



THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2003

Prepared by:
Department of Finance

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ANNUAL FINANCIAL REPORT
Year Ended June 30, 2003
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City of Rochester



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November 30, 2003

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, 2003. The accounting firm selected by City Council, Deloitte & Touche LLP, has audited the financial statements. The auditors' unqualified opinion is included in this report.

In each of the past nineteen 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 2003 financial report continues to meet the requirements of the Certificate of Achievement Program.

The preparation of this annual financial report could not have been accomplished without the dedicated effort of the Finance Director and his entire staff. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the City of Rochester have led to the improved quality of the information being reported to the City Council and the citizens of the City of Rochester.

Respectfully submitted,

William A. Johnson, Jr.
Mayor





City of Rochester



Department of Finance

Office of the Director
City Hall, Room 109-A
30 Church Street
Rochester, NY 14614

November 30, 2003

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

I am pleased to submit the Comprehensive Annual Financial Report of the City of Rochester for the fiscal year ended June 30, 2003. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

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

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

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

REPORTING ENTITY

Rochester was incorporated as a village in 1817 and as a city in 1834. Rochester is governed by a Mayor, who is directly elected by popular vote to a four-year term of office. As the chief executive officer and the administrative head of government, the Mayor is responsible for the administration of all City affairs. The City of Rochester also has a nine-member City Council which is responsible for the legislative affairs of the City government. Council members are elected biennially for staggered four-year terms, four by districts representing approximately one quarter of the City's area, and five by a city-wide vote. The members of the City Council elect a President, who presides at Council meetings and ceremonial occasions, and who provides the Council with leadership in the drafting and passing of legislation.

This report includes all funds and account groups that are administered by City Council. The City's major operations include police and fire protection, environmental services, recreation, community services, community development, economic development and general administrative services. In addition, the City has seven enterprise operations including: Water, Parking, War Memorial, Refuse, Cemeteries, Public Market, and Port of Rochester.

The City School District is also included in the financial statements as a discretely presented component unit. Although a separately elected School Board governs the operations of the District, the District is financially dependent on the City.

ECONOMIC STATUS

Many consider Rochester to be the “economic jewel” of the state. It has been able to maintain a strong economy even though our major employers have gone through significant downsizing. Spending is still on the rise and the area unemployment rate is currently 5.7%. In 2002, Rochester had another significant year for exporting goods, and continued to have one of the highest export volumes per capita in the country. Rochester is the second largest exporting area in the State (New York City is the largest). Exports totaled over \$13 billion. Although Rochester’s exports are high, it is not significantly affected by Southeast Asia’s economic instability because Rochester’s exports to that region are one third less than the state’s.

Some factors that will help Rochester are:

- the Rochester area designated by the Governor as a “Center of Excellence” for optics and photonics. Forty-five million of the \$75 million needed from private industry to require state aid has already been pledged. It is anticipated that the Center for Excellence could bring hundreds of millions in research dollars and creating a hub of high-tech jobs and industries.
- unemployment rate for the United States in June was 6.4% while the Rochester area was reported to be 5.7%. Low unemployment translates into more dollars for products, many supplied by Rochester companies.
- non-farm productivity rose 4.8% in the second quarter of 2002. If this trend continues in 2003 it will suggest stable prices on U.S.- and Rochester-made products.
- New York State has a fiscally healthier economy compared to prior years, and this may benefit Rochester.
- 2003 is likely to be a more stable year for the Rochester economy; keep in mind that Rochester has not experienced the significant dips that other areas have.

YEAR 2003 ECONOMIC FORECAST

As signs emerge of a national manufacturing recovery, the Business Trends Committee is cautiously optimistic that Rochester’s economy will begin to expand by the second half of 2003. Employment growth will likely trail growth in business activity, with total nonagricultural employment expected to remain at around 543,000 jobs.

Strong in manufacturing, telecommunications and information technology, Rochester has been particularly affected by the national recession of 2001 and the on again-off again 2002 recovery. Expansion of the telecom and IT bubbles in the late 1990s helped Rochester offset steady downsizing at Kodak, Xerox and Bausch & Lomb. As the bubbles burst in the new millennium and nationwide manufacturing slowed, Rochester’s assets became short-term liabilities.

The national slowdown in manufacturing output began in mid 2000, and by the end of the year manufacturing employment had also begun to slide.

In recent months, the sector has remained depressed due to a drop in weakening overseas markets, and companies’ reluctance to boost capital spending amidst uncertainty about the economy. The lingering weakness of manufacturing is having a disproportionate impact on Rochester because, with our long history of high-tech manufacturing, many of our firms (both in manufacturing and in business services) have manufacturers as their main customers.

The Business Trends Committee forecasts that local manufacturing employment will continue to shrink in 2003, with an expected net loss of around 5,000 jobs.

As the manufacturing sector contracts, it will continue to fuel new industry by releasing its talent to Rochester’s expanding service sectors. Over the past decade, Rochester has been a New York State leader in wage and employment growth in key industries such as higher education, biotechnology, information technology and telecommunications.

**The Mayor
Rochester, New York**

In 2003, the Business Trends Committee expects the renewed vitality of Rochester's new economy sectors to offset the losses in manufacturing, adding around 5,000 net new jobs to the economy.

Despite a sluggish economy, consumer spending showed considerable resilience in information technology and telecommunications. Even Rochester's traditional manufacturing companies are demanding a more skilled workforce.

At Kodak, high-tech products like health and entertainment imaging, and commercial and government systems are driving the company's growth.

With 17 colleges and universities offering a comprehensive range of training and educational opportunities, Rochester is well placed to meet employers' demands for a highly skilled workforce.

The distinguishing feature of the 21st century is change. Rochester's response to Kodak's reduced workforce demonstrates our ability to adapt, survive and thrive in an increasingly dynamic economy.

**FORECAST FOR 2003 OF ECONOMIC INDICATORS FOR ROCHESTER
METROPOLITAN STATISTICAL AREA**

	2001 Average	2002 Actual YTD	Percent Change	2003 Forecast	Percent Change
Nonagricultural employment (000)	551.5	543.0	-1.5%	543.0	0.0%
Manufacturing employment (000)	108.7	102.0	-6.2%	96.9	-5.0%
Nonmanufacturing employment (000)	442.8	441.0	-0.4%	446.1	1.2%
Weekly hours in manufacturing	40.5	41.5	2.3%	42.1	1.5%
Monroe County unemployment rate	4.4%	5.6%	1.2%	5.3%	-0.3%
Single family building permits	1,377	1,431	3.9%	1,402	-2.0%
Existing home sales	11,550	12,029	4.1%	11,600	-2.5%
Payroll (2001 \$Billion)	\$ 19.6	\$ 18.7	-4.5%	\$ 18.7	0.0%
New Car Sales (000) SA	\$ 40.7	\$ 41.4	1.6%	\$ 40.6	-2.0%
Used Car Sales (000) SA	\$ 24.4	\$ 23.3	-4.1%	\$ 23.1	-1.0%

Source: 2003 Forecast, Rochester Business Alliance, The Chamber & IMC Business Trends Committee, January 2003

MAJOR INITIATIVES

Central Business District

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

Over \$700 million in public and private funds have been invested in the Center City since 1982 to ensure that the area meets the needs of citizens, businesses and visitors. These improvements have included major streets, a new convention center, new parking garages, a new Hyatt Regency Hotel, and renovation of two downtown hotels, the Clarion Riverside Hotel and the Crowne Plaza Hotel. The world renowned Eastman School of Music also completed major renovations including construction of a high rise dormitory and an office/music library building. Construction of a new office building for the Appellate Court adjacent to the Metro Center has been completed. New corporate headquarters buildings were built for Bausch & Lomb and Frontier Corporation. The Blue Cross and Blue Shield of the Rochester Area has moved into a new 200,000 square foot corporate headquarters. Several major general tenant office buildings were built or had major renovations completed including Clinton Square, the Powers Building, One City Centre, the Riedman Building, and the Cutler Building. Strong interest in older historic buildings has emerged evidenced by the successful renovation of two former industrial buildings in the Cascade District for mixed use occupancy.

Demand for new residential units in Downtown is strong, with seven units of upper income housing at Symphony Terrace quickly selling out. Similarly, seventy-seven units of rental at the former Hallman's Auto site were quickly leased, and competition is increasing for other developable sites and buildings with over 250 units proposed or under construction.

The Mayor Rochester, New York

Additional cultural, entertainment, educational, and recreational improvements include completion of renovation and expansion of the War Memorial Auditorium, home of the Rochester Americans professional hockey, and Knighthawks Indoor Lacrosse teams, Frontier Field, home of the Rochester Red Wings professional baseball team as well as the interim home for the Rochester Raging Rhinos professional soccer team who recently announced \$15 million in State funding for a new stadium to be built near Frontier Field. Additional improvements include a new Rochester Public Library, continuing expansion for GeVa, a professional theater company, renovation and expansion of the Little Theater from two screens to five screens, and expansion of the Strong Museum (a major children/family attraction).

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

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

A newly adopted *Center City Master Plan* and more flexible zoning regulations will guide future investments.

Industrial Development

Development of readily buildable industrial land has been a goal of the City for several years. Toward fulfillment of that goal, six industrial parks have been developed:

1. The 27 acre Cumberland Industrial Park is 90% developed with one site available. To date, the project has generated new investment of nearly \$13 million and the creation or retention of 790 jobs.
2. The remaining parcels in the High Falls Business Park are being sold to the Rochester Rhinos, the professional soccer team, where they will construct the new stadium resulting in 80 new jobs and an investment of over \$20 million.
3. The 38 acre Rochester Science Park is a high technology, campus-style office and research facility located in southeast Rochester. The City constructed the access road and utilities, and 65% of the park is occupied. To date Rochester Science Park has created or retained 580 permanent jobs. Private investment in land purchase, plant facilities, machinery and equipment is estimated at approximately \$16.5 million.
4. The 40 acre Holleder Technology Park is fully occupied by seven companies: Advent Tool & Mold Company, Inc., Apollo Tool & Die, Inc., Crucible Materials Corp., Mercury Print Production, Inc., Monro Muffler Brake, Electronic Media Solutions, and AJL Manufacturing. Total investment in plant and equipment for the Holleder Technology Park is in excess of \$31 million and with 893 jobs created or retained.
5. Two parcels have been sold and each now house 15,000 square foot facilities in the 14621 Industrial Park. The Outer Loop Industrial Park is now fully occupied. The last two parcels have been sold. The first, a 12.5 acre parcel, will house a 135,000 square foot steel processing facility. The second will house a 30,000 manufacturing facility. Total impact of these projects is over \$15 million and 200 jobs.

Since 1981, the City of Rochester's Economic Development Department has arranged for over \$350 million in financing for small, medium and large sized firms. Total investment in industrial and commercial projects is over \$1 billion.

The City has been designated as an Empire Zone by New York State and has received a Renewal Community Zone Designation by the Federal government, and a Federal Hub Zone designation as well.

Investment in Residential Areas

In addition to investments in business development, the City is devoting the major share of its Community Development Block Grant (CDBG) to the improvement of residential neighborhoods. According to the table following, the City has allocated \$237.9 million, or 66% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

COMMUNITY DEVELOPMENT BLOCK GRANT/CONSOLIDATED PROGRAM (IN MILLIONS)	
	Allocation Through 06/30/04
Residential neighborhoods	\$237.9
Business development	61.4
Urban renewal completion	12.6
Planning, management and administration	46.6
TOTAL	<u>\$358.5</u>

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

The 2003-04 Program is based on the "Neighbors Building Neighborhoods" and the "Rochester 2010 - Renaissance Plan" planning processes. As a result of these planning processes, and many community meetings, a vision for Rochester in the 21st Century was developed envisioning the City as experiencing a "Renaissance of Responsibility, Opportunity and Community."

The goals of the 2003-04 Program focus on the provision of decent housing, a suitable living environment and expanded economic opportunities for all our citizens.

In support of these goals, the objectives and dollar allocations of the \$18.8 million program are:

- Support the **Neighbors Building Neighborhoods** process engaging citizens in renewing our community and implementing the Renaissance Plan (\$888,100).
- Promote **economic stability, job creation and development** by encouraging private investment in neighborhood commercial, service, manufacturing and wholesale activities and improve the accessibility of City residents to existing and newly created economic opportunities (\$3,538,000).
- Improve the **housing stock and general property conditions** through rehabilitation assistance and new home construction, primarily for low and moderate income owner-occupants and renters, as well as property code enforcement and blight removal (\$11,379,000).
- Respond to **general community needs** by providing and leveraging resources to improve the efficiency, quality and access to existing services with a particular focus on the homeless, early childhood education, neighborhood safety and effective use of community facilities (\$2,363,000).

An example of the impact of these investments is represented by the Housing Occupancy Initiative, funded by the CDBG and HOME Program, which was developed in response to concern over the growing number of vacant residential properties in the City and the declining number of owner-occupied residences. Since its inception in 1993, this initiative has:

- 1) addressed 2,471 vacant houses through either demolition (1,012) or rehabilitation/reoccupation programs (1,459), and
- 2) created 354 new single-family homes for owner-occupants.

Since June 1994, there have been 775 affordable rental units added to the inventory and an additional 551 units have been renovated with these two sources of funding.

Tourism

The economic health of the City is tied to that of Monroe County and the Genesee/Finger Lakes Region. Both the City and the County have undertaken steps to encourage the retention and creation of jobs in the area through the development of tourism.

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

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

An estimated 1,475,000 visitors traveled to Rochester and Monroe County in the year 2002. This indicates the strong draw of the area as a destination for corporate travel, and attendance at scheduled meetings, conventions, and tourist attractions. During their stay, they spent \$231 million in area hotels, restaurants, museums event venues, and retail stores. In recent years Rochester has hosted such events as the 2000 World Canal Conference and the American Association of Physics Teachers Convention. Upcoming events will include the NYS School Boards and NYS Nurses Associations as well as the NYS School of Music Association, American Farrier’s Association and the USA Hockey Women/Girls Championship Convention. It also continues its highly regarded reputation for well-run and attended national major golf events including the annual Rochester International LPGA Tour stop, and the PGA Championship held in August, 2003.

The Rochester Riverside Convention Center continues to play a vital role in encouraging the growth of tourism locally. The Convention Center was host to 423 conventions, trade shows and other events in fiscal year 2002-2003 with an estimated economic impact of \$39 million. Following is a breakdown of the type of event and attendance.

ROCHESTER RIVERSIDE CONVENTION CENTER

<u>Event Type</u>	<u>Number Held</u>	<u>Attendance</u>
Public shows	25	84,487
Conventions	14	41,412
Meetings	65	25,439
Conventions with Trade Shows	10	28,140
Trade shows	6	6,465
Miscellaneous	<u>303</u>	<u>98,860</u>
	<u>423</u>	<u>284,803</u>

Future Plans

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

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

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

FINANCIAL INFORMATION

Accounting and Budgetary Controls

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

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

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

Financial Position

The **Management Discussion and Analysis** section included as part of the Financial Section of this report provides a narrative introduction, overview, and analysis of the June 30, 2003 financial statements of the City of Rochester. The information provided includes a discussion of the basic financial statements, condensed comparative data, overall analysis, fund analysis, highlights of major revenue and expense variances, a summary of capital assets and long-term debt activity, and infrastructure data.

Debt Administration

The City of Rochester maintains a conservative debt borrowing policy with an accelerated debt repayment schedule, and funds a significant level of capital expenditures from current funds. Major capital projects have not been deferred.

As of June 30, 2003, the City and the School District had \$188,189,000 of authorized, outstanding general obligation bonds and \$147,596,000 of outstanding bond anticipation notes. The City's authorized but unissued general obligation bonds amounted to \$29.9 million.

The ratio of net bonded debt to assessed valuation and the amount of net bonded debt per capita are useful indicators of the City's debt position. As of June 30, 2003, the City had \$235,486,210 of net bonded debt. The ratio of net bonded debt to assessed value was 4.93%, and the net bonded debt per capital equaled \$1,080.

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

Cash Management

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

Earnings on all investments of City and School District funds decreased from \$7.0 million in fiscal 2002 to \$3.4 million in fiscal 2003, primarily due to the decline in interest rates. The average yield on investments decreased from 2.48% in 2002 to 1.57% in 2003.

Risk Management

The City has been fully self-insured for all workers' compensation and general liability for over twenty-five years. Workers' compensation claims are funded from a liability reserve in the General Fund. General liability claims are funded from yearly contributions made to a Claims Settlement Internal Service Fund. The amount available in the Claims Settlement Fund as of June 30, 2003 was \$15,162,000. Insurance companies administering the programs determine the estimates of future reserves for both workers' compensation and general liability claims.

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

INDEPENDENT AUDIT

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

REPORTING ACHIEVEMENT

**The Mayor
Rochester, New York**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rochester for its comprehensive annual financial report for the fiscal year ended June 30, 2002. This was the nineteenth consecutive year that the City has achieved this prestigious award.

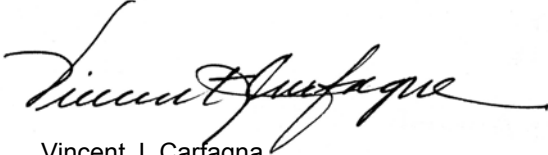
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Bureau of Accounting. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. Finally, I would like to thank the Mayor and the members of the City Council for continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Vincent J. Carfagna
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rochester,
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

CITY OF ROCHESTER, NEW YORK

MAYOR AND CITY COUNCIL OFFICIALS

William A. Johnson, Jr., Mayor

Lois J. Giess (East District), President

Gladys Santiago (At-Large), Vice-President

◇◇◇

Brian F. Curran (At-Large)

Benjamin L. Douglas (Northeast District)

Nancy K. Griswold (At-Large)

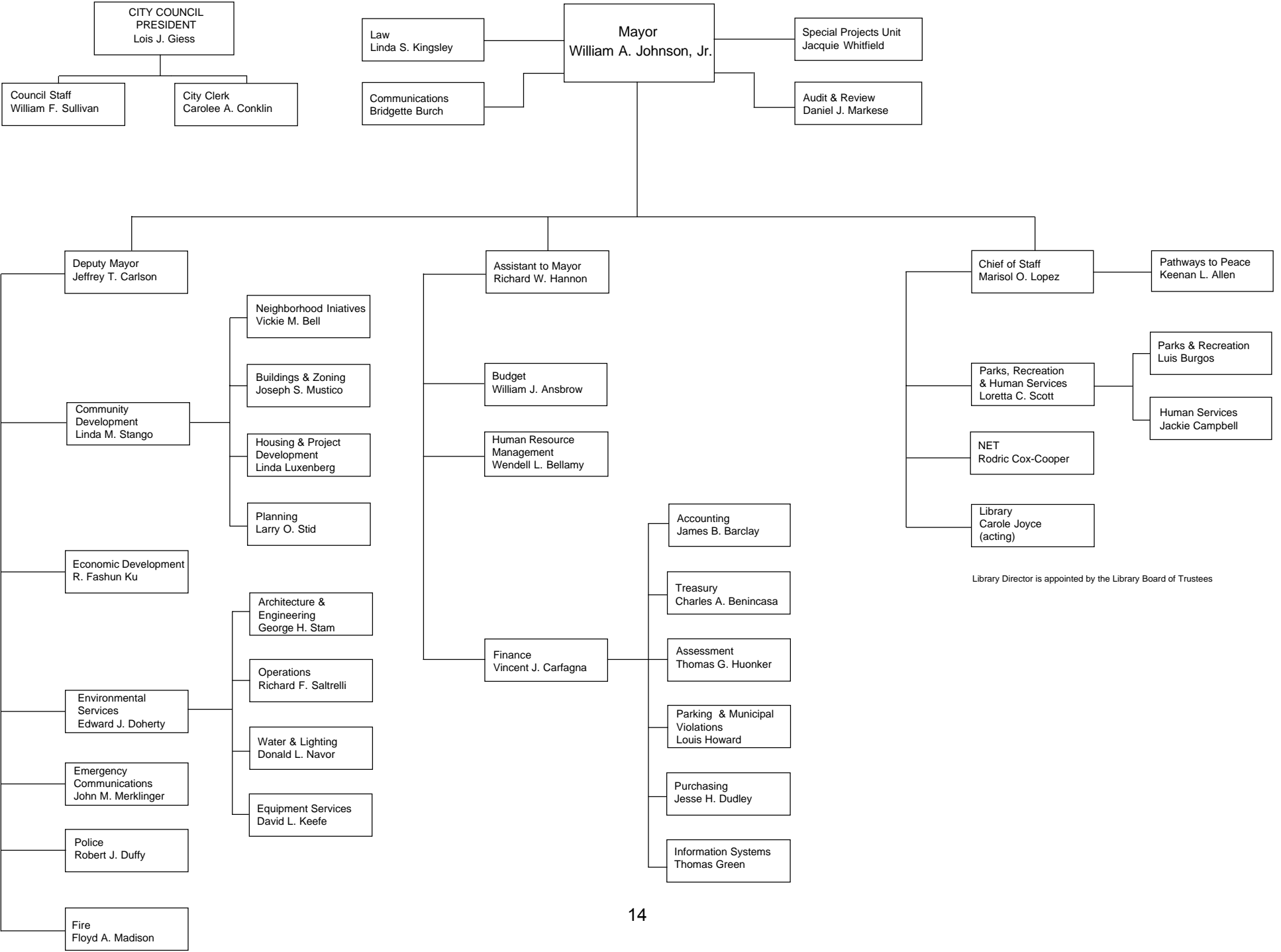
Tim O. Mains (At-Large)

Wade S. Norwood (At-Large)

Robert J. Stevenson (Northwest District)

Tony M. Thompson (South District)

MANAGEMENT CHART



CITY OF ROCHESTER, NEW YORK

LIST OF CITY DEPARTMENTS AND BUREAUS

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

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Financial Section

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rochester, New York, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on the respective financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the respective statement of net assets or financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information for the City of Rochester, New York, as of June 30, 2003, and the respective changes in financial position (and respective cash flows, where applicable) and its budgetary comparison thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis listed in the foregoing table of contents is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements taken as a whole. The combining fund statements listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the City of Rochester, New York. The accompanying schedule of expenditures of federal awards as listed in the table of contents is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. These financial statements and schedules are also the responsibility of the management of the City of Rochester, New York. Such additional information has been subjected to the auditing procedures applied in our audit of the basic

financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2003, on our consideration of the City of Rochester's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.


