676,405

Continued

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2023

	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of the Treasury				
Direct Program				
Equitable Sharing Program	21.016	N/A	—	47,438
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>774,527</u>	<u>33,780,968</u>
Total U.S. Department of the Treasury			<u>774,527</u>	<u>33,828,406</u>
U.S. Environmental Protection Agency				
Direct Program				
Brownfields Job Training Cooperative Agreements	66.815	N/A	—	55,803
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	<u>—</u>	<u>317,861</u>
Total U.S. Environmental Protection Agency			<u>—</u>	<u>373,664</u>
U.S. Department of Health & Human Services				
Passed through NYS Governor's Department of Health				
Medicaid Cluster				
Medical Assistance Program (Community Adolescent Pregnancy Prevention)	93.778	DOH01-C32108GG; DOH01-C37570GG	<u>—</u>	<u>147,176</u>
Total Medicaid Cluster			<u>—</u>	<u>147,176</u>
Maternal and Child Health Services Block Grant to the States	93.994	DOH01-C32108GG; DOH01-C37570GG	<u>—</u>	<u>15,811</u>
Title V State Sexual Risk Avoidance Education Program	93.235	DOH01-C34619GG	<u>—</u>	<u>216,498</u>
Total U.S. Department of Health & Human Services			<u>—</u>	<u>379,485</u>
Corporation for National and Community Service				
Passed through NYS Commission on National & Community Service				
AmeriCorps	94.006	C029230; C029595	<u>—</u>	<u>656,331</u>
AmeriCorps - ARP	94.006	C029230	<u>—</u>	<u>19,320</u>
Total Corporation for National and Community Service			<u>—</u>	<u>675,651</u>
U.S. Department of Homeland Security				
Passed through New York State Division of Homeland Security and Management Services:				
Homeland Security Grant Program (Bomb Squad)	97.067	WM19163390; WM20160086	<u>—</u>	<u>47,824</u>
Homeland Security Grant Program (Tactical)	97.067	WM20160037	<u>—</u>	<u>30,556</u>
Homeland Security Grant Program (SLETPP)	97.067	WM21163311; WM22190142; WM19153792	<u>—</u>	<u>204,980</u>
Homeland Security Grant Program (SHSP)	97.067	WM18153780; WM19153790; WM20163300; WM21163310; WM22190141	<u>—</u>	<u>220,099</u>
Total U.S. Department of Homeland Security			<u>—</u>	<u>503,459</u>
Total Federal Expenditures			<u>\$ 4,664,335</u>	<u>\$ 60,178,299</u>

THE CITY OF ROCHESTER, NEW YORK

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of federal awards (the Schedule) includes the federal grant activity of the City of Rochester, New York (the City) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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. Grant numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**THE CITY OF ROCHESTER, NEW YORK
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023**

CITY OF ROCHESTER, NEW YORK
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2023

Part I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? Yes No

2. Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified? Yes No

5. Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) (Uniform Guidance)? Yes No

7. The City's major programs audited was:

	Assistance Listing
<u>Name of Federal Program</u>	<u>Number</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027
Housing Opportunities for Persons with AIDs	14.241
Highway Planning and Construction	20.205

8. Dollar threshold used to distinguish between Type A and Type B programs. \$1,805,349

9. Auditee qualified as low-risk auditee? Yes No

Part II - FINANCIAL STATEMENT FINDINGS SECTION

See page 139.

Part III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings.

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

CITY OF ROCHESTER, NEW YORK
Schedule of Findings and Responses
June 30, 2023

Finding 2023-001 Accrual of Grant Based Receivable - Material Weakness

Criteria - Internal control over financial reporting should be in place to ensure financial information is fairly presented in accordance with accounting principles generally accepted in the United States.

Condition - An adjusting journal entry was required in order to correct grant revenue and account receivable balances of the City. This entry included prior period restatements of \$(846,000) in the General Capital Projects Fund, \$6,760,000 in the Transportation Capital Projects Fund, \$810,000 to the Community Development Fund and an impact of \$6,724,000 to governmental activities. Additionally, this adjustment resulted in increases to current period revenue and due from other governments of \$2,982,000 in the General Capital Projects Fund, \$2,141,000 in the Transportation Capital Projects Fund, \$996,000 in the Community Development Fund and \$6,119,000 to Governmental activities.

Cause - The City did not have adequate procedures in place to match timing of grant related revenue and expenditures.

Recommendation - We recommend the City improve upon their procedures to match timing of grant related revenue and expenditures to ensure these year-end balances are complete, accurate, and properly recorded.