September 23, 2003

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, 2003. In this section, all amounts are expressed in thousands of dollars, unless otherwise indicated.

For the management discussion and analysis for the Rochester City School District, please see the separately issued Comprehensive Annual Financial Report of the District for the year ended June 30, 2003.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$720,396 (*net assets*). Of this amount, \$51,829 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$20,643 primarily due to increases in governmental capital assets funded from capital projects funds, and from state and federal grants.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$98,520, a decrease of \$14,558, in comparison with the prior year.
- At the end of the current fiscal year, undesignated fund balance for the general fund was \$3,737, or 1.1% of total general fund expenditures.
- The City's total outstanding debt decreased by \$10,419 (5.5%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Compliance with the City's annual operating budget for the year ended June 30, 2003, which includes the General Fund as well as certain special revenue and enterprise funds, is reported in the *Combined Statement of Revenues, Expenditures and Changes in Fund Equity – Budget and Actual* which is provided as Required Supplemental Information following the Basic Financial Statements.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Parking, War Memorial, and Refuse operations, which are considered to be major funds of the City of Rochester. In addition, the internal service fund is presented in the proprietary fund financial statements. Data from the other three proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceed liabilities by \$720,396 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets (74 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Current and other assets	\$ 273,645	\$ 266,909	\$ 25,735	\$ 30,680	\$ 299,380	\$ 297,589
Capital assets	470,131	450,112	238,819	240,115	708,950	690,227
Total assets	743,776	717,021	264,554	270,795	1,008,330	987,816
Long-term liabilities outstanding	126,384	129,444	83,435	89,614	209,819	219,058
Other liabilities	75,012	64,959	3,103	4,046	78,115	69,005
Total liabilities	201,396	194,403	86,538	93,660	287,934	288,063
Net assets:						
Invested in capital assets, net of related debt	372,737	348,540	157,992	153,047	530,729	501,587
Restricted	122,987	131,239	14,851	19,001	137,838	150,240
Unrestricted	46,656	42,839	5,173	5,087	51,829	47,926
Total net assets	\$ 542,380	\$ 522,618	\$ 178,016	\$ 177,135	\$ 720,396	\$ 699,753

An additional portion of the City's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$51,829) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The City's total net assets increased by \$20,643 primarily due to a \$20,019 increase in governmental capital assets (net of a \$315 increase in depreciation expense). The net of other changes to net assets was \$624.

Governmental activities. Governmental activities increased the City's net assets by \$19,762, thereby accounting for 96 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

City of Rochester's Changes in Net Assets

(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Revenues:						
Program revenues:						
Charges for services	\$ 48,812	\$ 47,831	\$ 58,580	\$ 57,978	\$ 107,392	\$ 105,809
Operating grants and contributions	44,557	52,713	-	-	44,557	52,713
Capital grants and contributions	16,204	14,782	17	160	16,221	14,942
General revenues:						
Property taxes	125,895	121,211	1,410	2,225	127,305	123,436
Sales and other taxes	143,159	142,006	844	846	144,003	142,852
Government aid	61,699	60,803	117	-	61,816	60,803
Other	4,515	7,863	1,483	1,798	5,998	9,661
Total revenues	444,841	447,209	62,451	63,007	507,292	510,216
Expenses:						
General government	45,146	40,792	-	-	45,146	40,792
Police	76,955	75,563	-	-	76,955	75,563
Fire	49,210	46,692	-	-	49,210	46,692
Emergency communications	9,834	9,608	-	-	9,834	9,608
Transportation	26,265	24,922	-	-	26,265	24,922
Environmental services	18,496	17,810	-	-	18,496	17,810
Parks & recreation	18,958	20,249	-	-	18,958	20,249
Library	11,356	12,179	-	-	11,356	12,179
Community & economic development	43,275	38,200	-	-	43,275	38,200
Interest on long term debt	4,162	5,370	-	-	4,162	5,370
Allocation to school district	126,100	127,300	-	-	126,100	127,300
Water	-	-	23,583	24,354	23,583	24,354
War memorial	-	-	3,426	3,748	3,426	3,748
Parking	-	-	6,821	7,157	6,821	7,157
Cemetery	-	-	2,060	1,948	2,060	1,948
Public market	-	-	672	620	672	620
Refuse	-	-	20,322	19,766	20,322	19,766
Port	-	-	8	8	8	8
Total expenses	429,757	418,685	56,892	57,601	486,649	476,286
Excess of revenues over expenses	15,084	28,524	5,559	5,406	20,643	33,930
Transfers	4,678	4,678	(4,678)	(4,678)	-	-
Increase in net assets	19,762	33,202	881	728	20,643	33,930
Net assets - beginning	522,618	489,416	177,135	176,407	699,753	665,823
Net assets - ending	\$ 542,380	\$ 522,618	\$ 178,016	\$ 177,135	\$ 720,396	\$ 699,753

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

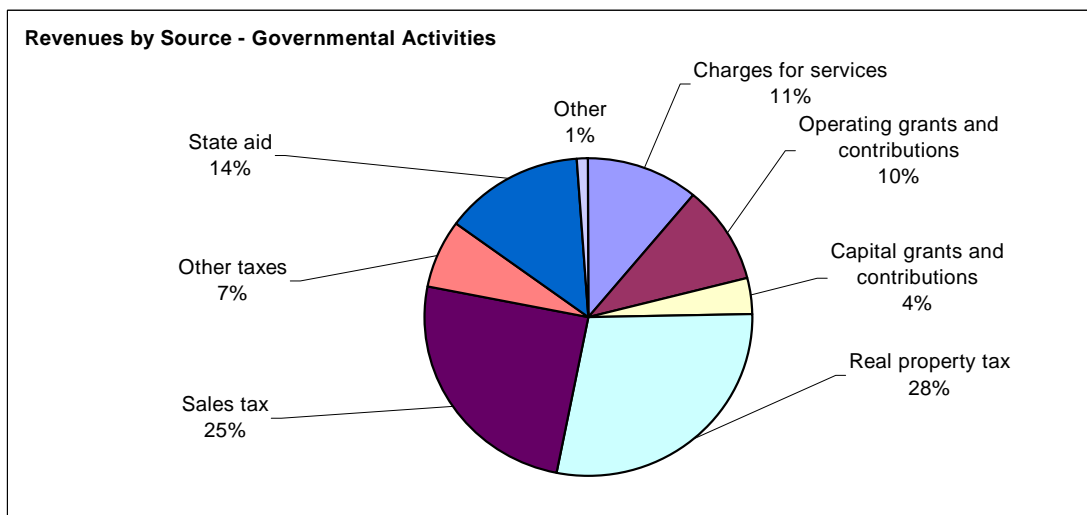
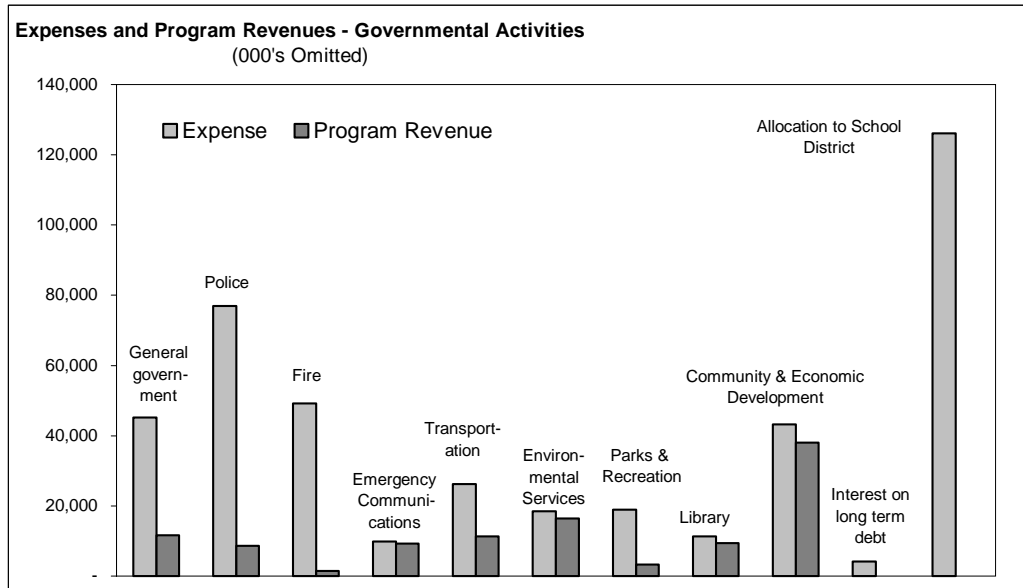
Revenue from operating grants and contributions for community and economic development projects decreased by \$8,156, primarily due to the timing of \$5,000 of federal aid for a HUD Section 108 loan. The funds were received at the end of fiscal 2002 but not disbursed until the beginning of fiscal 2003. Also, revenues for the HUD homeowner occupancy program (HOOP) dropped \$2,964, as a result of a phase out. The net of other operating grants and contribution revenue changes was \$192.

The increase of \$1,422 in governmental activities capital grants and contributions reflect an overall growth in infrastructure improvement projects.

The increase of \$4,684 in governmental activities property taxes is due to a \$4,558 increase in the levy and \$126 improvement in tax collections.

The increase of \$1,153 in Sales and other taxes is due largely to recognizing \$1,600 in in-lieu of tax revenue that had been in doubt due to assessment challenges, a \$1,000 increase in utilities gross receipts taxes, and a \$300 increase in interest and penalties on taxes. These increases were partially offset by a \$1,820 decline in sales tax revenue. Other revenue fluctuations in this category netted to an increase of \$73.

Other revenues declined by \$3,348 principally due a \$2,300 decline in interest earnings, and the elimination of \$800 in reimbursements from Monroe County for sewer billing services. Additional changes in the other revenues category netted to a further reduction of \$248.



General government expenses increased by \$4,354 primarily as a result of wage settlements and the increased cost of benefits.

Expenses in the Police Department increased by \$1,392 as a result of \$809 in wage increases, \$494 in fringe benefit costs, \$248 in equipment maintenance costs, and \$348 in miscellaneous cost increases. These increases were partially offset by a \$507 decrease in overtime expense.

Expenses in the Fire Department increased by \$2,518 as a result of \$919 in wages increases, \$363 in overtime increases, \$655 in fringe benefit costs, \$259 of contractual services, \$212 in medical costs, and other miscellaneous cost changes that net to \$110.

Expenses for Transportation increased by \$1,343 mainly due increased operating costs associated with a heavy snow season.

Expenses in the Department of Parks Recreation and Human Services decreased by \$1,291. Major expense reductions were as follows: \$400 in personnel reductions, \$269 in supplies and services, \$705 in capital items, and \$143 in other reductions. These reductions were partially offset by \$226 in wage rates increases.

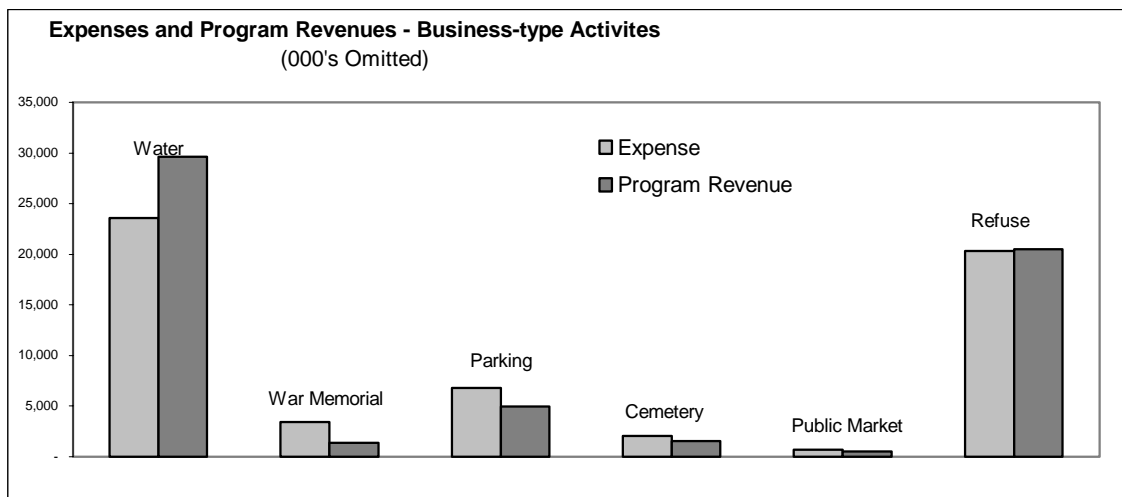
A reduction of \$1,208 in interest expense on long term debt reflect more favorable rates on recent borrowings. The allocation to the school district was decreased by \$1,200 by City Council to bring it in line with available resources.

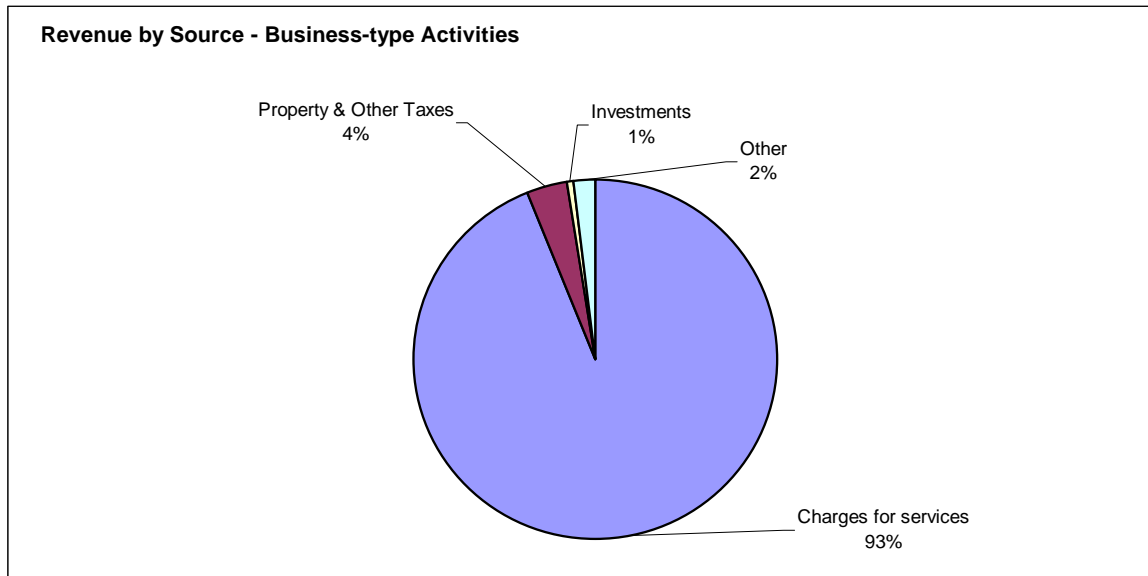
Community and economic development expenses increased by \$5,075, primarily due to reporting the disbursement of a \$5,000 Section 108 loan from funds received in the last month of the prior fiscal year. (A corresponding liability to repay the federal government was established and is offset by an accounts receivable from the borrower.)

Business-type activities. Business-type activities increased the City's net assets by \$881 accounting for 4 percent of the growth in the government's net assets.

A decline of \$556 in revenues from Business-type activities are principally due a \$815 reduced subsidy from property tax receipts which is partially offset by other revenue increases that net to \$259.

There was a decline of \$709 in expenses from Business-type activities. Water fund expenses were down \$771 due to a \$458 reduction in the cost of purchased water, a \$226 reduction in property taxes paid to other jurisdictions, and other reductions of \$87. Though refuse fund operating costs increased by \$556, primarily for personnel expenses, this was offset by reductions of \$322 in the War Memorial fund and \$336 in the Parking fund. Other expense changes in the Business-type activities netted to an increase of \$164. Nonetheless, revenues exceeded expenses by an increase of \$153 in City's 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 financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$98,520, a decrease of \$14,558 in comparison with the prior year. The reserved portion of fund balance, which is not available for new spending, is composed of the following commitments: 1) to liquidate contracts and purchase orders of the period — \$51,256, 2) to pay debt service — \$58,139, or 3) for a variety of other restricted purposes — \$2,716. The unreserved portion of fund balance includes: \$3,624 of general fund money designated for use in fiscal 2003-04, and \$3,737 of general fund money available for use in fiscal 2004-05, \$9,006 designated in special revenue funds, and \$5,536 in the cemetery perpetual care fund. However, these balances are offset by greater deficit balances in the capital projects funds, which are short-term in nature and will be eliminated when Bond Anticipation Notes are converted to bonds. The result is a total unreserved fund deficit for all governmental funds — (\$13,591).

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,361 while total fund balance reached \$17,459. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balances represent 2 percent of total fund expenditures, while total fund balance represents 5 percent of that same amount. The fund balance of the City's general fund increased by \$696 during the current fiscal.

Debt service fund. The debt service fund has a total fund balance of \$58,139, all of which is reserved for the payment of debt service. The \$2,743 increase in fund balance during the current year in the debt service fund resulted from interfund transfers needed to finance the repayment of long term indebtedness, which netted to \$1,416, plus \$1,077 in interest earning, as well as \$250 in other revenues.

General capital projects. The capital projects fund accounts for the construction and reconstruction of general public improvements, excluding transportation capital projects as well as projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$20,297, of this \$17,591 was encumbered for contracts underway, and \$2,706 was designated for subsequent years' expenditures.

Transportation capital projects. The Transportation Capital Projects fund is used to account for road and bridge construction and reconstruction. At the end of the current fiscal year, the fund balance was (\$10,594). This negative fund balance is the result of \$12,418 encumbered for contracts underway less the (\$23,012) of unreserved fund balance. Deficit fund balances in the capital project funds are eliminated when Bond Anticipation Notes are converted to bonds.

Community development special revenue fund. The Community Development Block Grant fund is a Special Revenue fund used to account for the programs and projects primarily funded by the U. S. Department of Housing and Urban Development. At the end of the current fiscal year, the fund balance of \$7,275 is the amount that can be encumbered for contracts underway, net of drawdowns to be made when eligible.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the proprietary funds at the end of the current fiscal year totaled \$178,016. The increases in net assets between 2002 and 2003, which totaled \$881, were as follows: the water fund increased by \$2,797, the parking fund decreased by \$1,813, the war memorial fund decreased by \$708, the refuse fund increased by \$266, and the nonmajor enterprise funds increased by \$339.

Unrestricted net assets of the Major and Nonmajor enterprise funds at the end of the year totaled \$5,173 and breakdown as follows: Water — \$2,351, Parking — \$261, War Memorial — (\$116), Refuse — \$2,122, and Nonmajor Funds — \$555.

Internal service fund. The internal service fund is used to account for entity-wide general liability. It is the City's reserve for self insurance. The total net assets at the end of the fiscal year were \$15,162. This represents an increase of \$706, which is primarily from the general fund transfer to provide for future claims.

Budgetary Highlights

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

During the year, City Council passed budget amendments which decreased total appropriations for operating budgets by \$439,000: estimated revenues increased by \$1,432,000, transfers to other funds increased by \$2,079,000, and transfers from other funds increased by \$208,000.

Capital Assets and Debt Administration

Capital Assets. In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business type activities as of June 30, 2003, amounted to \$708,950 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 2.7 percent (a 4.4 percent increase for governmental activities and a .5 percent increase for business-type activities).

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

- Construction continued on the downtown New Public Safety Building. Construction in progress as of the close of the fiscal year was \$16,340,
- The project for the planning and implementing reconstruction of the Erie Harbor-East River Retaining Wall continued with construction in progress costs of \$6,601,
- Several projects for the construction and reconstruction of certain streets and water mains were begun during the past fiscal year, and
- Recognition of \$27,051 depreciation expense.

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

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
Land	\$ 20,367	\$ 20,367	\$ 10,814	\$ 10,867	\$ 31,181	\$ 31,234
Buildings	76,045	75,418	107,853	113,080	183,898	188,498
Improvements other than buildings	3,444	3,167	98,508	92,843	101,952	96,010
Machinery and equipment	22,689	22,625	10,410	11,285	33,099	33,910
Infrastructure	323,720	305,230	-	-	323,720	305,230
Construction in progress	23,866	23,305	11,234	12,040	35,100	35,345
Total	\$ 470,131	\$ 450,112	\$ 238,819	\$ 240,115	\$ 708,950	\$ 690,227

Long-term debt. The City's outstanding debt on June 30, 2003 was \$178,221, a decrease of \$10,419 (or 5.5 percent) over the prior year. Major changes included net reductions of \$3,519 in water fund debt and \$1,400 in parking fund debt.

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

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds	\$ 42,942	\$ 55,929	\$ 67,488	\$ 74,661	\$ 110,430	\$ 130,590
Bond anticipation notes	54,452	45,643	13,339	12,407	67,791	58,050
Total	97,394	101,572	80,827	87,068	178,221	188,640

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

The New York State Constitution restricts the annual real property tax levy for operating expenses to 2 percent of the average full value of taxable City property over the last five years. For the year ended June 30, 2003, the City had a legal margin of approximately \$10.7 million. This limitation does not apply to taxes for debt service. The Constitution also imposes a limit of 9 percent of the most recent five-year average of full valuation of taxable real estate for capital purposes. This limit as of fiscal year end was \$420 million, or \$118.6 million above the City's outstanding general obligation debt.

During fiscal 2003 \$30 million of school district debt was refinanced through the Dormitory Authority of the State of New York. This was done to better match debt service requirements with reimbursements for building aid from the state. The original debt is considered defeased and no longer a liability of the City.

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

Economic Factors

Rochester has been able to maintain a strong economy even though its major employers have gone through significant downsizing. There are over 90 optics and imaging firms located in the Rochester area. There continues to be a strong concentration of manufacturing employment. Manufacturing accounts for 24% of total nonagricultural employment in the Rochester Metropolitan Area, as compared to the national level of 18%. Other major research, development and manufacturing in the area include automotive products, dental equipment, office duplicating and computing equipment, electrical equipment, measuring and controlling devices and heavy machinery.

Requests for Information

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

Basic Financial Statements

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
JUNE 30, 2003 (000's Omitted)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School District
ASSETS				
Cash and cash equivalents	\$ 127,824	\$ 9,074	\$ 136,898	\$ 55,048
Investments	66	-	66	-
Receivables (net of allowance for uncollectibles):				
Accounts	59,633	14,816	74,449	3,327
Taxes	15,702	-	15,702	-
Due from other governments	68,120	388	68,508	63,582
Due from primary government	-	-	-	741
Interfund balances	2,300	(2,300)	-	-
Inventory, at cost	-	-	-	279
Restricted assets:				
Cash and cash equivalents	-	3,757	3,757	-
Capital assets (net of accumulated depreciation):				
Land	20,367	10,814	31,181	17,318
Buildings	76,045	107,853	183,898	244,381
Machinery and equipment	22,689	10,410	33,099	7,094
Improvements other than buildings	3,444	98,508	101,952	-
Infrastructure	323,720	-	323,720	-
Construction in progress	23,866	11,234	35,100	72,497
Total assets	<u>743,776</u>	<u>264,554</u>	<u>1,008,330</u>	<u>464,267</u>
LIABILITIES				
Accounts payable and accrued liabilities	18,172	1,558	19,730	46,747
Accrued interest payable	1,397	1,187	2,584	-
Payable from restricted assets:				
Accounts payable	-	319	319	-
Due to other governments	26,305	-	26,305	2,151
Due to component unit	741	-	741	-
Deferred revenue	28,397	39	28,436	25,580
Noncurrent liabilities:				
Due within one year	77,936	20,886	98,822	117,621
Due within more than one year	48,448	62,549	110,997	93,153
Total liabilities	<u>201,396</u>	<u>86,538</u>	<u>287,934</u>	<u>285,252</u>
NET ASSETS				
Invested in capital assets, net of related debt	372,737	157,992	530,729	204,854
Restricted for:				
Capital projects	52,037	13,209	65,246	-
Debt service	58,139	1,642	59,781	-
Community development	7,275	-	7,275	-
Cemetery perpetual care	5,536	-	5,536	-
Unrestricted	46,656	5,173	51,829	(25,839)
Total net assets	<u>\$ 542,380</u>	<u>\$ 178,016</u>	<u>\$ 720,396</u>	<u>\$ 179,015</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit School District
	Expenses	Operating	Capital	Governmental	Primary Government		Total	
		Charges for Services	Grants and Contributions		Grants and Contributions	Governmental Activities		
Primary government:								
Governmental activities:								
General government	\$ 45,146	\$ 7,400	\$ 198	\$ 3,960	\$ (33,588)	\$ -	\$ (33,588)	\$ -
Police	76,955	6,275	2,317	-	(68,363)	-	(68,363)	-
Fire	49,210	1,057	464	-	(47,689)	-	(47,689)	-
Emergency communications	9,834	9,290	-	-	(544)	-	(544)	-
Transportation	26,265	759	-	10,629	(14,877)	-	(14,877)	-
Environmental services	18,496	16,446	-	-	(2,050)	-	(2,050)	-
Parks & recreation	18,958	2,136	1,193	-	(15,629)	-	(15,629)	-
Library	11,356	2,536	6,886	-	(1,934)	-	(1,934)	-
Community & economic development	43,275	2,913	33,499	1,615	(5,248)	-	(5,248)	-
Interest on long-term debt	4,162	-	-	-	(4,162)	-	(4,162)	-
Allocation to school district	126,100	-	-	-	(126,100)	-	(126,100)	-
Total governmental activities	<u>429,757</u>	<u>48,812</u>	<u>44,557</u>	<u>16,204</u>	<u>(320,184)</u>	<u>-</u>	<u>(320,184)</u>	<u>-</u>
Business-type activities:								
Water	23,583	29,658	-	-	-	6,075	6,075	-
War memorial	3,426	1,389	-	-	-	(2,037)	(2,037)	-
Parking	6,821	4,987	-	-	-	(1,834)	(1,834)	-
Cemetery	2,060	1,522	-	-	-	(538)	(538)	-
Public market	672	498	-	17	-	(157)	(157)	-
Refuse	20,322	20,519	-	-	-	197	197	-
Port of Rochester	8	7	-	-	-	(1)	(1)	-
Total business-type activities	<u>56,892</u>	<u>58,580</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>1,705</u>	<u>1,705</u>	<u>-</u>
Total primary government	<u>\$ 486,649</u>	<u>\$ 107,392</u>	<u>\$ 44,557</u>	<u>\$ 16,221</u>	<u>\$ (320,184)</u>	<u>\$ 1,705</u>	<u>\$ (318,479)</u>	<u>\$ -</u>
Component unit:								
Public school system	<u>\$ 517,219</u>	<u>\$ 15,891</u>	<u>\$ 104,418</u>	<u>\$ 1,538</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (395,372)</u>
General revenues:								
Real property tax				\$ 125,895	\$ 1,410	\$ 127,305		\$ -
Sales taxes				111,442	-	111,442		-
Other taxes				31,717	844	32,561		-
Governmental aid				61,699	117	61,816		285,326
Investment earnings				2,292	315	2,607		1,674
Allocation to the school district				-	-	-		126,100
Miscellaneous				2,223	1,168	3,391		4,523
Transfers				4,678	(4,678)	-		-
Total general revenues and transfers				<u>339,946</u>	<u>(824)</u>	<u>339,122</u>		<u>417,623</u>
Change in net assets				19,762	881	20,643		22,251
Net assets-beginning				522,618	177,135	699,753		156,764
Net assets-ending				<u>\$ 542,380</u>	<u>\$ 178,016</u>	<u>\$ 720,396</u>		<u>\$ 179,015</u>

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

**THE CITY OF ROCHESTER, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003 (000's Omitted)**

			Capital Projects		Special Revenue	Nonmajor Govern- mental Funds	Total Govern- mental Funds
	General	Debt Service	General	Trans- portation	Community Development		
ASSETS							
Cash and cash equivalents	\$ 20,840	\$ 49,603	\$ 5,066	\$ 4,352	\$ 7,539	\$ 24,646	\$ 112,046
Investments	-	-	-	-	66	-	66
Receivables (net of allowance for uncollectibles):							
Accounts	3,926	-	542	-	46,888	8,033	59,389
Taxes	12,468	-	-	-	-	200	12,668
Due from other governments	46,024	-	3,693	2,298	135	6,673	58,823
Due from other funds	14,850	9,277	34,520	2,578	27	1,900	63,152
Total assets	<u>\$ 98,108</u>	<u>\$ 58,880</u>	<u>\$ 43,821</u>	<u>\$ 9,228</u>	<u>\$ 54,655</u>	<u>\$ 41,452</u>	<u>\$ 306,144</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued liabilities	\$ 21,352	\$ -	\$ 204	\$ 728	\$ 5	\$ 2,537	\$ 24,826
Notes payable	-	-	19,497	17,793	-	17,162	54,452
Due to other funds	48,228	-	3,823	1,301	217	8,274	61,843
Due to other governments	-	-	-	-	19,690	6,615	26,305
Due to component unit	-	741	-	-	-	-	741
Deferred revenue	11,069	-	-	-	27,468	920	39,457
Total liabilities	<u>80,649</u>	<u>741</u>	<u>23,524</u>	<u>19,822</u>	<u>47,380</u>	<u>35,508</u>	<u>207,624</u>
Fund balances:							
Reserved for encumbrances	7,382	-	17,591	12,418	7,565	6,300	51,256
Reserved for noncurrent receivable	2,716	-	-	-	-	-	2,716
Reserved for debt	-	58,139	-	-	-	-	58,139
Unreserved:							
Designated for subsequent year's expenditures, reported in:							
General fund	3,624	-	-	-	-	-	3,624
Special revenue fund	-	-	-	-	-	100	100
Capital projects fund	-	-	2,706	-	-	-	2,706
Undesignated, reported in:							
General fund	3,737	-	-	-	-	-	3,737
Special revenue fund	-	-	-	-	(290)	9,296	9,006
Capital projects fund	-	-	-	(23,012)	-	(15,288)	(38,300)
Permanent fund	-	-	-	-	-	5,536	5,536
Total fund balances	<u>17,459</u>	<u>58,139</u>	<u>20,297</u>	<u>(10,594)</u>	<u>7,275</u>	<u>5,944</u>	<u>98,520</u>
Total liabilities and fund balances	<u>\$ 98,108</u>	<u>\$ 58,880</u>	<u>\$ 43,821</u>	<u>\$ 9,228</u>	<u>\$ 54,655</u>	<u>\$ 41,452</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	470,131
Accrual of property and sales taxes to qualify as financial resources	23,391
Internal service fund transferred to governmental activities	15,162
Accrual of interest on bonds and notes payable	(1,397)
Long-term liabilities, including bonds payable, are not reported in the funds.	(63,427)
Net assets of governmental activities	<u>\$ 542,380</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	General	Debt Service	Capital Projects		Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
			General	Transportation	Community Development		
REVENUES							
Real property tax	\$ 119,928	\$ -	\$ -	\$ -	\$ -	\$ 4,933	\$ 124,861
Sales and other taxes	144,022	-	-	-	-	-	144,022
Departmental	18,078	-	-	-	-	15,478	33,556
Use of money and property	1,417	1,077	21	-	217	242	2,974
Licenses and permits	1,569	-	-	-	-	-	1,569
Federal aid	1,055	-	1,346	7,337	21,120	3,984	34,842
State aid	62,877	-	2,306	3,292	-	8,034	76,509
Local sources and other	12,031	250	287	-	1,816	11,162	25,546
Total revenues	360,977	1,327	3,960	10,629	23,153	43,833	443,879
EXPENDITURES							
Current:							
Council and clerk	1,330	-	-	-	-	-	1,330
Administration	9,243	-	-	-	-	-	9,243
Law	1,653	-	-	-	-	-	1,653
Finance	6,806	-	-	-	-	-	6,806
Community development	5,363	-	-	-	23,124	10,439	38,926
Economic development	1,536	-	-	-	-	-	1,536
Environmental services	21,850	-	-	-	-	8,681	30,531
Library	-	-	-	-	-	10,448	10,448
Police	57,874	-	-	-	-	1,543	59,417
Fire	37,220	-	-	-	-	68	37,288
Emergency communications	7,651	-	-	-	-	-	7,651
Parks, recreation and human services	13,480	-	-	-	-	959	14,439
Undistributed	46,372	-	-	-	-	3,755	50,127
Allocation to school district	126,100	-	-	-	-	-	126,100
Capital projects	-	-	23,012	19,177	-	5,599	47,788
Debt service:							
Principal	13,310	-	-	-	-	829	14,139
Interest	4,233	-	-	-	-	225	4,458
Total expenditures	354,021	-	23,012	19,177	23,124	42,546	461,880
Excess (deficiency) of revenues over expenditures	6,956	1,327	(19,052)	(8,548)	29	1,287	(18,001)
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	24,303	11,063	15,489	2,370	-	4,306	57,531
Transfers (to) other funds	(30,563)	(9,647)	(944)	(3,133)	(4,629)	(5,172)	(54,088)
Total other financing sources (uses)	(6,260)	1,416	14,545	(763)	(4,629)	(866)	3,443
Net change in fund balances	696	2,743	(4,507)	(9,311)	(4,600)	421	(14,558)
Fund Balances - beginning of year	16,763	55,396	24,804	(1,283)	11,875	5,523	113,078
Fund Balances - end of year	\$ 17,459	\$ 58,139	\$ 20,297	\$ (10,594)	\$ 7,275	\$ 5,944	\$ 98,520

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

**THE CITY OF ROCHESTER, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

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

Net change in fund balances-total governmental funds	\$ (14,558)
Governmental funds report capital outlays as expenditures (\$37,881). However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense (\$15,811). This is the amount by which capital outlays exceeded depreciation in the current period.	20,019
Revenues in the statement of activities that do not provide current financial resources and are not reported as revenues in the funds.	960
Change in accrual of interest payable on notes and bonds payable.	296
Change in net assets of the internal service fund reported in governmental activities.	706
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. This amount is the net effect in the treatment of long-term debt. Neither transaction has an effect on net assets.	14,139
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,800)</u>
Change in net assets of governmental activities	<u>\$ 19,762</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2003 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 863	\$ 1,808	\$ 163	\$ 5,988	\$ 252	\$ 9,074	\$ 15,778
Receivables (net of allowance for uncollectibles)	10,826	473	112	1,922	1,483	14,816	-
Due from other governments	364	-	-	-	24	388	-
Due from other funds	151	456	295	422	96	1,420	1,235
Total current assets	12,204	2,737	570	8,332	1,855	25,698	17,013
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	2,929	446	264	91	27	3,757	-
Capital assets:							
Land	453	9,077	165	30	1,089	10,814	-
Buildings	30,185	98,352	43,486	500	3,365	175,888	-
Improvements other than buildings	188,481	1,447	44	370	1,868	192,210	-
Equipment	5,386	898	4,020	17,579	1,418	29,301	-
Construction in progress	6,781	1,233	1,822	-	1,398	11,234	-
Less accumulated depreciation	(105,797)	(47,180)	(12,266)	(12,049)	(3,336)	(180,628)	-
Total capital assets (net of accumulated depreciation)	125,489	63,827	37,271	6,430	5,802	238,819	-
Total noncurrent assets	128,418	64,273	37,535	6,521	5,829	242,576	-
Total assets	140,622	67,010	38,105	14,853	7,684	268,274	17,013
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	1,110	125	47	2,604	121	4,007	1,851
Accrued interest payable	503	368	288	2	26	1,187	-
Notes payable	9,927	760	1,200	-	1,452	13,339	-
Bonds payable	4,781	1,166	766	29	38	6,780	-
Due to other funds	300	334	74	939	815	2,462	-
Due to other governments	74	4	1	69	11	159	-
Deferred revenue	-	39	-	-	-	39	-
Total current liabilities	16,695	2,796	2,376	3,643	2,463	27,973	1,851
Current liabilities payable from restricted assets:							
Accounts payable	319	-	-	-	-	319	-
Due to other funds	1,218	-	-	-	40	1,258	-
Total current liabilities payable from restricted assets	1,537	-	-	-	40	1,577	-
Noncurrent liabilities:							
Bonds payable	19,933	20,556	19,935	60	224	60,708	-
Total liabilities	38,165	23,352	22,311	3,703	2,727	90,258	1,851
NET ASSETS							
Invested in capital assets, net of related debt	90,848	41,345	15,370	6,341	4,088	157,992	-
Restricted for debt service	1,423	74	35	91	19	1,642	-
Restricted for capital projects	7,835	1,978	505	2,596	295	13,209	-
Unrestricted	2,351	261	(116)	2,122	555	5,173	15,162
Total net assets	\$ 102,457	\$ 43,658	\$ 15,794	\$ 11,150	\$ 4,957	\$ 178,016	\$ 15,162

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
Operating Revenues							
Charges for services	\$ 29,658	\$ 4,987	\$ 1,389	\$ 20,519	\$ 2,027	\$ 58,580	\$ -
Operating Expenses							
Personal services	5,747	340	83	5,426	1,135	12,731	-
Supplies and materials	9,468	1,871	1,026	10,283	993	23,641	-
Employee benefits	2,115	127	29	2,813	290	5,374	-
Depreciation	4,749	3,250	1,179	1,794	268	11,240	-
Claims settlement	-	-	-	-	-	-	764
Total operating expenses	22,079	5,588	2,317	20,316	2,686	52,986	764
Operating income(loss)	7,579	(601)	(928)	203	(659)	5,594	(764)
Nonoperating revenues (expenses)							
Real property taxes	-	-	472	-	938	1,410	-
Sales and use taxes	-	-	844	-	-	844	-
Federal aid	85	-	-	-	-	85	-
State aid	32	-	-	-	-	32	-
Interest and penalties	1,168	-	-	-	-	1,168	-
Interest on investments	115	21	13	69	97	315	235
Interest expense	(1,504)	(1,233)	(1,109)	(6)	(54)	(3,906)	-
Total nonoperating revenues (expenses)	(104)	(1,212)	220	63	981	(52)	235
Income (loss) before contributions and transfers	7,475	(1,813)	(708)	266	322	5,542	(529)
Capital contributions	-	-	-	-	17	17	-
Transfers in	-	-	-	-	-	-	1,235
Transfers out	(4,678)	-	-	-	-	(4,678)	-
Change in net assets	2,797	(1,813)	(708)	266	339	881	706
Total net assets-beginning	99,660	45,471	16,502	10,884	4,618	177,135	14,456
Total net assets-ending	\$ 102,457	\$ 43,658	\$ 15,794	\$ 11,150	\$ 4,957	\$ 178,016	\$ 15,162

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	Business-type Activities- Enterprise Funds						Governmental Activities- Internal Service Fund
	Water	Parking	War Memorial	Refuse	Nonmajor Funds	Total Funds	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers and users	\$ 30,219	\$ 4,787	\$ 1,310	\$ 20,490	\$ 1,827	\$ 58,633	\$ -
Payments to suppliers	(11,667)	(2,046)	(1,063)	(13,580)	(1,296)	(29,652)	-
Payments to employees	(5,792)	(355)	(87)	(5,417)	(1,155)	(12,806)	-
Net cash provided (used) by operating activities	12,760	2,386	160	1,493	(624)	16,175	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Real property tax	-	-	472	-	938	1,410	-
Operating grants	117	-	844	-	-	961	-
Transfers (to) from other funds	(4,749)	(261)	218	3,868	270	(654)	-
Net cash provided by (used in) noncapital financing activities	(4,632)	(261)	1,534	3,868	1,208	1,717	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sales of bonds and notes	1,748	-	-	-	-	1,748	-
Principal paid on bonds and notes	(5,267)	(1,400)	(766)	(59)	(497)	(7,989)	-
Interest expense paid on bonds and notes	(1,616)	(1,259)	(1,120)	(7)	(73)	(4,075)	-
Payments to contractors	(6,780)	(226)	(1,463)	(1,446)	(148)	(10,063)	-
Proceeds from sale of capital assets	48	54	-	-	34	136	-
Net cash used in capital and related financing activities	(11,867)	(2,831)	(3,349)	(1,512)	(684)	(20,243)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	115	21	13	69	97	315	-
Net increase (decrease) in cash and cash equivalents	(3,624)	(685)	(1,642)	3,918	(3)	(2,036)	-
Cash and cash equivalents at beginning of year	7,416	2,939	2,069	2,161	282	14,867	-
Cash and cash equivalents at end of year	\$ 3,792	\$ 2,254	\$ 427	\$ 6,079	\$ 279	\$ 12,831	\$ -
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	\$ 7,579	\$ (601)	\$ (928)	\$ 203	\$ (659)	\$ 5,594	\$ (764)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	4,749	3,250	1,179	1,794	268	11,240	-
(Increase) in accounts receivable	(593)	(200)	(79)	(29)	(200)	(1,101)	-
(Increase) in intergovernmental receivables	(14)	-	-	-	-	(14)	-
(Decrease) in accounts payable	(199)	(68)	(13)	(541)	(44)	(865)	-
Increase in intergovernmental payables	70	4	1	66	11	152	-
Increase in deferred revenue	-	1	-	-	-	1	-
Interest and penalties	1,168	-	-	-	-	1,168	-
Total adjustments	5,181	2,987	1,088	1,290	35	10,581	-
Net cash provided (used) by operating activities	\$ 12,760	\$ 2,386	\$ 160	\$ 1,493	\$ (624)	\$ 16,175	\$ (764)
Noncash investing, capital, and financing activities:							
Capital assets purchased by governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 17	\$ -

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003 (000's Omitted)**

	<u>Private Grants</u>	<u>Agency</u>	<u>Total Fiduciary Funds</u>
ASSETS			
Cash and cash equivalents	\$ 387	10,108	\$ 10,495
Investments	781		781
Receivables (net of allowance for allowances)	-	55	55
Due from other funds	-	13	13
Total assets	<u>1,168</u>	<u>10,176</u>	<u>11,344</u>
LIABILITIES			
Accounts payable and accrued liabilities	-	9,910	9,910
Due to other funds	163	94	257
Due to other governments	-	172	172
Total liabilities	<u>163</u>	<u>10,176</u>	<u>10,339</u>
NET ASSETS			
Held in trust and other purposes	<u>\$ 1,005</u>	<u>\$ -</u>	<u>\$ 1,005</u>

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

**THE CITY OF ROCHESTER, NEW YORK
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	<u>Private Grants</u>
ADDITIONS	
Use of money and property	\$ 18
Local sources and other	<u>301</u>
Total additions	<u>319</u>
DEDUCTIONS	
Community services	<u>475</u>
Change in net assets	(156)
Net assets-beginning of year	<u>1,161</u>
Net assets-end of year	<u>\$ 1,005</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	Balance			Balance
	June 30, 2002	Additions	Deductions	June 30, 2003
ASSETS				
Cash and cash equivalents	\$ 8,388	\$ 13,340	\$ 11,620	\$ 10,108
Receivables (net of allowance for allowances)	39	16	-	55
Due from other funds	72	-	59	13
Total assets	<u>8,499</u>	<u>13,356</u>	<u>11,679</u>	<u>10,176</u>
LIABILITIES				
Accounts payable and accrued liabilities	8,182	13,338	11,610	9,910
Due to other funds	163	-	69	94
Due to other governments	154	18	-	172
Total liabilities	<u>\$ 8,499</u>	<u>\$ 13,356</u>	<u>\$ 11,679</u>	<u>\$ 10,176</u>

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

Notes to the Financial Statements

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

The **Private Grant Fund** is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues for the proprietary funds are as follows: sale of water for the Water Fund, refuse collection charges for the Refuse Fund, parking fees for the Parking Fund, and the sale of event tickets for the War Memorial. Operating expenses for the enterprise funds, and the internal service fund, include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. NEW ACCOUNTING PRINCIPLE

In May 2002, the Governmental Accounting Standards Board (GASB) issued Statement No. 39, *Determining Whether Certain Organizations Are Component Units An Amendment of GASB Statement 14*. This Statement amends GASB Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. Generally, it requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The City will adopt GASB Statement No. 39 in fiscal 2004, as required.