Management's Response - The City has corrected the understatement of revenues for June 30, 2022 due to unreported grant revenue accruals through a restatement of the beginning balance for FY23 in the General Capital Projects Fund, Transportation Capital Projects Fund, Community Development Fund, and the beginning Net Position in the Statement of Governmental Activities. The City has also corrected and made the appropriate grant revenue accruals for the Fiscal Year Ending June 30, 2023. The City has reviewed their grant accrual procedures. The City will implement new procedures. These procedures will include a review of all grant expenditures after year-end close, and a verification that there is a corresponding revenue for these expenditures. Appropriate revenue accruals as necessary to meet the requirements of the matching principle for grant revenues and expenditures will be recorded in order to ensure that year-end balances are reported properly, completely, and accurately.

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

CITY OF ROCHESTER, NEW YORK
Status of Prior Year Audit Findings
Year ended June 30, 2023

There were no findings reported for the year ended June 30, 2022.

STATE TRANSPORTATION AWARDS



100 South Clinton Avenue
Suite 1500
Rochester, NY 14604

P 585.427.8900
TF 800.546.7556
F 585.427.8947
W EFPRgroup.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER STATE TRANSPORTATION ASSISTANCE
EXPENDED REQUIRED BY PART 43 OF THE NEW YORK STATE
CODIFICATION OF RULES AND REGULATIONS (NYCRR) AND REPORT
ON SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED**

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

Report on Compliance for Each Major State Transportation Assistance Program

Opinion on Each Major State Transportation Assistance Program

We have audited the City of Rochester, New York's (the City) compliance with the types of compliance requirements described in Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on the City's major state transportation assistance programs for the year ended June 30, 2023. The City's major state transportation assistance programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state transportation assistance programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Transportation Assistance Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the audit requirements of Part 43 of the NYCRR. Our responsibilities under those standards and Part 43 of the NYCRR are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state transportation assistance program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's state transportation assistance programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and Part 43 of the NYCRR will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major state transportation assistance program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and Part 43 of the NYCRR, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Part 43 of the NYCRR, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 state transportation assistance program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 state transportation assistance program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Part 43 of the NYCRR. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Rochester, New York
December 26, 2023

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2023**

	Grant Number	NYS DOT Expenditures
STATE OF NEW YORK:		
DEPARTMENT OF TRANSPORTATION:		
Snow & Ice Control	D005375	\$ 86,740
Waring Road	D033327	769,722
Mt. Hope Ave Phase 2	D035003	10,214
Asphalt Maint and Repair (Beach/Dewey/Lake)	D035408	592
Asphalt Maint and Repair (Hudson/St Paul)	D035409	972
Asphalt Maint and Repair (Upper Falls/St Paul)	D035467	743
Asphalt Maint and Repair (Lyell)	D035650	139
East Main Street Reconstruction	D035651	477,559
State Street	D036027	456,431
Asph M&R 2021 TIP PM NW Group 12 Emerson/Jay/Driving park	D036398	120
ROC Riverway -Running Track Bridge	D036456	246,109
ROC Riverway- Pont de Rennes Bridge	D036457	189,017
ROC Riverway - Brewery Line Trail	D036458	61,355
Aqueduct Reimagined Phase I	D036460	2,185,258
Inner Loop North Study	D040129	23,461
M&R 2023 TIP PM 1 East-Culver-South-University	D040322	43,083
Genesee Street Reconstruction	D040346	65,694
Asphalt Maint and Repair (State/Exchange/Ford)	D040373	51,399
Bulls Head Revitlization	D040831	4,590
Dewey/Emerson Reconstruction	D040838	3,825
M&R East/Culver/South Touring Route		24,452
M&R W. Main/S. Plymouth Touring Route		610,691
Consolidated Street & Highway Improvements		7,721,285
Extreme Winter Recovery (EWR)		822,995
POP		832,908
PAVE-NY		1,249,362
Total NYS DOT expenditures		<u>\$ 15,938,716</u>

The notes to the schedule of state transportation assistance expended are an integral part of this statement.

**THE CITY OF ROCHESTER, NEW YORK
NOTES TO THE SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED JUNE 30, 2023**

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 modified 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, 2023**

CITY OF ROCHESTER, NEW YORK
 New York State
 Department of Transportation
 Single Audit Report
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2023

Summary of Auditors' Results:

Internal control over state transportation assistance expended:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Type of auditors' report issued on compliance for programs tested:

Unmodified

Summary of Audit Findings

No findings noted

Identification of State Transportation Assistance Programs Tested:

- Consolidated Local Street and Highway Improvement Program
- Pave our Potholes
- Aqueduct Reimagined Phase I

Compliance Findings and Questioned Costs

No matters were reported