In March 2003, the Governmental Accounting Standards Board issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement requires more detailed disclosure of investment policies and investment risks. The City will opt for early implementation and adopt GASB Statement No. 40 in fiscal 2004.

E. USE OF ESTIMATES

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

F. REAL PROPERTY TAX

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

The City is permitted by the Constitution of New York State to levy taxes up to 2% of the five-year average full assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a full value system, assessing all properties at 100% of full market value. For the year ended June 30, 2003, the City had a legal margin of \$10,711,000.

G. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**1. Deposits and Investments**

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

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

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

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

2. Restricted Assets

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

3. Capital Assets

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

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

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

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

4. Compensated Absences

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

5. Long-term obligations

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

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

6. Fund Equity

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

7. Encumbrances & Commitments

Commitments are recorded at the time a purchase order, construction contract, or service agreement is finalized. In governmental funds, commitments are encumbered and reported as reservations of fund balances, since they do not constitute expenditures or liabilities. Total encumbrances for construction and other governmental fund capital projects as of June 30, 2003 were \$33,179,000. This was composed of \$17,591,000 in General Government projects, \$12,418,000 in Transportation projects, as well as \$3,170,000 in other governmental fund capital projects. In addition, \$7,565,000 was encumbered in the Special Revenue fund for Community Development projects.

In enterprise funds, commitments outstanding at the year-end are included in Unrestricted Net Assets. Total commitments for construction and other enterprise fund capital projects as of June 30, 2003 were \$7,277,000. This was composed of \$4,307,000 for Water Fund projects, \$1,746,000 for Refuse Fund projects, \$861,000 for Parking Fund projects, and \$363,000 for non-major enterprise fund projects.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

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

During the year, City Council passed budget amendments which decreased total appropriations for operating budgets by \$439,000: estimated revenues increased by \$1,432,000, transfers to other funds increased by \$2,079,000, and transfers from other funds increased by \$208,000.

B. DEFICIT FUND EQUITY

It has been the City's practice to fund capital projects for up to five years with Bond Anticipation Notes, then convert to bonds when the final project costs are known and when long term rates are most favorable, minimizing interest cost for the City. Thus, the deficit fund balances in the Capital Project Funds will be eliminated once the Bond Anticipation Notes are converted to bonds. Individual deficit fund balances in the Capital Project Funds are as follows: Transportation (\$10,594,000), Economic Assistance Fund (\$8,112,000), Cultural and Recreation Fund (\$2,185,000), and Sewers (\$1,821,000).

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

1. Deposits

At year-end, the carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$115,697,700 and the bank balance was \$118,957,800. Of this, \$42,685,100 was insured or collateralized with securities held by the City or by its agent in the City's name, and \$76,272,700 was collateralized with securities held by the bank's trust department or its agent in the City's name.

The carrying amount for the School District's deposits net of outstanding checks, including certificates of deposit, was \$14,491,500 and the bank balance was \$53,257,171, all of which was collateralized with securities held by the City or its agent in the City's name.

2. Cash Equivalents

The City's and the School District's cash equivalents are categorized into one of three credit risk categories: Category 1 — insured or registered or for which the securities are held by the City or its agent in the City's name; or Category 2 — uninsured and unregistered for which the securities are held by the bank's trust department or agent in the City's name; or Category 3 — uninsured and unregistered for which the securities are held by the bank or by its trust department or agent but not in the City's name.

A summary of the City's cash equivalents follows (000's Omitted):

<u>Type of Cash Equivalent</u>	<u>Credit Risk Category 1</u>	<u>Credit Risk Category 2</u>	<u>Credit Risk Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 10,125	\$ -	\$ -	\$ 10,125	\$ 10,328
Money Markets	-	25,205	-	25,205	25,205
	<u>\$ 10,125</u>	<u>\$ 25,205</u>	<u>\$ -</u>	<u>\$ 35,330</u>	<u>\$ 35,533</u>

A summary of the School District's cash equivalents follows (000's Omitted):

<u>Type of Cash Equivalent</u>	<u>Credit Risk Category 1</u>	<u>Credit Risk Category 2</u>	<u>Credit Risk Category 3</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Repurchase Agreement	\$ 7,050	\$ -	\$ -	\$ 7,050	\$ 7,194

3. Investments

Government Securities	\$ 120	\$ 388	\$ -	\$ 508	\$ 513
Library Trust Fund Stock	393	-	-	393	393
Development Partnership	-	-	66	66	66
	<u>\$ 513</u>	<u>\$ 388</u>	<u>\$ 66</u>	<u>\$ 967</u>	<u>\$ 972</u>

In accordance with certain contractual provisions, investment income of \$186,400 for fiscal year 2003, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$78,000 for fiscal year 2003, associated with the Permanent Fund, was assigned to the Cemetery Enterprise Fund.

B. RECEIVABLES AND PAYABLES

There was \$74,449,000 in accounts receivables. The major governmental receivable was \$46,888,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major business-type receivables were for the Water Fund (\$10,826,000) and the Refuse Fund (\$1,922,000).

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenues sources are as follows: General Fund property taxes (\$3,634,260), Water Fund (\$2,592,200), and Refuse Fund (\$1,674,600).

The amount due from other governments to the City as of June 30, 2003 was \$68,508,000. This was comprised of the following items: \$16,388,000 from New York State, \$45,286,000 from Monroe County, \$6,131,000 from the Federal Government, and \$703,000 from the others.

The amount due from other governments to the School District as of June 30, 2003 was \$63,582,000. This was comprised of the following items: \$57,961,000 from New York State, \$3,578,000 from the Federal Government, \$1,699,000 from Monroe County, and \$344,000 from other sources.

The \$19,730,000 in Accounts payable and accrued liabilities at year end was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

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

Class	Balance			Balance June 30, 2003
	June 30, 2002	Additions	Deductions	
Capital assets, not being depreciated:				
Land	\$ 20,367	\$ -	\$ -	\$ 20,367
Construction in progress	23,305	561	-	23,866
Total capital assets, not being depreciated	<u>\$ 43,672</u>	<u>\$ 561</u>	<u>\$ -</u>	<u>\$ 44,233</u>
Capital assets, being depreciated:				
Buildings	\$ 122,487	\$ 3,962	\$ 391	\$ 126,058
Improvements other than buildings	10,277	572	450	10,399
Machinery and equipment	65,229	7,420	11,492	61,157
Infrastructure	375,149	25,366	-	400,515
Total capital assets being depreciated	<u>573,142</u>	<u>37,320</u>	<u>12,333</u>	<u>598,129</u>
Less accumulated depreciation for:				
Buildings	47,069	3,221	277	50,013
Improvements other than buildings	7,110	291	446	6,955
Machinery and Equipment	42,604	5,423	9,559	38,468
Infrastructure	69,919	6,876	-	76,795
Total accumulated depreciation	<u>166,702</u>	<u>15,811</u>	<u>10,282</u>	<u>172,231</u>
Total capital assets, being depreciated, net:	<u>406,440</u>	<u>21,509</u>	<u>2,051</u>	<u>425,898</u>
Governmental activities capital assets, net:	<u>\$ 450,112</u>	<u>\$ 22,070</u>	<u>\$ 2,051</u>	<u>\$ 470,131</u>

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

Class	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
Capital assets, not being depreciated:				
Land	\$ 10,867	\$ -	\$ 53	\$ 10,814
Construction in progress	12,040	-	806	11,234
Total capital assets, not being depreciated	\$ 22,907	\$ -	\$ 859	\$ 22,048
Capital assets, being depreciated:				
Buildings	\$ 175,817	\$ 117	\$ 46	\$ 175,888
Improvements other than buildings	183,186	9,024	-	192,210
Machinery and equipment	28,795	1,997	1,491	29,301
Total capital assets being depreciated	387,798	11,138	1,537	397,399
Less accumulated depreciation for:				
Buildings	62,737	5,321	23	68,035
Improvements other than buildings	90,343	3,359	-	93,702
Machinery and equipment	17,510	2,605	1,224	18,891
Total accumulated depreciation	170,590	11,285	1,247	180,628
Total capital assets, being depreciated, net:	217,208	(147)	290	216,771
Business-type activities capital assets, net:	\$ 240,115	\$ (147)	\$ 1,149	\$ 238,819

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

Governmental activities:	
General government	\$ 2,717
Police	1,363
Fire	1,163
Emergency communications	92
Transportation	6,876
Environmental services	1,134
Parks & recreation	1,501
Library	908
Community development	57
Total depreciation expense - governmental activities	\$ 15,811
Business-type activities:	
Water	\$ 4,749
Parking	3,250
War memorial	1,179
Refuse	1,794
Cemetery	150
Public market	110
Port	8
Total depreciation expense - business type activities	\$ 11,240

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

Class	Balance June 30, 2002	Additions	Deductions	Transfers	Balance June 30, 2003
Capital assets, not being depreciated:					
Land	\$ 17,318	\$ -	\$ -	\$ -	\$ 17,318
Construction in progress	69,645	10,983	-	(8,131)	88,759
Total Capital assets, not being depreciated	<u>86,963</u>	<u>10,983</u>	<u>-</u>	<u>(8,131)</u>	<u>106,077</u>
Capital assets, being depreciated:					
Buildings	340,675	-	-	8,131	332,544
Machinery and Equipment	32,973	1,051	5,959	-	28,065
Total Capital assets being depreciated	<u>373,648</u>	<u>1,051</u>	<u>5,959</u>	<u>8,131</u>	<u>360,609</u>
Less accumulated depreciation for:					
Buildings	94,023	10,401	-	-	104,424
Machinery and Equipment	25,313	1,618	5,959	-	20,972
Total accumulated depreciation	<u>119,336</u>	<u>12,019</u>	<u>5,959</u>	<u>-</u>	<u>125,396</u>
Total capital assets, being depreciated, net:	<u>254,312</u>	<u>(10,968)</u>	<u>-</u>	<u>8,131</u>	<u>235,213</u>
School District capital assets, net:	<u>\$ 341,275</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 341,290</u>

D. NONCURRENT LIABILITIES

The following two tables summarize changes in the City's Noncurrent liabilities for the year ended June 30, 2003:

Changes in Noncurrent Liabilities – Governmental Activities (000's Omitted):					
	Balance June 30, 2002	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2003	Due Within One Year
General Obligation Bonds					
Public improvement	\$ 42,751	\$ -	\$ 10,787	\$ 31,964	\$ 9,731
Sewer	8,260	-	1,370	6,890	1,090
Library	4,889	-	823	4,066	817
Local works	29	-	7	22	7
Total General Obligation Bonds	55,929	-	12,987	42,942	11,645
Bond Anticipation Notes					
Public improvement	44,299	11,322	3,766	51,855	51,855
Sewer	1,344	1,397	144	2,597	2,597
Library	-	-	-	-	-
Total Bond Anticipation Notes	45,643	12,719	3,910	54,452	54,452
Other Noncurrent liabilities:					
Municipal Bond Bank Agency Liability	10,806	-	1,153	9,653	1,203
Compensated Absences	11,527	957	-	12,484	5,188
Pension Liability	685	1,446	-	2,131	2,131
Workers' Compensation	4,854	-	132	4,722	3,317
Total Other Noncurrent liabilities	27,872	2,403	1,285	28,990	11,839
TOTAL NONCURRENT LIABILITIES	\$129,444	\$ 15,122	\$ 18,182	\$ 126,384	\$ 77,936

Changes in Noncurrent Liabilities – Business-type Activities (000's Omitted):					
	2002	Additions	Payments	2003	One Year
General Obligation Bonds					
Water	\$ 29,660	\$ -	\$ 4,946	\$ 24,714	\$ 4,781
War Memorial	21,467	-	766	20,701	766
Parking	23,082	-	1,360	21,722	1,166
Cemeteries	6	-	1	5	2
Public Market	298	-	41	257	36
Refuse	148	-	59	89	29
Total General Obligation Bonds	74,661	-	7,173	67,488	6,780
Bond Anticipation Notes					
Water	8,500	1,748	321	9,927	9,927
War Memorial	1,200	-	-	1,200	1,200
Parking	800	-	40	760	760
Public Market	1,907	-	455	1,452	1,452
Total Bond Anticipation Notes	12,407	1,748	816	13,339	13,339
Other Noncurrent liabilities:					
Compensated Absences	895	20	-	915	-
Pension Liability	7	152	-	159	-
Workers' Compensation	1,644	-	110	1,534	767
Total Other Noncurrent liabilities	2,546	172	110	2,608	767
TOTAL NONCURRENT LIABILITIES	\$ 89,614	\$ 1,920	\$ 8,099	\$ 83,435	\$ 20,886

The following table summarizes changes in the Component Unit's Noncurrent liabilities for the year ended June 30, 2003:

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

	Balance June 30, 2002	New Issues/ Additions	Maturities And/or Payments	Balance June 30, 2003	Due Within One Year
General Obligation Bonds					
General Fund	\$ 94,125	\$ 419	\$ 16,785	77,759	\$ 14,787
Bond Anticipation Notes					
Capital Projects Fund	62,616	19,279	2,090	79,805	79,805
Other Noncurrent Liabilities					
Municipal Bond Bank Agency	10,841	-	1,157	9,684	1,207
NYS Teachers' Retirement	-	15,356	-	15,356	15,356
Due to Other Governments	13,389	-	-	13,389	-
Contract Payable	14,192	6,041	16,072	4,161	4,161
Claims Payable	5,637	2,000	1,282	6,355	-
Compensated Absences	3,758	3,494	3,758	3,494	1,957
Installment Purchase Debt	1,010	86	325	771	348
Total Other Noncurrent Liabilities	<u>48,827</u>	<u>26,977</u>	<u>22,594</u>	<u>53,210</u>	<u>23,029</u>
Total Noncurrent Liabilities	<u>\$205,568</u>	<u>\$ 46,675</u>	<u>\$ 41,469</u>	<u>\$ 210,774</u>	<u>\$ 117,621</u>

Bond Anticipation Notes with rates ranging from 2.00% to 2.75% have maturities that extend through March 2003.

In fiscal year 1992, permanent financing of \$34,650,000 was arranged through the New York State Municipal Bond Bank Agency (MBBA) with the issuance of 20-year Special Program Revenue Bonds, which was used to repay the State for taxpayer refunds resulting from the City taxing in excess of its Constitutional tax limit from 1975 to 1978. In fiscal year 1999, these MBBA bonds were refinanced under lower interest rates for the same term, which is through March 2011. These bonds, which are collateralized by annual payments of the City pursuant to an agreement between MBBA and the City, are not debt of the State or the City, but rather of the MBBA. The principal balance of \$19,336,106, as of June 30, 2003, will be repaid by the City and School District. In fiscal year 2003, the City made interest payments of \$569,880, and the School District made interest payments of \$571,707. Annual principal and interest payments by the City and the School District are approximately \$3,600,000 through fiscal year 2010.

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

In compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds, the City remitted \$149,345 and the School District remitted \$26,835 to the Internal Revenue Service in fiscal year 2003 for arbitrage rebates.

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

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Component Unit		TOTAL
	Principal	Interest	Principal	Interest	Principal	Interest	
2004	\$ 11,646	\$ 1,927	\$ 6,779	\$ 3,352	\$ 14,787	\$ 3,327	\$ 41,818
2005	10,076	1,379	6,604	3,007	12,490	2,698	36,254
2006	7,690	921	6,335	2,672	7,238	2,249	27,105
2007	4,645	602	5,170	2,378	7,204	1,924	21,923
2008	3,245	395	3,815	2,150	5,272	1,644	16,521
2009-2013	4,865	568	14,930	8,242	15,444	5,567	49,616
2014-2018	325	130	9,785	5,083	8,548	2,878	26,749
2019-2023	225	76	9,110	2,576	5,306	1,104	18,397
2024-2028	225	25	4,960	493	1,470	95	7,268
	<u>\$ 42,942</u>	<u>\$ 6,023</u>	<u>\$ 67,488</u>	<u>\$ 29,953</u>	<u>\$ 77,759</u>	<u>\$ 21,486</u>	<u>\$245,651</u>

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 4.0% to 8.9% with maturity dates through fiscal 2028. Bonds authorized but unissued as of June 30, 2003, amounted to \$29,914,000. The debt contracting margin of the City as of June 30, 2003, was \$122,138,000.

E. DEFERRED REVENUE

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

Deferred revenue of \$11,069,000 in the General Fund relates primarily to property taxes that will not be collected within sixty days. Deferred revenue of \$27,468,000 in the Community Development Special Revenue Fund relates to long-term receivable balances from various community development programs.

Deferred revenue of \$25,580,000 for the School District is composed of \$20,700,000 of state aid, \$3,694,000 for Special Aid Fund projects, \$1,060,000 of prepaid Medicaid reimbursements, and \$126,000 of other items.

F. LEASE OF SEWER AND WASTE DISPOSAL FACILITIES

The City has entered into a contract with the Monroe County Pure Waters District (MCPWD), under which MCPWD leases all of its sewer system and waste treatment facilities and assumes most of the related debt service costs on obligations incurred by the City in connection with these facilities. In fiscal year 2003, these debt service costs amounted to \$2,042,722 of which \$1,094,263 was reimbursed by MCPWD.

G. LEASE FROM NYS CANAL CORPORATION

The City has a 20 year operating lease with the New York Canal Commission for a strip of land which provides river front access to the Corn Hill Landing Project, a residential and commercial development. In accordance with the agreement, the City will make annual payments of \$203,275 during the second half of the lease, fiscal years 2012 through 2021. The lease has a renewable option for an additional 20-year term. In a related agreement, the City has provided for public access to the waterfront and adjacent areas with the purchase of a permanent easement from the Corn Hill Landing developer.

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

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

At June 30, 2003, the amount of these liabilities was \$8,108,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2001 resulted from the following (000's Omitted):

	Workers' Compensation	General Liability	Total
Estimated claims June 30, 2001	\$ 5,351	\$ 2,336	\$ 7,687
Claims incurred 2001-02	4,798	463	5,261
Payments 2001-02	<u>(3,651)</u>	<u>(400)</u>	<u>(4,051)</u>
Estimated claims June 30, 2002	<u>\$ 6,498</u>	<u>\$ 2,399</u>	<u>\$ 8,897</u>
Claims incurred 2002-03	2,942	217	3,159
Payments 2002-03	<u>(3,184)</u>	<u>(764)</u>	<u>(3,948)</u>
Estimated claims June 30, 2003	<u><u>\$ 6,256</u></u>	<u><u>\$ 1,852</u></u>	<u><u>\$ 8,108</u></u>

Third party insurance is maintained by the School District on vehicles, boilers and machines, stop loss for major medical benefits, aviation and pupil accidents. Also, the School District carries a general liability policy with a self-insured retention of \$500,000 and a \$10,000,000 limit for each occurrence and \$20,000,000 limit for general aggregate.

The schedule below presents the changes in the School District's estimated claims since June 30, 2001 for workers' compensation and major medical programs. The estimated claims for workers' compensation represent claims which have occurred and are open, due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. The calculation is based on the present value of future payouts. The estimated claims for major medical represent an amount based on prior experience with actual payments of claims (000's Omitted):

	Workers' Compensation	Major Medical	Total
Estimated claims June 30, 2001	\$ 6,947	\$ 258	\$ 7,205
Claims incurred 2001-02	4,784	2,432	7,216
Payments 2001-02	<u>(2,564)</u>	<u>(2,458)</u>	<u>(5,022)</u>
Estimated claims June 30, 2002	<u>\$ 9,167</u>	<u>\$ 232</u>	<u>\$ 9,399</u>
Claims incurred 2002-03	4,524	2,502	7,026
Payments 2002-03	<u>(3,604)</u>	<u>(2,557)</u>	<u>(6,161)</u>
Estimated claims June 30, 2003	<u><u>\$ 10,087</u></u>	<u><u>\$ 177</u></u>	<u><u>\$ 10,264</u></u>

B. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these suits is not presently determinable, in the opinion of the City's Corporation Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operation.

C. POST-EMPLOYMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the City provides certain health care and life insurance benefits for retired employees on a pay-as-you-go basis. The City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on the benefits paid during the year. The amount paid for the year ended June 30, 2003 for this purpose was approximately \$11,042,400. The number of eligible participants enrolled to receive such benefits was 2,308 retirees.

The School District finances its post-employment health care benefits on a pay-as-you-go basis. The expenditure recognized at June 30, 2003 for this purpose was \$7,361,670. The number of eligible participants enrolled to receive such benefits was 3,212 retirees.

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

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

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

The total payroll for all employees of the City for fiscal year 2003 was \$167,672,000 of which \$77,078,000 represented payroll costs for employees covered by ERS, \$81,248,000 by PFRS, and \$9,346,000 for nonparticipating employees. Contribution rates for fiscal year 2003 were 1.4% for ERS and 2.2% for PFRS. All full-time police officers and firefighters are mandatory members.

The total payroll for all employees of the School District for fiscal 2003 was \$275,389,000 of which \$207,310,000 represented payroll costs for employees covered by TRS, \$52,864,000 by ERS, and \$15,215,000 for nonparticipating employees. Contribution rates for fiscal 2003 were .5% for TRS and 1.5% for ERS. All full-time teachers are mandatory members.

2. Contributions & Liabilities

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

Payments to the Teachers' Retirement System, which are made in accordance with funding requirements determined by the actuary of the System, are deducted from State Aid payments to the School District. The contributions for salaries paid for the year ended June 30, 2003 were made in three monthly installments starting in September of 2002.

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

Fiscal Year	Employees' Retirement System	Police and Fire Retirement System	Total Retirement Systems
2001	\$ 246	\$ 1,260	\$ 1,506
2002	592	1,376	1,968
2003	1,041	1,755	2,796

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

Fiscal Year	Employees' Retirement System	Teachers' Retirement System	Total Retirement Systems
2001	\$ 163	\$ 4,496	\$ 4,659
2002	493	3,011	3,504
2003	775	1,045	1,820

The total liability for the City and the School District as of June 30, 2003, included in Due to other governments at the fund level, is as follows (000's Omitted):

	Employees' Retirement System	Police and Fire Retirement System	Teachers' Retirement System	Total Retirement Systems
City	\$ 967	\$ 1,323	\$ -	\$ 2,290
School District	1,951	-	3,331	\$ 5,282
Total of City and School District	\$ 2,918	\$ 1,323	\$ 3,331	\$ 7,572

The total liability as of June 30, 2003 includes the period of April 1 - June 30, 2003 for the Employees' and Police and Fire Retirement Systems; and the period July 1, 2002 - June 30, 2003 for the Teachers' System. It is the policy of the City and the School District to record pension costs on the modified accrual basis for governmental funds. Pension costs of the proprietary funds are recognized on the accrual basis.

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

3. Prior Plan

Prior to its participation in the New York State Police and Fire Retirement System, the City had a pension plan that covered firemen, policemen and their widows. It is the policy of the City to provide for payments to the beneficiaries of this plan out of current operations. The City is not required to pay benefits under this plan and the beneficiaries do not have a vested right to benefits. During the year ended June 30, 2003, the City paid approximately \$122,700. On June 30, 2003, there were 15 widows and no retired employee receiving payments under this plan. The pension benefit obligation of this plan is not significant to the City.

E. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

To improve cash management, all City disbursements are made from a consolidated account in the general fund. Also, the cash balances of certain capital funds are consolidated to maximize investment return. Both these cash management practices, as well as normal delays in processing interfund transfers and reimbursements, are the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2003 (000's Omitted):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	
General	General Capital	\$ 3,823	
	Transportation Capital	1,301	
	Community Development	217	
	Nonmajor governmental	5,534	
	Water	1,518	
	Parking	344	
	War Memorial	74	
	Refuse	939	
	Nonmajor proprietary	843	
	Fiduciary	257	
	Debt Service	9,277	
	General Capital	General	34,236
		Nonmajor governmental	284
	Transportation Capital	General	540
		Nonmajor governmental	2,038
Community Development	General	27	
	Nonmajor governmental	1,480	
Water	Nonmajor governmental	418	
	Nonmajor proprietary	2	
	General	151	
Parking	General	456	
	War Memorial	295	
Refuse	General	422	
	Nonmajor proprietary	96	
Internal Service	General	1,235	
	Fiduciary	13	
		\$ 65,820	

Transfers among funds are provided for as part of the annual budget process. They facilitate annual contributions from the operating budget to capital project funds. They also facilitate the contribution of enterprise earnings to the general fund. Interfund transfers for the fiscal year ending June 30, 2003, which were routine in nature, were as follows (000's Omitted):

<u>Transfer out:</u>	<u>Transfer In:</u>						<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>General Capital</u>	<u>Transportation Capital</u>	<u>Nonmajor Governmental</u>	<u>Internal Service</u>	
General fund	\$ -	\$ 9,277	\$ 15,479	\$ 1,206	\$ 3,366	\$ 1,235	\$ 30,563
Debt Service	9,232	-	-	-	415	-	9,647
General Capital	-	944	-	-	-	-	944
Transportation Capital	2,349	784	-	-	-	-	3,133
Development	4,629	-	-	-	-	-	4,629
Nonmajor Governmental	3,415	58	10	1,164	525	-	5,172
Water	4,678	-	-	-	-	-	4,678
	\$ 24,303	\$ 11,063	\$ 15,489	\$ 2,370	\$ 4,306	\$ 1,235	\$ 58,766

Required Supplemental Information

**THE CITY OF ROCHESTER, NEW YORK
COMBINED SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - NON-GAAP BUDGET BASIS
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Real property tax	\$ 120,975	\$ 120,975	\$ 126,271	\$ 5,296
Sales and other taxes	144,577	144,577	144,866	289
Charges for services	89,817	90,708	91,063	355
Use of money and property	2,232	2,231	1,738	(493)
Interest and penalties	1,150	1,150	1,168	18
Licenses and permits	1,749	1,749	1,569	(180)
Federal aid	1,112	1,120	1,363	243
State aid	62,685	63,195	63,390	195
Local sources and other	19,306	19,330	18,491	(839)
Total revenues	<u>443,603</u>	<u>445,035</u>	<u>449,919</u>	<u>4,884</u>
EXPENDITURES				
Council and clerk	1,346	1,406	1,370	36
Administration	9,603	9,861	9,440	421
Law	1,779	1,857	1,686	171
Finance	7,089	7,277	6,890	387
Community development	5,592	5,711	5,410	301
Economic development	3,292	3,328	3,253	75
Environmental services	67,187	68,463	67,028	1,435
Library	11,050	11,102	10,475	627
Police	55,764	59,583	59,332	251
Fire	37,800	37,948	37,478	470
Emergency communications	7,687	7,854	7,771	83
Parks, recreation and human services	17,512	17,808	17,082	726
Undistributed	59,758	60,424	54,903	5,521
Contingency	7,602	-	-	-
Debt services	30,705	30,705	30,665	40
Total expenditures	<u>323,766</u>	<u>323,327</u>	<u>312,783</u>	<u>10,544</u>
Excess of revenues over expenditures	<u>119,837</u>	<u>121,708</u>	<u>137,136</u>	<u>15,428</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	27,078	27,286	26,348	(938)
Transfers (to) other funds	(25,030)	(27,109)	(38,350)	(11,241)
Transfers (to) component unit	(126,100)	(126,100)	(126,100)	-
Total other financing uses	<u>(124,052)</u>	<u>(125,923)</u>	<u>(138,102)</u>	<u>(12,179)</u>
Appropriation of prior year fund balance	<u>4,215</u>	<u>4,215</u>	<u>-</u>	<u>(4,215)</u>
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>\$ -</u>	<u>(966)</u>	<u>\$ (966)</u>
Encumbrances included in actual			<u>5,294</u>	
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses			<u>4,328</u>	
Expenditures of prior years' encumbrances			<u>2,923</u>	
Excess (deficiency) of revenues and other sources over expenditures and other uses			<u>1,405</u>	
Net enterprise capital revenue			(686)	
Depreciation expense			(11,240)	
Debt service cash basis			8,161	
Local improvement ordinances			38	
Contribution to reserve for capital projects			6,088	
Capital transfers			17	
Capital and debt service interest			91	
Capital reimbursement			104	
Debt reserve transfer in			(1,630)	
Fund equity - beginning of year			<u>196,943</u>	
Fund equity - end of year			<u>\$ 199,291</u>	
General fund			\$ 17,459	
Special revenue fund			3,816	
Enterprise fund			<u>178,016</u>	
Total			<u>\$ 199,291</u>	

Nonmajor Governmental Funds

Capital Funds

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

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

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

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

Special Revenue Funds

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

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

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

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

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

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

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

Permanent Fund

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

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

**THE CITY OF ROCHESTER, NEW YORK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2003 (000's Omitted)**

	Capital Projects			Animal Control	Library	Local Works	Special Revenue			Permanent Fund Cemetery	Total Nonmajor Governmental Funds
	Economic Assistance	Cultural/Recreation	Sewers				Federal Projects	State Projects	Other		
ASSETS											
Cash and cash equivalents	\$ 1,859	\$ 1,576	\$ 885	\$ 311	\$ 296	\$ 6,230	\$ 3,925	\$ 1,831	\$ 2,197	\$ 5,536	\$ 24,646
Receivables (net of allowance for uncollectibles):	-	-	-	-	-	-	-	-	-	-	-
Accounts	-	480	-	-	-	3	16	7,504	30	-	8,033
Taxes	-	-	-	-	-	200	-	-	-	-	200
Due from other governments	2,340	15	-	-	3,746	245	-	327	-	-	6,673
Due from other funds	-	403	-	20	46	231	-	-	1,200	-	1,900
* Total assets	<u>\$ 4,199</u>	<u>\$ 2,474</u>	<u>\$ 885</u>	<u>\$ 331</u>	<u>\$ 4,088</u>	<u>\$ 6,909</u>	<u>\$ 3,941</u>	<u>\$ 9,662</u>	<u>\$ 3,427</u>	<u>\$ 5,536</u>	<u>\$ 41,452</u>
LIABILITIES AND FUND BALANCES											
Liabilities											
Accounts payable and accrued liabilities	\$ 778	\$ -	\$ 109	\$ 69	\$ 906	\$ 672	\$ -	\$ -	\$ 3	\$ -	\$ 2,537
Notes payable	9,934	4,631	2,597	-	-	-	-	-	-	-	17,162
Due to other funds	1,599	28	-	179	2,444	3,242	15	514	253	-	8,274
Due to other governments	-	-	-	-	-	-	15	6,600	-	-	6,615
Deferred revenue	-	-	-	-	-	-	16	904	-	-	920
* Total liabilities	<u>12,311</u>	<u>4,659</u>	<u>2,706</u>	<u>248</u>	<u>3,350</u>	<u>3,914</u>	<u>46</u>	<u>8,018</u>	<u>256</u>	<u>-</u>	<u>35,508</u>
Fund balances:											
Reserved for encumbrances	1,129	1,652	389	29	87	298	661	1,490	565	-	6,300
Unreserved:											
Designated for subsequent years' expenditures	-	-	-	-	100	-	-	-	-	-	100
Undesignated, reported in:											
Special revenue fund	-	-	-	54	551	2,697	3,234	154	2,606	-	9,296
Capital projects fund	(9,241)	(3,837)	(2,210)	-	-	-	-	-	-	-	(15,288)
Permanent fund	-	-	-	-	-	-	-	-	-	5,536	5,536
Total fund balances	<u>(8,112)</u>	<u>(2,185)</u>	<u>(1,821)</u>	<u>83</u>	<u>738</u>	<u>2,995</u>	<u>3,895</u>	<u>1,644</u>	<u>3,171</u>	<u>5,536</u>	<u>5,944</u>
Total liabilities and fund balances	<u>\$ 4,199</u>	<u>\$ 2,474</u>	<u>\$ 885</u>	<u>\$ 331</u>	<u>\$ 4,088</u>	<u>\$ 6,909</u>	<u>\$ 3,941</u>	<u>\$ 9,662</u>	<u>\$ 3,427</u>	<u>\$ 5,536</u>	<u>\$ 41,452</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, 2003 (000's Omitted)**

	Capital Projects			Special Revenue					Permanent Fund	Total Nonmajor	
	Economic Assistance	Cultural/ Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Other	Cemetery	Governmental Funds
REVENUES											
Real property tax	\$ -	\$ -	\$ -	\$ 895	\$ 4,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,933
Departmental	-	-	-	264	2,536	12,678	-	-	-	-	15,478
Use of money and property	-	-	-	10	3	116	57	35	21	-	242
Federal aid	1,451	-	-	-	-	223	1,010	1,300	-	-	3,984
State aid	164	-	-	-	426	55	309	7,080	-	-	8,034
Local sources and other	-	-	-	-	6,460	-	3,672	479	363	188	11,162
Total revenues	1,615	-	-	1,169	13,463	13,072	5,048	8,894	384	188	43,833
EXPENDITURES											
Current:											
Community development	-	-	-	-	-	-	3,293	7,129	17	-	10,439
Environmental services	-	-	-	-	-	8,681	-	-	-	-	8,681
Library	-	-	-	-	10,448	-	-	-	-	-	10,448
Police	-	-	-	972	-	-	240	270	61	-	1,543
Fire	-	-	-	-	-	-	-	3	65	-	68
Parks, recreation and human services	-	-	-	-	-	-	738	20	201	-	959
Undistributed	-	-	-	157	1,877	1,600	-	-	121	-	3,755
Capital projects	3,413	1,195	991	-	-	-	-	-	-	-	5,599
Debt service:											
Principal	-	-	-	-	822	7	-	-	-	-	829
Interest	-	-	-	-	223	2	-	-	-	-	225
Total expenditures	3,413	1,195	991	1,129	13,370	10,290	4,271	7,422	465	-	42,546
Excess (deficiency) of revenues over expenditures	(1,798)	(1,195)	(991)	40	93	2,782	777	1,472	(81)	188	1,287
OTHER FINANCING SOURCES (USES)											
Transfers from other funds	800	1,524	144	29	377	9	-	-	1,423	-	4,306
Transfers (to) other funds	(16)	(2)	(40)	(10)	(525)	(2,024)	(672)	(1,660)	(223)	-	(5,172)
Total other financing sources (uses)	784	1,522	104	19	(148)	(2,015)	(672)	(1,660)	1,200	-	(866)
Net change in fund balances	(1,014)	327	(887)	59	(55)	767	105	(188)	1,119	188	421
Fund Balances - beginning of year	(7,098)	(2,512)	(934)	24	793	2,228	3,790	1,832	2,052	5,348	5,523
Fund Balances - end of year	\$ (8,112)	\$ (2,185)	\$ (1,821)	\$ 83	\$ 738	\$ 2,995	\$ 3,895	\$ 1,644	\$ 3,171	\$ 5,536	\$ 5,944

Nonmajor Proprietary Funds

Enterprise Funds

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

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

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

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2003 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 106	\$ 38	\$ 108	\$ 252
Receivables (net of allowance for uncollectibles)	1,481	2	-	1,483
Due from other governments	24	-	-	24
Due from other funds	13	83	-	96
Total current assets	<u>1,624</u>	<u>123</u>	<u>108</u>	<u>1,855</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	5	22	-	27
Capital assets:				
Land	131	480	478	1,089
Buildings	1,202	1,747	416	3,365
Improvements other than buildings	1,064	775	29	1,868
Equipment	1,039	322	57	1,418
Construction in progress	110	1,288	-	1,398
Less accumulated depreciation	<u>(1,837)</u>	<u>(1,025)</u>	<u>(474)</u>	<u>(3,336)</u>
Total capital assets (net of accumulated depreciation)	<u>1,709</u>	<u>3,587</u>	<u>506</u>	<u>5,802</u>
Total noncurrent assets	<u>1,714</u>	<u>3,609</u>	<u>506</u>	<u>5,829</u>
Total assets	<u>3,338</u>	<u>3,732</u>	<u>614</u>	<u>7,684</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	100	21	-	121
Accrued interest payable	-	26	-	26
Notes payable	-	1,452	-	1,452
Bonds payable	2	36	-	38
Due to other funds	726	89	-	815
Due to other governments	10	1	-	11
Total current liabilities	<u>838</u>	<u>1,625</u>	<u>-</u>	<u>2,463</u>
Current liabilities payable from restricted assets:				
Accounts payable	-	-	-	-
Due to other funds	40	-	-	40
Total current liabilities payable from restricted assets	<u>40</u>	<u>-</u>	<u>-</u>	<u>40</u>
Noncurrent liabilities:				
Bonds payable	3	221	-	224
Total liabilities	<u>881</u>	<u>1,846</u>	<u>-</u>	<u>2,727</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,704	1,878	506	4,088
Restricted for debt service	5	14	-	19
Restricted for capital projects	217	40	38	295
Unrestricted	531	(46)	70	555
Total net assets	<u>\$ 2,457</u>	<u>\$ 1,886</u>	<u>\$ 614</u>	<u>\$ 4,957</u>

**THE CITY OF ROCHESTER, NEW YORK
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
Operating Revenues				
Charges for services	\$ 1,522	\$ 498	\$ 7	\$ 2,027
Operating Expenses				
Personal services	1,011	124	-	1,135
Supplies and materials	637	356	-	993
Employee benefits	262	28	-	290
Depreciation	150	110	8	268
Total operating expenses	2,060	618	8	2,686
Operating income(loss)	(538)	(120)	(1)	(659)
Nonoperating revenues (expenses)				
Real property taxes	416	522	-	938
Interest on investments	85	10	2	97
Interest expense	-	(54)	-	(54)
Total nonoperating revenues (expenses)	501	478	2	981
Income (loss) before contributions and transfers	(37)	358	1	322
Capital contributions	-	17	-	17
Change in net assets	(37)	375	1	339
Total net assets-beginning	2,494	1,511	613	4,618
Total net assets-ending	\$ 2,457	\$ 1,886	\$ 614	\$ 4,957

**THE CITY OF ROCHESTER, NEW YORK
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	Business-type Activities-Enterprise Funds			
	Cemeteries	Public Market	Port of Rochester	Total Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,319	\$ 501	\$ 7	\$ 1,827
Payments to suppliers	(901)	(395)	-	(1,296)
Payments to employees	(1,031)	(124)	-	(1,155)
Net cash provided (used) by operating activities	(613)	(18)	7	(624)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Real property taxes	416	522	-	938
Operating grants	-	-	-	-
Transfers (to) from other funds	258	12	-	270
Net cash provided by noncapital financing activities	674	534	-	1,208
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bonds and notes	(1)	(496)	-	(497)
Interest expense paid on bonds and notes	-	(73)	-	(73)
Payments to contractors	(126)	(22)	-	(148)
Proceeds from sale of capital assets	34	-	-	34
Net cash used in capital and related financing activities	(93)	(591)	-	(684)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	85	10	2	97
Net increase (decrease) in cash and cash equivalents	53	(65)	9	(3)
Cash and cash equivalents at beginning of year	58	125	99	282
Cash and cash equivalents at end of year	\$ 111	\$ 60	\$ 108	\$ 279
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (538)	\$ (120)	\$ (1)	\$ (659)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	150	110	8	268
Decrease (increase) in accounts receivable	(203)	3	-	(200)
(Decrease) in accounts payable	(32)	(12)	-	(44)
Increase in intergovernmental payables	10	1	-	11
Total adjustments	(75)	102	8	35
Net cash provided (used) by operating activities	\$ (613)	\$ (18)	\$ 7	\$ (624)
Noncash investing, capital, and financing activities:				
Capital assets purchased by governmental funds	\$ -	\$ 17	\$ -	\$ 17

Other Supplemental Information

**THE CITY OF ROCHESTER, NEW YORK
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY-
 BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND ENTERPRISE FUNDS
 NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
REVENUES										
Real property tax	\$ 115,011	\$ 119,928	\$ 4,942	\$ 4,933	\$ 1,022	\$ 1,410	\$ 120,975	\$ 120,975	\$ 126,271	\$ 5,296
Sales and other taxes	143,726	144,022	-	-	851	844	144,577	144,577	144,866	289
Charges for services	17,722	18,078	14,267	14,509	58,719	58,476	89,817	90,708	91,063	355
Use of money and property	1,771	1,417	135	97	325	224	2,232	2,231	1,738	(493)
Interest and penalties	-	-	-	-	1,150	1,168	1,150	1,150	1,168	18
Licenses and permits	1,749	1,569	-	-	-	-	1,749	1,749	1,569	(180)
Federal aid	1,120	1,055	-	223	-	85	1,112	1,120	1,363	243
State aid	62,624	62,877	498	481	73	32	62,685	63,195	63,390	195
Local sources and other	11,930	12,031	7,400	6,460	-	-	19,306	19,330	18,491	(839)
Total revenues	<u>355,653</u>	<u>360,977</u>	<u>27,242</u>	<u>26,703</u>	<u>62,140</u>	<u>62,239</u>	<u>443,603</u>	<u>445,035</u>	<u>449,919</u>	<u>4,884</u>
EXPENDITURES										
Council and clerk	1,406	1,370	-	-	-	-	1,346	1,406	1,370	36
Administration	9,861	9,440	-	-	-	-	9,603	9,861	9,440	421
Law	1,857	1,686	-	-	-	-	1,779	1,857	1,686	171
Finance	7,277	6,890	-	-	-	-	7,089	7,277	6,890	387
Community development	5,711	5,410	-	-	-	-	5,592	5,711	5,410	301
Economic development	1,741	1,634	-	-	1,587	1,619	3,292	3,328	3,253	75
Environmental services	24,147	23,237	8,774	8,697	35,542	35,094	67,187	68,463	67,028	1,435
Library	-	-	11,102	10,475	-	-	11,050	11,102	10,475	627
Police	58,562	58,348	1,021	984	-	-	55,764	59,583	59,332	251
Fire	37,948	37,478	-	-	-	-	37,800	37,948	37,478	470
Emergency communications	7,854	7,771	-	-	-	-	7,687	7,854	7,771	83
Parks, recreation and human services	15,017	14,164	-	-	2,791	2,918	17,512	17,808	17,082	726
Undistributed	50,452	44,995	4,029	3,774	5,943	6,134	59,758	60,424	54,903	5,521
Contingency	-	-	-	-	-	-	7,602	-	-	-
Debt services	17,583	17,543	1,055	1,055	12,067	12,067	30,705	30,705	30,665	40
Total expenditures	<u>239,416</u>	<u>229,966</u>	<u>25,981</u>	<u>24,985</u>	<u>57,930</u>	<u>57,832</u>	<u>323,766</u>	<u>323,327</u>	<u>312,783</u>	<u>10,544</u>
Excess of revenues over expenditures	<u>\$ 116,237</u>	<u>\$ 131,011</u>	<u>\$ 1,261</u>	<u>\$ 1,718</u>	<u>\$ 4,210</u>	<u>\$ 4,407</u>	<u>\$ 119,837</u>	<u>\$ 121,708</u>	<u>\$ 137,136</u>	<u>\$ 15,428</u>

continued

Other Supplemental Information

**THE CITY OF ROCHESTER, NEW YORK
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY-
 BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND ENTERPRISE FUNDS
 NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2003 (000's Omitted)**

(continued)

	General Fund		Special Revenue Fund		Enterprise Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 25,240	\$ 24,303	\$ 415	\$ 415	\$ 1,631	\$ 1,630	\$ 27,078	\$ 27,286	\$ 26,348	\$ (938)
Transfers (to) other funds	(19,189)	(30,563)	(1,826)	(1,699)	(6,094)	(6,088)	(25,030)	(27,109)	(38,350)	(11,241)
Transfers (to) component unit	(126,100)	(126,100)	-	-	-	-	(126,100)	(126,100)	(126,100)	-
Total other financing uses	<u>(120,049)</u>	<u>(132,360)</u>	<u>(1,411)</u>	<u>(1,284)</u>	<u>(4,463)</u>	<u>(4,458)</u>	<u>(124,052)</u>	<u>(125,923)</u>	<u>(138,102)</u>	<u>(12,179)</u>
Appropriation of prior year fund balance	3,812	-	150	-	253	-	4,215	\$ 4,215	\$ -	\$ (4,215)
Deficiency of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	<u>(1,349)</u>	<u>\$ -</u>	<u>434</u>	<u>\$ -</u>	<u>(51)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (966)</u>	<u>\$ (966)</u>
Encumbrances included in actual		<u>4,554</u>		<u>382</u>		<u>358</u>				
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		3,205		816		307				
Expenditures of prior years' encumbrances		<u>2,509</u>		<u>83</u>		<u>331</u>				
Excess (deficiency) of revenues and other sources over expenditures and other uses		696		733		(24)				
Net enterprise capital revenue		-		-		(686)				
Depreciation expense		-		-		(11,240)				
Debt service cash basis		-		-		8,161				
Local improvement ordinances		-		38		-				
Contribution to reserve for capital projects		-		-		6,088				
Capital transfers		-		-		17				
Capital and debt service interest		-		-		91				
Capital reimbursement		-		-		104				
State capital reimbursement		-		-		-				
Debt reserve transfer in		-		-		(1,630)				
Fund equity - beginning of year		<u>16,763</u>		<u>3,045</u>		<u>177,135</u>				
Fund equity - end of year		<u>\$ 17,459</u>		<u>\$ 3,816</u>		<u>\$ 178,016</u>				

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Statistical Section

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

Fiscal Year	Public Safety	Public Works	General Government	Employee Benefits	Debt Service (2)	Component Unit (3)	Total
1994	\$ 72,738	\$ 19,659	\$ 35,565	\$ 30,351	\$ 31,987	\$ 303,781	\$ 494,081
1995	76,359	19,085	33,587	32,384	20,003	289,551	470,969
1996	77,894	19,086	34,218	31,513	19,898	301,431	484,040
1997	81,326	19,955	36,591	32,750	19,626	301,065	491,313
1998	84,543	20,537	39,904	29,904	17,822	314,949	507,659
1999	88,677	21,747	41,310	30,351	19,361	340,934	542,380
2000	92,029	21,579	43,696	30,758	17,656	350,174	555,892
2001	96,360	21,968	43,049	36,505	18,573	396,287	612,742
2002	100,238	21,819	44,630	40,813	21,284	410,739	639,523
2003	<u>102,745</u>	<u>21,850</u>	<u>43,111</u>	<u>42,672</u>	<u>17,543</u>	<u>406,504</u>	<u>634,425</u>

Notes:

- (1) Includes General, Special Revenue and Debt Service Funds for Fiscal Years 1994 through 1995 and General and Debt Service Funds for primary government and component unit for Fiscal Years 1996 through 2003.
- (2) Please see Note III D. to the General Purpose Financial Statements for further explanation.
- (3) Component Unit includes Employee Benefits, Debt Service and Administration for City School District

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

Fiscal Year	Taxes	Departmental Income	Inter-Governmental	Use of Money and Property	Other	Component Unit	Total
1994	\$ 112,588	\$ 14,539	\$ 29,700	\$ 3,200	\$ 13,949	\$ 284,693	\$ 458,669
1995	120,008	14,900	30,412	4,522	12,996	299,551	482,389
1996	124,152	15,755	29,291	4,843	13,192	304,797	492,030
1997	128,849	16,446	32,548	4,766	13,631	313,061	509,301
1998	129,431	16,908	40,587	5,499	14,766	328,734	535,925
1999	135,979	17,452	44,375	5,269	14,692	354,327	572,094
2000	134,265	18,411	46,582	6,310	16,127	367,141	588,836
2001	132,001	18,743	59,750	9,161	14,773	378,908	613,336
2002	129,364	18,506	63,106	4,846	14,674	411,309	641,805
2003	<u>137,850</u>	<u>18,078</u>	<u>63,932</u>	<u>2,494</u>	<u>13,850</u>	<u>450,183</u>	<u>686,387</u>

Note:

- (1) Includes General, Special Revenue and Debt Service Funds for Fiscal Years 1994 through 1995 and General and Debt Service Funds for primary government and component unit for Fiscal Years 1996 through 2003.

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Percent of Total Tax Collections to Tax Levy	Cancellations and/or Adjustments to Taxes (3)	Outstanding Delinquent Taxes (Cumulative)	Percent of Outstanding Delinquent Taxes to Total Tax Levy
1994	\$ 138,791	\$ 130,261	93.9 %	\$ 7,413	\$ 137,674	99.2 %	\$ 806	\$ 12,812	9.2 %
1995	141,313	132,631	93.9	6,019	138,650	98.1	1,780	13,695	9.7
1996	142,795	133,690	93.6	6,651	140,341	98.3	1,787	14,362	10.1
1997	143,509	134,253	93.6	7,254	141,507	98.6	1,825	14,539	10.1
1998	141,711	133,137	93.9	6,504	139,641	98.5	3,405	13,204	9.3
1999	135,394	127,269	94.0	6,834	134,103	99.0	1,292	13,203	9.8
2000	134,597	126,433	93.9	6,474	132,907	98.7	1,460	13,433	10.0
2001	128,842	120,391	93.4	4,803	125,194	97.2	3,746	13,335	10.3
2002	123,826	115,264	93.1	6,564	121,828	98.4	1,645	13,688	11.1
2003	128,678	119,887	93.2	6,221	126,108	98.0	1,804	14,454	11.2

Notes:

- (1) Tax exempt properties with an assessed value of \$449,029,650 made payments in lieu of taxes amounting to \$13,460,968 for the fiscal year ending June 30, 2003. If these properties had been fully taxable, total revenues would have increased by \$7,090,874. 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 agreement up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.
- (3) Cancellations are chiefly the result of foreclosure by the City and adjustments made for erroneous assessments.

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

Fiscal Year	Real Property		Ratio of Total Assessed to Total Estimated Actual Value (1)
	Assessed Value	Estimated Actual Value	
1994	\$ 5,638,614	\$ 5,906,163	95.47 %
1995	5,590,260	6,153,286	90.85
1996	5,500,840	5,144,818	106.92
1997	5,202,935	5,076,529	102.49
1998	5,120,347	5,062,132	101.15
1999	5,072,605	5,108,363	99.30
2000	5,044,246	4,757,376	106.03
2001	4,802,407	4,751,565	101.07
2002	4,789,488	4,750,062	100.83
2003	4,773,884	4,628,548	103.14

Notes:

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

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

City of Rochester							
Fiscal Year	General			Total	Monroe County	Total	
	Municipal Purposes	School Purposes					
1994	Homestead	\$ 4.55	\$ 9.66	\$ 14.21	\$ 12.03	\$ 26.24	
	Nonhomestead	12.92	28.31	41.23	12.03	53.26	
1995	Homestead	5.14	10.15	15.29	11.73	27.02	
	Nonhomestead	13.67	27.83	41.50	11.73	53.23	
1996	Homestead	5.55	10.63	16.18	11.48	27.66	
	Nonhomestead	14.16	27.95	42.11	11.48	53.59	
1997	Homestead	6.09	11.69	17.78	11.53	29.31	
	Nonhomestead	14.62	28.86	43.48	11.53	55.01	
1998	Homestead	5.94	11.84	17.78	11.72	29.50	
	Nonhomestead	14.48	29.70	44.18	11.72	55.90	
1999	Homestead	5.78	12.35	18.13	11.10	29.23	
	Nonhomestead	13.36	29.28	42.64	11.10	53.74	
2000	Homestead	6.07	12.36	18.43	10.49	28.92	
	Nonhomestead	14.12	29.46	43.58	10.49	54.07	
2001	Homestead	5.97	12.97	18.94	10.36	29.30	
	Nonhomestead	13.59	30.27	43.86	10.36	54.22	
2002	Homestead	6.01	13.46	19.47	10.04	29.51	
	Nonhomestead	12.89	29.54	42.43	10.04	52.47	
2003	Homestead	6.33	14.19	20.52	9.93	30.45	
	Nonhomestead	<u>13.38</u>	<u>30.66</u>	<u>44.04</u>	<u>9.93</u>	<u>53.97</u>	

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

Fiscal Year	Current Assessments Due	Current Assessments Collected	Ratio of Collections to Amount Due	Total Cumulative Outstanding Assessments Due
1994	\$ 8,982	\$ 8,368	93.2 %	\$ 927
1995	8,958	8,353	93.2	1,025
1996	8,994	8,354	92.9	1,091
1997	9,342	8,639	92.5	1,250
1998	9,524	8,811	92.5	1,212
1999	9,490	8,760	92.3	1,324
2000	10,595	9,774	92.3	1,363
2001	11,305	10,367	91.7	1,508
2002	12,928	11,873	91.8	1,715
2003	<u>12,870</u>	<u>11,828</u>	<u>91.9</u>	<u>1,720</u>

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

Fiscal Year	Population	Assessed		Net Net BAN's	Net Bonds and BAN's (1)	Debt Service Monies Available	Net Bonds Debt	Ratio	Net
		Value (000's Omitted)	Net Bonds					Bonded Debt to Assessed Value	Bonded Debt Per Capita
1994	233,300	\$ 5,638,614	\$ 175,364,600	\$ 59,062,000	\$ 234,426,600	\$ 36,269,000	\$ 198,157,600	3.51 %	\$ 849
1995	233,900	5,590,260	151,419,000	127,555,500	278,974,500	39,974,000	239,000,500	4.28	1,022
1996	228,500	5,500,840	203,831,000	68,927,000	272,758,000	36,820,000	235,938,000	4.29	1,033
1997	227,000	5,202,935	176,160,000	135,394,000	311,554,000	38,180,000	273,374,000	5.25	1,204
1998	218,400	5,120,347	201,110,000	110,045,000	311,155,000	53,569,000	257,586,000	5.03	1,179
1999	214,600	5,072,605	169,385,000	135,041,100	304,426,100	57,589,000	246,837,100	4.87	1,150
2000	215,900	5,044,246	203,510,000	90,607,300	294,117,300	61,300,000	232,817,300	4.62	1,078
2001	223,800	4,802,407	229,135,700	80,090,500	309,226,200	57,847,000	251,379,200	5.23	1,123
2002	218,300	4,789,488	190,820,134	112,165,000	302,985,134	59,969,000	243,016,134	5.07	1,113
2003	218,000	4,773,884	160,374,110	137,632,100	298,006,210	62,520,000	235,486,210	4.93	1,080

Notes:

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

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

**THE CITY OF ROCHESTER, NEW YORK
COMPUTATION OF CITY DEBT LIMIT
JUNE 30, 2003**

Computation of Debt Limit as of June 30, 2003		
Indebtedness		
Borrowings (Bonds and Notes)	\$ 335,784,110 (1)	
Contract Liabilities	29,443,019 (2)	\$ 365,227,129
Deductions and Exclusions		
Water Bonds and Notes	34,640,585 (3)	
Sanitary Sewer Bonds and Notes	3,195,000 (3)	
Housing Subsidy	65,633 (4)	
Cash and Cash Equivalents	<u>25,883,718 (5)</u>	<u>63,784,936</u>
Net Indebtedness		301,442,193
Debt Limit (9% of five-year average full valuation)		<u>420,086,273</u>
Debt Contracting Margin		<u>\$ 118,644,080</u>

Notes:

- (1) Represents all bond and note debt of the City, net of note liability in the Debt Service Fund, if any. Includes water and sewer debt -- listed above under "Deductions and Exclusions". Also includes bonds and bond anticipation notes issued by the City totaling \$3,455,000, the debt service on which is to be reimbursed to the City by the Rochester Pure Waters District pursuant to a lease of sewerage facilities to such district by the City.
- (2) Represents (a) amounts due pursuant to contracts for capital improvements or the acquisition of equipment and (b) amount of indebtedness of the Rochester Housing Authority guaranteed by the City and listed under "Deductions and Exclusions".
- (3) Amounts excluded pursuant to Article VIII, Section 5 of State Constitution and Section 136.00 of Local Finance Law.
- (4) Excluded pursuant to Section 136.00 of the Local Finance Law, as indebtedness incurred under Article XVIII of State Constitution for housing and urban renewal purposes.
- (5) Represents cash on hand to pay principal of outstanding indebtedness not otherwise excluded, and investment of such cash at market value. The source of funds represents: (a) federal grants for projects already bonded; (b) proceeds of bonds and notes to pay outstanding contract liabilities; and (c) proceeds of notes available to pay principal of notes to the extent contracts to be financed with such proceeds were not consummated. The debt is excluded pursuant to Section 136.00 of Local Finance Law.

**THE CITY OF ROCHESTER, NEW YORK
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2003**

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$ 335,784,110	100.00 %	\$ 335,784,110
County of Monroe	422,529,357	15.66	66,168,097
Total	<u>\$ 758,313,467</u>		<u>\$ 401,952,207</u>

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

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Expenditures (2)	Ratio of Debt Service to Total General Expenditures
1994	\$ 17,805	\$ 8,836	\$ 26,641	\$ 494,081	5.4 %
1995	23,605	11,133	34,738	470,969	7.4
1996	28,646	12,442	41,088	484,040	8.5
1997	32,021	13,638	45,659	491,313	9.3
1998	32,788	12,469	45,257	507,659	8.9
1999	37,671	11,164	48,835	542,380	9.0
2000	38,264	11,081	49,345	555,892	8.9
2001	39,705	11,501	51,206	612,742	8.4
2002	40,505	13,606	54,111	639,523	8.5
2003	<u>34,942</u>	<u>9,696</u>	<u>44,638</u>	<u>760,524</u>	<u>5.9</u>

Notes:

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

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

Year	Elementary	Percent Increase (Decrease)	Secondary	Percent Increase (Decrease)	Total	Percent Increase (Decrease)
1994	21,159	1.3 %	13,241	2.0 %	34,400	1.6 %
1995	21,410	1.2	13,248	0.1	34,658	0.8
1996	21,730	1.5	13,883	4.8	35,613	2.8
1997	22,196	2.1	14,457	4.1	36,653	2.9
1998	22,434	1.1	14,230	(1.6)	36,664	0.0
1999	22,727	1.3	15,202	6.8	37,929	3.5
2000	21,178	(6.8)	15,705	3.3	36,883	(2.8)
2001	19,524	(7.8)	15,596	(0.7)	35,120	(4.8)
2002	18,740	(4.0)	16,355	4.9	35,095	(0.1)
2003	<u>17,668</u>	<u>(5.7)</u>	<u>16,858</u>	<u>3.1</u>	<u>34,526</u>	<u>(1.6)</u>

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

Calendar Year	Population (1)	Per Capita Income for Monroe County (2)
1994	233,300	\$ 24,632
1995	233,900	25,741
1996	228,500	26,779
1997	227,000	27,742
1998	218,400	29,994
1999	214,600	29,366
2000	215,900	30,391
2001	223,800	32,108
2002	218,300	N/A
2003	<u>218,000</u>	<u>N/A</u>

Sources:

- (1) "Survey of Buying Power," 2003
Sales and Marketing Management Magazine
- (2) US Dept. of Commerce Bureau of Economic Analysis (www.bea.doc.gov)

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

Fiscal Year	Value of Construction Permits Issued	Bank Deposits*	Estimated Property Value
1994	\$ 112,800	\$ 13,019,000	\$ 5,906,163
1995	124,900	12,067,000	6,153,286
1996	117,900	11,961,000	5,144,818
1997	181,800	12,365,000	5,076,529
1998	203,700	13,003,000	5,062,132
1999	143,500	13,135,000	5,108,363
2000	104,600	13,999,000	4,757,376
2001	143,300	14,886,000	4,751,565
2002	99,000	17,137,000	4,750,062
2003	<u>72,100</u>	<u>N/A</u>	<u>4,628,548</u>

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

**THE CITY OF ROCHESTER, NEW YORK
PRINCIPAL TAXPAYERS
JUNE 30, 2003
(000's Omitted)**

2003 Rank	Taxpayer	Type of Business	Taxable	Percentage
			Assessed Valuation Fiscal Year 2002-2003	of Total Taxable Assessed Valuation (1)
1	Rochester Gas and Electric Corporation	Electric, gas, utility	\$ 374,787	7.85 %
2	Eastman Kodak Company	Photographic equipment and films	122,554	2.57
3	Frontier Telephone Corporation	Telephone, utility	58,810	1.23
4	Conrail	Railroads	26,861	0.56
5	Pioneer/City Center	Office buildings	23,000	0.48
6	Chase Manhattan Bank	Financial institution	21,851	0.46
7	Samloff/Glazer	Office buildings	21,495	0.45
8	Xerox Corporation	Copying & computer equipment	19,250	0.40
9	Farash, Jalynn Brighton Development	Office buildings	17,590	0.37
10	Maguire Family Properties	Industrial Redevelopment	13,774	0.29
11	Midtown Rochester LLC	Retail, office building	13,442	0.28
12	Valeo (ITT Automotive)	Automotive parts	12,106	0.25
13	Robert Gordon	Financial institution, First Federal Plaza	11,798	0.25
14	HUD	Housing	11,615	0.24
15	Rochester Management	Retail, office building	11,138	0.23
			<u>\$ 760,071</u>	<u>15.92 %</u>

Note:

- 1) The total taxable assessed value for fiscal year 2003 was \$4,773,884,253.

Source: Assessment Roll of the City of Rochester.

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

Employment		Nature of Local Operations	2002
Rank	Company		
1	Eastman Kodak Company	Manufacture, marketing, and research and development of imaging products	22,000
2	University of Rochester/Strong Memorial Hospital	Education, research, health care	13,000
3	Xerox Corporation	Manufacture, sale and servicing of document-processing products and systems	10,050
4	Wegmans Food	Supermarkets and home improvement stores	5,647
5	ViaHealth	Health care	4,404
6	Lifetime Healthcare Company	Health insurance and health-related benefits	2,932
7	Unity Health System	Health care	2,931
8	Rochester Institute of Technology	Educational institute	2,712
9	Delphi Energy and Engine Management Systems	Design, develop and manufacture of fuel and emission control systems	2,500
10	Frontier, a Citizens Communications Company	Telecommunications services	2,300

Source: Rochester Business Journal, April 4, 2003.

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

Fiscal Year	Number of Foreclosures	Number of Properties Sold at Auction or Negotiated Sale	Assessed Value of Properties Sold and Returned to Tax Rolls
1994	71	101	\$ 474,928
1995	75	143	690,785
1996	118	159	356,623
1997	130	250	702,500
1998	223	112	365,106
1999	228	125	365,000
2000	227	130	360,000
2001	313	185	518,000
2002	294	209	585,200
2003	<u>324</u>	<u>482</u>	<u>1,266,000</u>

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

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

Fiscal Year	Limit	City and School Current Tax Levy	Legal Margin
1994	\$ 160,278,051	\$ 99,812,342	\$ 60,465,709
1995	153,694,935	93,420,870	60,274,065
1996	125,036,941	96,597,775	28,439,166
1997	123,743,096	79,065,001	44,678,095
1998	127,018,640	79,418,423	47,600,217
1999	131,836,106	64,461,526	67,374,580
2000	107,132,525	59,073,650	48,058,875
2001	99,609,567	51,975,217	47,634,350
2002	97,037,612	58,253,768	38,783,844
2003	<u>95,244,442</u>	<u>84,533,287</u>	<u>10,711,155</u>

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

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

Fiscal Year	City	School	Total
1994	3,022	5,266	8,288
1995	2,956	5,398	8,354
1996	2,955	5,384	8,339
1997	2,981	5,428	8,409
1998	3,033	5,594	8,627
1999	3,082	5,833	8,915
2000	3,096	6,023	9,119
2001	3,121	6,221	9,342
2002	3,151	6,303	9,454
2003	3,100	6,068	9,168

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
LABOR FORCE										
Rochester MSA*	571.3	570.7	564.9	566.7	577.4	578.0	571.7	563.2	555.0	576.8
Monroe County	384.3	383.3	377.9	378.1	385.4	385.5	380.8	375.5	370.4	389.3
Rochester City	114.9	115.0	112.5	112.1	114.4	114.4	113.3	111.5	110.6	117.5
EMPLOYED										
Rochester MSA*	542.7	540.6	539.3	544.1	554.0	555.2	547.4	540.9	529.9	542.6
Monroe County	366.9	364.6	362.9	364.9	371.5	371.8	365.9	361.5	354.2	367.3
Rochester City	105.7	105.0	104.6	105.1	107.0	107.1	105.4	104.1	102.0	105.8
UNEMPLOYED										
Rochester MSA*	28.6	30.1	25.6	22.6	23.4	22.8	24.3	22.3	25.1	34.2
Monroe County	17.4	18.7	15.0	13.2	13.9	13.7	14.9	14.0	16.2	22.0
Rochester City	9.2	10.0	7.9	7.0	7.4	7.3	7.9	7.4	8.6	11.7
UNEMPLOYMENT RATE										
Rochester MSA*	5.0 %	5.3 %	4.5 %	4.0 %	4.1 %	3.9 %	4.3 %	4.0 %	4.5 %	5.9 %
Monroe County	4.5	4.9	4.0	3.5	3.6	3.6	3.9	3.7	4.4	5.7
Rochester City	8.0	8.7	7.0	6.2	6.5	6.4	7.0	6.6	7.8	10.0

Notes:

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

* Metropolitan Statistical Area

Source: www.labor.state.ny.us

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
TOTAL GOODS PRODUCING	135.1	133.7	134.4	134.1	135.9	134.5	129.8	126.0	119.9	109.8
Natural Resources and Mining	.8	.9	.7	.6	.5	.5	.5	.5	.5	.6
Construction	15.8	15.6	15.9	15.9	17.0	18.3	19.1	19.3	19.8	18.4
Manufacturing	118.5	117.2	117.8	117.6	118.4	115.7	110.3	106.3	99.6	90.8
Durable Goods	69.2	69.3	71.8	71.5	71.6	70.5	67.5	65.2	60.3	52.6
Nondurable Goods	49.3	47.9	46.1	46.1	46.8	45.2	42.8	41.0	39.3	38.1
TOTAL SERVICE PROVIDING	380.9	383.9	389.6	392.9	395.6	405.2	418.5	427.3	429.3	424.4
Trade, Transportation and Utilities	87.1	87.4	87.4	87.0	87.1	89.4	91.7	92.8	93.0	90.7
Information Services	9.9	10.0	10.5	11.2	10.8	11.0	11.8	12.9	14.4	14.2
Financial Activities	24.7	24.7	24.5	24.7	22.8	22.1	22.0	22.2	22.2	21.8
Professional and Business Services	48.0	46.2	47.4	49.9	52.8	54.8	59.8	61.5	60.0	56.1
Education and Health	80.9	83.6	85.7	85.1	85.8	87.8	90.0	93.4	94.7	95.2
Leisure and Hospitality	37.8	38.2	39.3	39.7	40.8	42.1	42.6	42.6	41.1	41.6
Other Services	16.3	16.4	17.1	17.4	16.8	17.2	18.1	18.7	18.5	19.2
Government	76.3	77.5	78.0	78.1	78.7	80.8	82.4	83.3	85.4	85.7
Federal	5.8	5.9	5.8	5.8	5.7	5.5	5.5	5.8	5.4	5.3
State	14.0	13.7	13.8	13.5	13.4	13.4	13.5	13.7	14.0	14.0
Local	56.5	57.9	58.4	58.8	59.7	61.9	63.4	63.8	66.0	66.4

Notes:

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

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

Source: www.labor.state.ny.us

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
New Residential	46	82	107	75	44	52	47	38	44	23
New Nonresidential	131	112	144	130	139	125	136	113	119	144
Residential Remodeling	760	814	733	667	627	622	625	547	596	598
Commercial Remodeling	622	600	614	776	847	923	774	795	726	649
Demolition	203	163	209	248	209	239	250	319	307	359
Conversion	77	77	77	85	72	80	97	103	113	121
Other Structural	601	605	688	767	764	742	805	849	620	918
Plumbing	2,403	3,145	2,870	3,002	2,906	2,779	3,077	2,919	2,805	2,542
Electrical	1,867	1,858	1,671	1,757	1,838	2,007	2,190	2,133	2,302	2,594
TOTAL	6,710	7,456	7,113	7,507	7,446	7,569	8,001	7,816	7,632	7,948

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

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
New Residential	\$ 3,200	\$ 4,800	\$ 7,800	\$ 4,500	\$ 6,200	\$ 11,400	\$ 2,800	\$ 6,400	\$ 3,300	\$ 3,300
New Nonresidential	41,600	32,200	23,900	28,500	93,700	13,200	16,000	17,300	11,900	12,200
Residential Remodeling	6,700	6,900	9,900	4,000	4,400	4,100	4,000	3,800	3,600	4,000
Commercial Remodeling	39,300	55,900	52,500	117,500	66,900	67,700	50,400	89,700	38,500	30,600
Demolition	-	-	-	-	-	2,400	4,800	3,700	3,300	5,200
Conversion	200	3,500	200	300	300	600	800	100	2,300	2,200
Other Structural	3,500	1,800	3,500	1,500	4,000	3,600	1,800	2,700	2,600	2,200
Plumbing	6,500	7,000	7,600	10,300	10,500	8,400	11,900	8,200	8,800	5,500
Electrical	11,800	12,800	12,500	15,200	17,700	32,100	12,100	11,400	24,700	6,900
TOTAL	\$ 112,800	\$ 124,900	\$ 117,900	\$ 181,800	\$ 203,700	\$ 143,500	\$ 104,600	\$ 143,300	\$ 99,000	\$ 72,100

**THE CITY OF ROCHESTER, NEW YORK
MISCELLANEOUS STATISTICS
JUNE 30, 2003**

Date of Incorporation: April 28, 1834

Form of Government: Mayor/Council

Area: 36.44 Square Miles

Miles of Streets: 537

Parcels of Property:

Homestead (one to three-family residential): 56,091

Nonhomestead: 11,158

Water System:

Miles of Water Mains: 598

Consumers: 61,149

Average Daily Production: 35.0 million gallons

Public Safety:

Police Sectors: 7

Police Officers: 708

Fire Stations: 16

Firefighters: 529

Recreation and Culture:

Recreation Centers: 45

Acres of Parks: 880

Libraries: 11

Library Materials Circulated: 1,790,322

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Single Audit Report



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the basic financial statements of the City of Rochester, New York (the "City"), as of and for the year ended June 30, 2003, and have issued our report thereon dated September 23, 2003 which included a disclaimer of opinion with respect to the statistical data, the Schedule of Expenditures of NYS and Other Awards and Summary of Financial Assistance as listed in the foregoing table of contents. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in cursive script that reads "Deloitte & Touche LLP".

September 23, 2003



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

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

Compliance

We have audited the compliance of the City of Rochester, New York (the "City"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in cursive script, appearing to read "Albert J. Tompkins".

September 23, 2003

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
CITY GRANTS										
DEPT. OF HOUSING AND URBAN DEVELOPMENT:										
CDBG PY 1995	B-95-MC-36-0003	14.218	\$ 16,320,401	\$ 15,880,318	\$ 97,743	\$ 15,978,061	\$ 15,883,490	\$ 90,324	\$ 15,973,814	\$ 4,247
CDBG PY 1996	B-96-MC-36-0003	14.218	18,710,449	17,960,120	221,538	18,181,658	17,952,054	232,275	18,184,329	(2,671)
CDBG PY 1997	B-97-MC-36-0003	14.218	12,846,000	13,836,745	124,005	13,960,750	13,834,003	125,670	13,959,673	1,077
CDBG PY 1998	B-98-MC-36-0003	14.218	12,890,500	12,602,763	37,683	12,640,446	12,589,619	27,900	12,617,519	22,927
CDBG PY 1999	B-99-MC-36-0003	14.218	12,699,000	13,728,124	358,114	14,086,238	13,727,945	357,416	14,085,361	877
CDBG PY 2000	B-00-MC-36-0003	14.218	12,999,000	11,824,475	1,278,504	13,102,979	11,236,386	1,418,128	12,654,514	448,465
CDBG PY 2001	B-01-MC-36-0003	14.218	13,516,000	8,614,329	2,561,249	11,175,578	8,647,329	2,540,536	11,187,865	(12,287)
CDBG PY 2002	B-02-MC-36-0003	14.218	13,863,000	-	8,208,745	8,208,745	-	7,992,031	7,992,031	216,714
Section 108 Loan Program	B-95-MC-36-0003	14.158	1,300,000	900,000	400,000	1,300,000	900,000	-	900,000	400,000
Section 108 Loan Program	B-99-MC-36-0003B	14.158	2,000,000	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-
Section 108 Loan Program	B-00-MC-36-0003A	14.158	5,000,000	5,000,000	-	5,000,000	-	5,000,000	5,000,000	-
Section 108 Loan Program	B-95-MC-36-0003A	14.158	600,000	-	600,000	600,000	-	-	-	600,000
Section 108 EDI Program	B-92-ED-36-0003	14.158	700,000	700,000	-	700,000	560,000	140,000	700,000	-
Section 108 EDI Program	B-95-ED-36-0019	14.158	475,000	225,000	-	225,000	215,458	9,542	225,000	-
Section 108 EDI Program	B-99-ED-36-0017	14.158	500,000	250,000	-	250,000	250,000	-	250,000	-
Section 108 EDI Program	B-00-ED-36-0038	14.158	1,925,000	-	1,500,000	1,500,000	-	1,500,000	1,500,000	-
Emergency Shelter	S-02-MC-36-0005	14.146	412,000	-	306,589	306,589	-	307,446	307,446	(857)
Emergency Shelter	S-01-MC-36-0005	14.146	413,000	349,303	55,374	404,677	352,739	51,938	404,677	-
Home Program 1992	M-92-MC-36-0504	14.239	2,913,000	2,889,005	19,225	2,908,230	2,889,005	19,225	2,908,230	-
Home Program 1993	M-93-MC-36-0504	14.239	1,922,000	1,916,685	5,314	1,921,999	1,916,685	5,314	1,921,999	-
Home Program 1994	M-94-MC-36-0504	14.239	2,678,000	2,672,313	741	2,673,054	2,672,313	741	2,673,054	-
Home Program 1995	M-95-MC-36-0504	14.239	2,879,000	2,851,893	-	2,851,893	2,851,893	-	2,851,893	-
Home Program 1996	M-96-MC-36-0504	14.239	3,090,000	3,042,153	45,822	3,087,975	3,042,153	45,822	3,087,975	-
Home Program 1997	M-97-MC-36-0504	14.239	3,139,000	2,978,837	202,431	3,181,268	2,978,837	202,431	3,181,268	-
Home Program 1998	M-98-MC-36-0504	14.239	3,413,000	2,883,399	277,305	3,160,704	2,883,399	277,305	3,160,704	-
Home Program 1999	M-99-MC-36-0504	14.239	3,710,000	2,396,946	659,518	3,056,464	2,396,946	659,518	3,056,464	-
Home Program 2000	M-00-MC-36-0504	14.239	3,882,000	2,271,916	1,201,537	3,473,453	2,275,652	1,162,111	3,437,763	35,690
Home Program 2001	M-01-MC-36-0504	14.239	4,148,000	412,279	1,297,936	1,710,215	412,279	1,297,936	1,710,215	-
Home Program 2002	M-02-MC-36-0504	14.239	3,917,000	-	580,909	580,909	-	580,909	580,909	-
Neighborhood Initiative Grant Program	B-01-NI-NY-RO-0007	14.227	1,000,000	365,900	568,010	933,910	437,605	496,305	933,910	-
HOPWA	NY06H02F003	14.241	566,000	-	60,490	60,490	-	60,490	60,490	-
HOPWA	NY06H01F003	14.241	536,000	82,866	451,346	534,212	82,866	451,346	534,212	-
U.S. DEPARTMENT OF JUSTICE										
Law Enforcement Block Grant	99-LB-VX-8226	16.592	644,345	677,801	-	677,801	666,304	11,497	677,801	-
Law Enforcement Block Grant	00-LB-BX-2829	16.592	559,496	582,570	-	582,570	324,221	258,349	582,570	-
Law Enforcement Block Grant	02-LB-BX-2679	16.592	425,702	-	425,702	425,702	-	3,958	3,958	421,744
Law Enforcement Block Grant	01-LB-BX-2964	16.592	546,991	552,251	-	552,251	19,568	169,110	188,678	363,573
Weed & Seed FY 99	99-WS-QX-0079	16.595	175,000	155,625	19,375	175,000	155,625	19,375	175,000	-
Weed & Seed FY 01	01-WS-QX-0020	16.595	175,000	75,716	75,797	151,513	75,716	75,797	151,513	-
Weed & Seed FY 01	01-WS-QX-0158	16.595	450,000	3,852	128,834	132,686	3,852	128,834	132,686	-
Weed & Seed FY 01	01-WS-QX-0191	16.595	450,000	2,445	100,472	102,917	2,445	100,472	102,917	-
Asset Forfeiture 00 (Livable Communities)		16.595	50,000	40,133	9,867	50,000	40,133	9,867	50,000	-
COPS MORE	99-CL-WX-0250	16.680	515,680	718,196	16,446	734,642	718,196	16,446	734,642	-
COPS 311	99-CK-WX-0027	16.680	383,900	375,544	-	375,544	375,544	-	375,544	-
COPS in Schools	99-SH-WX-0080	16.680	3,000,000	2,158,138	841,862	3,000,000	2,158,138	841,862	3,000,000	-
COPS Racial Profiling	01-HS-WX-K051	16.680	200,000	-	24,010	24,010	-	24,010	24,010	-
DEA/ATF		16.595	28,954	-	28,954	28,954	-	28,954	28,954	-
Nunn-Luger	2002-TE-CX-0034	16.007	280,000	-	127,717	127,717	-	127,717	127,717	-
Safe Start		16.730	79,167	-	61,827	61,827	-	61,827	61,827	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
U.S. DEPARTMENT OF TRANSPORTATION										
NYS DEPARTMENT OF TRANSPORTATION (Pass Through)										
Buffalo Road/West Avenue - 4512.19	D010729	20.205	3,814,400	3,355,224	(6,750)	3,348,474	3,355,224	(6,750)	3,348,474	-
Goodman Street - 4751.98	D010694	20.205	2,800,800	2,390,475	-	2,390,475	2,390,475	-	2,390,475	-
Broad Street Tunnel - 4751.87	D009279	20.205	1,166,400	377,158	51,902	429,060	377,158	51,902	429,060	-
Court Street Bridge - 4752.13	D010724	20.205	761,600	651,824	-	651,824	651,824	-	651,824	-
Ford Street Bridge - 4752.52	D011399	20.205	8,800,000	8,234,308	108,280	8,342,588	8,234,308	108,280	8,342,588	-
Lake Avenue - 4752.49	D011414	20.205	9,213,146	2,209,664	4,800,628	7,010,292	2,209,664	4,800,628	7,010,292	-
St. Paul Street/Inner Loop - 4752.34	D010735	20.205	360,800	357,831	-	357,831	357,831	-	357,831	-
Dewey Avenue	D011509	20.205	1,360,000	1,329,511	-	1,329,511	1,329,511	-	1,329,511	-
Port	D013858	20.205	14,304,222	2,285,133	3,794,581	6,079,714	2,305,482	3,784,475	6,089,957	(10,243)
Bicycle Parking/Genesee River Sign	D011511	20.205	95,200	88,201	-	88,201	88,201	-	88,201	-
West Ridge Road	D013560	20.205	1,353,600	543,439	349,941	893,380	543,439	349,941	893,380	-
Broad Street Bridge	D013824	20.205	240,000	1,947	4,524	6,471	1,947	4,524	6,471	-
University Avenue Artwalk	D017130	20.205	232,800	178,158	54,642	232,800	178,158	54,642	232,800	-
CBD Signs	D017579	20.205	6,975	1,109	30,741	31,850	1,109	30,741	31,850	-
Lexington Avenue	D017499	20.205	503,200	1,726	108,839	110,565	1,726	108,839	110,565	-
Chili Avenue	D014967	20.205	552,800	287,878	334,475	622,353	287,878	334,475	622,353	-
Elmwood Avenue Bridge	D013825	20.205	1,965,620	133,841	729,397	863,238	133,841	729,397	863,238	-
PL - 2003-04	D125071	20.205	100,000	-	20,653	20,653	-	20,653	20,653	-
Hazardous Mitigation	NY-03-01	20.205	85,000	-	85,000	85,000	-	85,000	85,000	-
FEDERAL EMERGENCY MANAGEMENT AGENCY										
Hazardous Mitigation	055-63000-00	83.516	218,159	-	218,159	218,159	-	218,159	218,159	-
U.S. ENVIRONMENTAL PROTECTION AGENCY										
Brownfield Grant	V992420-01	66.811	200,000	83,000	69,000	152,000	82,034	69,621	151,655	345
Water Vulnerability Assessment	GHS82997201	66.476	115,000	-	85,415	85,415	-	85,415	85,415	-
U.S. DEPARTMENT OF AGRICULTURE:										
Summer Food Service	36-079500	10.555	368,577	-	368,577	368,577	-	368,577	368,577	-
U.S. DEPARTMENT OF COMMERCE										
EDA Outer Loop Industrial Park	01-01-03833	11.300	877,800	591,642	-	591,642	591,642	-	591,642	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:										
Teen Pregnancy 97	88/CCU21236703	93.283	678,252	677,418	834	678,252	678,252	-	678,252	-
Teen Pregnancy 98	88/CCU21236704	93.283	684,242	649,470	34,772	684,242	654,242	30,000	684,242	-
Teen Pregnancy 99	88/CCU21236705	93.283	758,161	688,676	69,485	758,161	753,675	4,486	758,161	-
Teen Pregnancy 00	88/CCU21236706	93.283	842,000	799,254	42,390	841,644	740,846	100,798	841,644	-
Teen Pregnancy 01	88/CCU212367-7	93.283	1,130,382	737,729	368,227	1,105,956	713,561	375,328	1,088,889	17,067
Medical Response	282-000031	93.728	600,000	217,031	223,412	440,443	217,031	223,412	440,443	-
SUBTOTAL CITY GRANTS			\$ 227,115,721	\$ 159,849,287	\$ 34,928,115	\$ 194,777,402	\$ 153,407,457	\$ 38,863,277	\$ 192,270,734	\$ 2,506,668

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue	
				Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003		
CITY SCHOOL DISTRICT GRANTS											
PROJECTS OPEN AS OF JUNE 30, 2003											
DIRECT FEDERAL PROJECTS											
U.S. DEPARTMENT OF EDUCATION:											
IMPACT AID											
	F0820 Impact Aid	S041Z033427	84.040	19,052	-	43,878	43,878	-	12,292	12,292	31,586
OTHER DIRECT FEDERAL											
	F0335 Native American Resource Center	S060A022183	84.060A	55,327	-	27,271	27,271	-	47,820	47,820	(20,549)
	F0418 Carolyn White Physical Fitness	S215F020330	84.215F	450,000	-	89,693	89,693	-	170,792	170,792	(81,099)
	F0425 Drug/Violence Prev-Middle Schl	S184K000045	84.184K	395,776	-	260,618	260,618	-	344,957	344,957	(84,339)
	F0486 21st Century Community Learning Centers	S287A011690	84.287A	2,205,000	-	-	-	-	3,336	3,336	(3,336)
FEDERAL FLOW THROUGH PROJECTS											
ESEA TITLE I											
	F0196 Title I-Even Start #2A	0024-03-3037	84.213C	71,260	-	42,042	42,042	-	40,700	40,700	1,342
	F0197 Title I Even Start	0024-03-1395	84.213C	160,150	-	98,235	98,235	-	99,824	99,824	(1,589)
	F0202-298 Title I	0021-03-1395	84.010A	25,322,218	-	19,547,782	19,547,782	-	18,704,681	18,704,681	843,101
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES											
	F0201 Title V -No Child Left Behind	0002-03-1395	84.298A	535,006	-	481,505	481,505	-	282,292	282,292	199,213
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS											
	F0450 Safe & Drug Free Schools & Communities	0180-03-1395	84.186A	622,467	-	502,160	502,160	-	449,206	449,206	52,954
INDIVIDUALS WITH DISABILITIES EDUCATION ACT											
	F0190 VESID Reading /Math Initiative	0031-03-1200	84.027A	125,000	-	112,500	112,500	-	117,364	117,364	(4,864)
	F0305 Support Services Handicapped	0032-03-0370	84.027A	6,661,005	-	6,047,605	6,047,605	-	5,186,701	5,186,701	860,904
	F0310 SETRC	0031-03-9909	84.027A	404,314	-	370,017	370,017	-	261,810	261,810	108,207
	F0311 IDEA State Improvement Grant	0031-03-5305	84.027A	50,000	-	45,000	45,000	-	33,250	33,250	11,750
	F0340 Pre-School Handicapped	0033-03-0370	84.173A	287,432	-	303,606	303,606	-	266,916	266,916	36,690
	F0359 LRE Grant - Audiology	0031-03-2707	84.027A	100,000	-	20,000	20,000	-	98,825	98,825	(78,825)
	F0390 Pre-School Administration	0232-03-0370	84.173A	123,024	-	110,721	110,721	-	84,016	84,016	26,705
	F0397 IDEA Technology	0207-03-5206		218,617	-	-	-	-	6,374	6,374	(6,374)
	F0586 Medicaid Grant	0031-03-4016	84.027A	54,000	-	48,600	48,600	-	54,202	54,202	(5,602)
VOCATIONAL EDUCATION											
	F0707 VATEA / Secondary Formula	8000-03-0024	84.048A	588,468	-	529,621	529,621	-	553,874	553,874	(24,253)
	F0754 VATEA / Adult Formula	8000-03-9020	84.048A	518,498	-	466,648	466,648	-	522,424	522,424	(55,776)
	F0767 Perkins 3 Tech Prep Planning	8080-03-3002	84.243A	100,000	-	85,000	85,000	-	61,615	61,615	23,385
WORKFORCE INVESTMENT ACT											
	F0701 WIA, Title II, Incarcerated & Institutionalized	0138-03-0015	84.002A	48,600	-	43,740	43,740	-	35,053	35,053	8,687
	F0722 WIA, Title II, Adult Education & Literacy	2338-03-0133	84.002A	416,602	-	292,056	292,056	-	356,981	356,981	(64,925)
	F0777 WIA, Title II, Workplace Literacy	2338-03-4017	84.002A	25,000	-	22,500	22,500	-	28,068	28,068	(5,568)
OTHER FEDERAL FLOW THROUGH STATE											
	F0120 Title II-D - Technology	0292-03-1395	84.318X	725,502	-	507,851	507,851	-	399,926	399,926	107,925
	F0166 Comprehensive School Reform Program @ #1	0223-03-1561	84.332A	110,000	-	99,000	99,000	-	100,608	100,608	(1,608)
	F0167 Comprehensive School Reform Program @ #2	0223-03-1546	84.332A	120,553	-	99,000	99,000	-	118,108	118,108	(19,108)
	F0168 Comprehensive School Reform Program @ #4	0223-03-1551	84.332A	110,000	-	99,000	99,000	-	97,644	97,644	1,356
	F0169 Comprehensive School Reform Program @ #20	0223-03-1560	84.332A	110,000	-	99,000	99,000	-	103,281	103,281	(4,281)
	F0170 Comprehensive School Reform Program @ #33	0223-03-1559	84.332A	110,000	-	99,000	99,000	-	109,384	109,384	(10,384)
	F0171 Comprehensive School Reform Program @ #37	0223-03-1554	84.332A	110,000	-	99,000	99,000	-	89,784	89,784	9,216
	F0172 Comprehensive School Reform Program @ #45	0223-03-1555	84.332A	110,000	-	99,000	99,000	-	102,701	102,701	(3,701)
	F0173 Comprehensive School Reform Program @ #54	0223-03-1550	84.332A	110,000	-	99,000	99,000	-	102,747	102,747	(3,747)
	F0174 Comprehensive School Reform Program @ #3	0223-03-1562	84.332A	110,000	-	99,000	99,000	-	106,364	106,364	(7,364)
	F0175 Comprehensive School Reform Program @ CMS	0223-03-1544	84.332A	110,000	-	99,000	99,000	-	100,670	100,670	(1,670)
	F0176 Comprehensive School Reform Program @ MMS	0223-03-1557	84.332A	110,000	-	99,000	99,000	-	101,661	101,661	(2,661)
	F0178 Comprehensive School Reform Program @ FTLC	0223-03-1558	84.332A	110,000	-	99,000	99,000	-	107,341	107,341	(8,341)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
OTHER FEDERAL FLOW THROUGH STATE (cont.)										
F0178 Comprehensive School Reform Program @ FHS	0223-03-1556	84.332A	110,000	-	99,000	99,000	-	109,341	109,341	(10,341)
F0182 CSR America's Choice No. 34	0223-03-5025	84.332A	175,000	-	157,500	157,500	-	143,381	143,381	14,119
F0183 CSR America's Choice Lofton	0223-03-5024	84.332A	175,000	-	157,500	157,500	-	144,905	144,905	12,595
F0184 CSR America's Choice Jeffersn	0223-03-5026	84.332A	175,000	-	157,500	157,500	-	139,169	139,169	18,331
F0185 CSR America's Choice No. 30	0223-03-5027	84.332A	175,000	-	157,500	157,500	-	143,851	143,851	13,649
F0186 CSR America's Choice No. 16	0223-03-5028	84.332A	175,000	-	157,500	157,500	-	125,965	125,965	31,535
F0187 CSR Exped Learning OB No. 58	0223-03-5029	84.332A	175,000	-	122,500	122,500	-	148,195	148,195	(25,695)
F0188 CSR America's Choice No. 19	0223-03-5030	84.332A	175,000	-	157,500	157,500	-	137,190	137,190	20,310
F0189 High Schools That Work	0223-03-5002	84.332A	106,138	-	95,524	95,524	-	100,650	100,650	(5,126)
F0200 Title II -No Child Left Behind	0147-03-1395	84.367A	5,263,298	-	4,736,968	4,736,968	-	4,493,798	4,493,798	243,170
F0300 Title I Improvement and Choice	0011-03-2019	84.348A	1,020,000	-	714,000	714,000	-	57,895	57,895	656,105
F0336 Learn & Serve America @ #36	0270-03-0040	94.004	19,000	-	17,100	17,100	-	15,079	15,079	2,021
F0344 Reading Excellence Act Grant	1001-03-0021	84.338A	400,400	-	340,340	340,340	-	376,678	376,678	(36,338)
F0360 Homeless Children	0212-03-0395	84.196A	50,000	-	12,500	12,500	-	23,128	23,128	(10,628)
F0719 EDGE Welfare To Work	0298-02-9008	93.558	238,000	-	66,300	66,300	-	218,856	218,856	(152,556)
F0786 Family, Adult and Workplace Literacy	0098-02-2008	93.558	254,061	-	37,289	37,289	-	203,310	203,310	(166,021)
F0792 W To W Alternative Ed Partner	0098-02-6204	93.558	324,000	-	48,600	48,600	-	-	-	48,600
OTHER INDIRECT FEDERAL										
F0522 Schools in Need - Stipends (Monroe #1 BOCES)	---		75,570	-	12,000	12,000	-	1,095	1,095	10,905
F0705 Rochester Regional Transition Site (Mon #1 BOCES)	---		2,000	-	2,000	2,000	-	-	-	2,000
F0711 Marshall Workforce-Ready (R R A)	---		62,500	-	20,003	20,003	-	40,129	40,129	(20,126)
F0712 ViaHealth Rochester General Hospital	---		8,280	-	2,282	2,282	-	5,536	5,536	(3,254)
F0727 Refugee Assistance (Catholic Family Center)	---		46,800	-	23,400	23,400	-	34,755	34,755	(11,355)
F0734 JTPA-Summer Law Preparation (City of Rochester)	---		3,800	-	3,170	3,170	-	3,239	3,239	(69)
F0746 Early Head Start (Action for a Better Community)	---		286,450	-	-	-	-	58,961	58,961	(58,961)
F0749 New Citizenship Initiative (Oswego County BOCES)	---		35,400	-	34,155	34,155	-	18,378	18,378	15,777
F0762 GED Services Healthy Start (Perinatal Net of M C)	---		1,800	-	-	-	-	-	-	-
F0780 Green Team (Arbor Career Center)	---		8,000	-	-	-	-	7,403	7,403	(7,403)
F0781 Green Team (Rochester Landscape Technicians Inc.)	---		4,800	-	4,800	4,800	-	5,364	5,364	(564)
PROJECTS CLOSED AS OF JUNE 30, 2003										
DIRECT FEDERAL PROJECTS										
U.S. DEPARTMENT OF EDUCATION:										
IMPACT AID										
J0820 Impact Aid	S041Z023427	84.040	19,052	-	39,796	39,796	4,779	35,016	39,796	-
OTHER DIRECT FEDERAL										
J0335 Native American Resource Center	S060A012183	84.060A	54,806	35,436	9,333	44,769	44,769	-	44,769	-
J0426 Drug & Violence Prevention Middle Schools	S184K010027	84.184K	323,165	57,521	155,084	212,606	83,808	128,798	212,606	-
J0485-486 21st Century Community Learning Centers	S287A011690	84.287A	3,832,923	619,194	2,946,419	3,565,613	1,787,272	1,778,341	3,565,613	-
J0741 National School To Work UROG	U63787008860	17.249	121,348	71,195	50,153	121,348	127,614	(6,267)	121,348	-
FEDERAL FLOW THROUGH PROJECTS										
ESEA TITLE I										
J0197 Title I Even Start	0024-02-1395	84.213C	484,560	436,104	7,287	443,391	307,385	136,006	443,391	-
J0202 Title I Non-Public Services	0121-02-1395	84.216A	53,251	47,925	(47,925)	-	-	-	-	-
J0203-298 Title I	0021-02-1395	84.010A	19,775,815	15,017,921	4,018,490	19,036,411	18,581,020	455,391	19,036,411	-
J0323 ESEA I Program Improvement	0122-02-2513	84.010A	2,500	500	1,748	2,248	337	1,911	2,248	-
ESEA TITLE VI INNOVATIVE PROGRAM STRATEGIES										
J0130-140 Title VI	0002-02-1395	84.298A	591,786	443,840	111,076	554,916	535,599	19,317	554,916	-
ESEA TITLE IV SAFE & DRUG-FREE SCHOOLS										
J0450 Safe & Drug Free Schools & Communities	0180-02-1395	84.186A	465,651	349,238	51,902	401,140	344,034	57,106	401,140	-

**THE CITY OF ROCHESTER, NEW YORK
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YEAR ENDED JUNE 30, 2003**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
INDIVIDUALS WITH DISABILITIES EDUCATION ACT										
J0305 Support Services Handicapped	0032-02-0370	84.027A	5,095,707	3,720,889	1,049,529	4,770,418	4,657,316	113,102	4,770,418	-
J0310 SETRC	0031-02-9909	84.027A	463,327	416,994	(68,513)	348,481	340,009	8,472	348,481	-
J0311 IDEA State Improvement Grant	0031-02-5305	84.027A	50,000	45,000	(22,284)	22,716	15,483	7,233	22,716	-
J0340 Pre-School Handicapped	0033-02-0370	84.173A	322,515	290,267	7,199	297,466	295,537	1,929	297,466	-
J0341 NYS Collaborative Preschool Review	0031-02-2707	84.173A	4,000	3,600	(3,600)	-	-	-	-	-
J0390 Pre-School Administration	0232-02-0370	84.173A	134,937	121,443	12,817	134,260	134,259	1	134,260	-
J0586 Medicaid Grant	0031-02-4016	84.027A	50,034	45,000	4,789	49,789	49,789	(0)	49,789	-
VOCATIONAL EDUCATION										
J0707 VATEA / Secondary Formula	8000-02-0024	84.048A	515,510	463,959	27,288	491,247	491,186	61	491,247	-
J0754 VATEA / Adult Formula	8000-02-9020	84.048A	474,778	427,300	47,478	474,778	541,872	(67,094)	474,778	-
WORKFORCE INVESTMENT ACT										
J0701 WIA, Title II, Incarcerated & Institutionalized	0138-02-0015	84.002A	48,600	43,740	4,860	48,600	49,265	(665)	48,600	-
J0722 WIA, Title II, Adult Education & Literacy	2338-02-0133	84.002A	298,507	268,656	29,765	298,421	298,420	1	298,421	-
J0777 WIA, Title II, Workplace Literacy	2338-02-4017	84.002A	50,000	30,000	19,027	49,027	7,020	42,007	49,027	-
OTHER FEDERAL FLOW THROUGH STATE										
J0166 Comprehensive School Reform Program @ #1	0223-02-1561	84.332A	110,000	22,000	73,973	95,973	88,703	7,270	95,973	-
J0167 Comprehensive School Reform Program @ #2	0223-02-1546	84.332A	110,000	99,000	447	99,447	94,362	5,085	99,447	-
J0168 Comprehensive School Reform Program @ #4	0223-02-1551	84.332A	110,000	99,000	11,000	110,000	109,985	15	110,000	-
J0169 Comprehensive School Reform Program @ #20	0223-02-1560	84.332A	110,000	99,000	(789)	98,211	84,328	13,883	98,211	-
J0170 Comprehensive School Reform Program @ #33	0223-02-1559	84.332A	110,000	99,000	10,045	109,045	103,020	6,025	109,045	-
J0171 Comprehensive School Reform Program @ #37	0223-02-1554	84.332A	110,000	99,000	5,256	104,256	93,768	10,488	104,256	-
J0172 Comprehensive School Reform Program @ #45	0223-02-1555	84.332A	110,000	99,000	5,769	104,769	100,125	4,644	104,769	-
J0173 Comprehensive School Reform Program @ #54	0223-02-1550	84.332A	110,000	99,000	11,000	110,000	109,977	23	110,000	-
J0174 Comprehensive School Reform Program @ #3	0223-02-1562	84.332A	110,000	22,000	84,893	106,893	101,785	5,108	106,893	-
J0175 Comprehensive School Reform Program @ CMS	0223-02-1544	84.332A	110,000	99,000	12,529	111,529	96,230	15,299	111,529	-
J0176 Comprehensive School Reform Program @ MMS	0223-02-1557	84.332A	110,000	99,000	13,500	112,500	110,535	1,965	112,500	-
J0177 Comprehensive School Reform Program @ FTLC	0223-02-1558	84.332A	110,000	99,000	11,000	110,000	105,625	4,375	110,000	-
J0178 Comprehensive School Reform Program @ FHS	0223-02-1556	84.332A	110,000	99,000	11,000	110,000	109,451	549	110,000	-
J0180 ESEA Title II Eisenhower / Math-Science	0130-02-1395	84.281A	534,718	481,246	(28,920)	452,326	367,216	85,110	452,326	-
J0189 High Schools That Work	0223-02-5002	84.332A	106,138	21,227	77,577	98,804	98,622	182	98,804	-
J0300 Title I Improvement and Choice	0011-02-2019	84.348A	1,100,000	825,000	23,916	848,916	373,835	475,081	848,916	-
J0330 Goals 2000 - ELA & Math Initiatives	0275-02-2069	84.276A	200,000	40,000	146,703	186,703	-	186,703	186,703	-
J0332 Goals 2000 - Professional Development	0275-02-6021	84.276A	1,147,000	547,500	518,933	1,066,433	212,579	853,854	1,066,433	-
J0336 Learn & Serve America @ #36	0270-02-0040	94.004	19,464	17,100	(45)	17,055	16,385	670	17,055	-
J0342 Title III Tech Literacy Challenge	0272-02-0030	84.318X	573,931	516,537	41,880	558,417	510,926	47,491	558,417	-
J0346 Library Services	0070-02-0053	45.310	25,165	22,648	2,149	24,797	10,539	14,258	24,797	-
J0360 Homeless Children	0212-02-0395	84.196A	50,000	30,000	19,514	49,514	22,729	26,785	49,514	-
J0465 Refugee Children School Impact	0083-02-2011	93.576	81,400	45,900	22,107	68,007	35,553	32,454	68,007	-
J0719 EDGE Welfare To Work	0298-02-9008	93.558	26,610	-	25,808	25,808	-	25,808	25,808	-
J0740 School to Work Transition	0091-02-1395	17.249	117,949	106,154	11,795	117,949	118,159	(210)	117,949	-
J0786 Family, Adult and Workplace Literacy	0098-02-0008	93.558	249,567	200,494	45,445	245,939	238,423	7,516	245,939	-
J0791 EDGE After School Program	0098-02-6008	93.558	11,250	-	9,971	9,971	1,594	8,377	9,971	-
J0792 W To W Alternative Ed Partner	0098-02-6004	93.558	324,521	-	324,521	324,521	-	324,521	324,521	-
J0794 EDGE Literacy/Work Preparedness, Pregnant Teens	0098-02-6003	93.558	81,053	-	72,753	72,753	58,856	13,897	72,753	-
J0795 GED Outreach	0098-02-6009	93.558	19,236	3,154	12,604	15,758	14,890	867	15,758	-
J0830 Federal Early Grade Class Size Reduction	0117-02-1395	84.340A	3,067,610	2,760,849	134,072	2,894,921	2,886,905	8,016	2,894,921	-

**THE CITY OF ROCHESTER, NEW YORK
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YEAR ENDED JUNE 30, 2003**

	Grant Number	CFDA Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
				Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
OTHER INDIRECT FEDERAL										
J0348 Rochester Images (Rochester Public Library)	---		3,240	3,240	0	3,240	3,449	(209)	3,240	0
J0402 Mathematics Subs @ #28, Franklin (U of R)	---		1,000	1,000	0	1,000	563	437	1,000	0
J0520 Douglass Learner Focused (Monroe #1 BOCES)	---		22,176	22,176	0	22,176	24,749	(2,573)	22,176	0
J0521 Schools in Need - Textbooks (Monroe #1 BOCES)	---		52,000	52,000	0	52,000	31,145	20,855	52,000	0
J0522 Schools in Need - Stipends (Monroe #1 BOCES)	---		14,394	14,394	0	14,394	11,189	3,205	14,394	0
J0523 Instructional Supplies Grade 9 (Monroe #1 BOCES)	---		67,500	67,500	0	67,500	25,524	41,976	67,500	0
J0524 Instructional Supplies Full-Day K (Monroe #1 BOCES)	---		32,500	32,500	0	32,500	18,359	14,141	32,500	0
J0525 Math Manipulatives and Charts (Monroe #1 BOCES)	---		15,718	15,718	0	15,718	15,857	(139)	15,718	0
J0526 Consultation, Level Text, Supplies (Monroe #1 BOCES)	---		63,328	63,328	0	63,328	25,155	38,173	63,328	0
J0705 Rochester Regional Transition Site (Monroe #1 BOCES)	---		2,000	4,000	(2,000)	2,000	440	1,560	2,000	0
J0710 Workforce Investment Board (R R A)	---		50,626	50,626	0	50,626	51,446	(820)	50,626	0
J0727 Refugee Assistance (Catholic Family Center)	---		58,700	0	20,826	20,826	62,372	(41,546)	20,826	0
J0731 MCC Tech Prep (Monroe Community College)	---		25,300	25,300	0	25,300	23,765	1,535	25,300	0
J0746 Early Head Start (Action for a Better Community)	---		406,007	19,639	386,268	405,907	43,841	362,067	405,907	0
J0749 New Citizenship Initiative (Oswego County BOCES)	---		15,608	0	15,600	15,600	159	15,441	15,600	0
J0761 GED Services Public Housing (R H A)	---		27,100	0	24,104	24,104	14,922	9,182	24,104	0
J0762 GED Services Healthy Start (Perinatal Network of M C)	---		3,165	0	3,165	3,165	0	3,165	3,165	0
J0765 GED Testing (Rochester Resource Alliance)	---		17,500	7,500	7,500	15,000	14,994	6	15,000	0
SCHOOL FOOD SERVICE FUND:										
U.S. DEPARTMENT OF AGRICULTURE	---	10.555	12,324,319	0	12,324,319	12,324,319	0	12,324,319	12,324,319	0
TOTAL SCHOOL DISTRICT GRANTS			106,758,733	30,085,452	61,565,485	91,650,937	35,339,808	53,907,391	89,247,199	2,403,737
TOTAL CITY GRANTS			227,115,721	159,849,287	34,928,115	194,777,402	153,407,457	38,863,277	192,270,734	2,506,688
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS			<u>\$ 333,874,454</u>	<u>\$ 189,934,739</u>	<u>\$ 96,493,600</u>	<u>\$ 286,428,339</u>	<u>\$ 188,747,265</u>	<u>\$ 92,770,668</u>	<u>\$ 281,517,933</u>	<u>\$ 4,910,405</u>

CITY OF ROCHESTER, NEW YORK

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

1. General - The accompanying Schedule of Expenditures of Federal Awards represents the activity of all federal programs of the City of Rochester, New York. The City of Rochester reporting entity is defined in Note 1 to the City's general purpose financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.
2. Basis of Accounting - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 2 to the City's general purpose financial statements.
3. Relationship to Federal Financial Reports. Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports.
4. Other. Negative revenues are a result of program closeout, or a reduction in the reserve for encumbrances.

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- | | | | | |
|---|-------|-----|---|-----|
| 1. Material weakness(es) identified? | _____ | Yes | ✓ | No |
| 2. Reportable condition(s) identified not considered to be material weaknesses? | _____ | Yes | ✓ | N/A |
| 3. Noncompliance material to financial statements noted? | _____ | Yes | ✓ | No |

Federal Awards:

Internal control over major programs:

- | | | | | |
|---|-------|-----|---|-----|
| 4. Material weakness(es) identified? | _____ | Yes | ✓ | No |
| 5. Reportable condition(s) identified not considered to be material weakness(es)? | _____ | Yes | ✓ | N/A |

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

- | | | | | | |
|---|-------|---|-----|-------|----|
| 6. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))? | _____ | ✓ | Yes | _____ | No |
| 7. The Authority's major programs were: | | | | | |

Name of Federal Program or Cluster

CFDA Number

Section 108 EDI Program	14.158
Community Development Block Grant	14.218
Nunn-Luger Program	16.007
Improving Teacher Quality State Grants (No Child Left Behind - Title II)	84.367
Innovative Education Program Strategies (No Child Left Behind - Title V)	84.298
Comprehensive School Reform Demonstration	84.332
Special Education Cluster:	
Special Education Grants to States (IDEA Part B): VESID Grant, Support Services for the Handicapped, SETRC, IDEA State Improvement Grant	84.027
Special Education Preschool Grants (IDEA Preschool): Preschool Handicapped and Administration	84.173

- | | | | | | |
|---|-------|---|--------------|-------|----|
| 8. Dollar threshold used to distinguish between Type A and Type B programs? | | | \$ 2,791,130 | | |
| 9. Auditee qualified as low-risk auditee? | _____ | ✓ | Yes | _____ | No |

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003

PART II - FINANCIAL STATEMENT FINDINGS SECTION

Reference Number	Findings	Questioned Costs
	No matters are reportable	

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COST SECTION

Reference Number	Findings	Questioned Costs
	No matters are reportable	

CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2003

There were no findings in the prior year.

New York State & Other Awards

**THE CITY OF ROCHESTER, NEW YORK
 SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
 YEAR ENDED JUNE 30, 2003**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
CITY GRANTS									
STATE OF NEW YORK:									
DIV. OF CRIMINAL JUSTICE SERVICE:									
JJAIBG Restorative Justice	C-520633	\$ 92,461	\$ 47,336	\$ 26,091	\$ 73,427	\$ 47,336	\$ 26,091	\$ 73,427	\$ -
JJAIBG Restorative Justice	C-520634	90,599	-	51,108	51,108	-	51,108	51,108	-
Motor Vehicle Theft	C-016703	50,000	-	46,539	46,539	-	46,539	46,539	-
Stop Violence Against Women	C-554634	87,000	21,654	64,262	85,916	21,654	64,262	85,916	-
PAC-TAC	LG008397	25,000	8,920	16,080	25,000	8,920	16,080	25,000	-
PAC-TAC	NC99787232	21,179	5,865	15,314	21,179	5,865	15,314	21,179	-
PAC-TAC	NC99817130	48,821	27,492	21,329	48,821	27,492	21,329	48,821	-
DEPT. OF ENVIRONMENTAL CONSERVATION:									
Hazardous Waste Cleanup	C-300037	4,572,923	4,558,696	14,227	4,572,923	4,558,696	14,227	4,572,923	-
APCO Remediation	C-300441	187,500	142,500	45,000	187,500	142,500	45,000	187,500	-
APCO Cleanup	C-300944	2,742,769	395,919	1,184,945	1,580,864	395,919	1,184,945	1,580,864	-
DEPARTMENT OF TRANSPORTATION:									
Buffalo Road/West Avenue - 4512.19	C950401	600,000	324,182	(5)	324,177	324,182	(5)	324,177	-
Buffalo Road/West Avenue - 4512.19	D010729	715,200	627,513	276	627,789	627,513	276	627,789	-
Goodman Street - 4751.98	D010694	525,150	450,351	-	450,351	445,167	-	445,167	5,184
ADA Sidewalks - 4752.39	D009740	370,500	370,500	-	370,500	370,500	-	370,500	-
Broad Street Tunnel - 4751.87	D009279	191,250	69,946	10,502	80,448	69,946	10,502	80,448	-
Court Street Bridge - 4752.13	D010724	82,750	132,600	-	132,600	132,600	-	132,600	-
Ford Street Bridge - 4752.52	D011399	1,609,000	1,543,842	24,077	1,567,919	1,543,842	24,077	1,567,919	-
Lake Avenue - 4752.49	D011414	1,719,965	414,619	899,810	1,314,429	414,619	899,810	1,314,429	-
Plymouth Avenue - 4942.G2	D011368	3,157,500	2,965,665	47,279	3,012,944	2,965,665	47,279	3,012,944	-
St. Paul Street/ Inner Loop - 4752.34	D010735	67,650	50,640	-	50,640	50,640	-	50,640	-
Dewey Avenue	D011509	252,000	231,617	-	231,617	231,617	-	231,617	-
Port of Rochester	A332	100,000	-	-	-	-	-	-	-
Port of Rochester	A334	1,000,000	446,831	-	446,831	446,831	-	446,831	-
Charlotte Port	A-218	1,000,000	-	-	-	-	-	-	-
Broad Street Bridge	D013824	66,000	365	848	1,213	365	848	1,213	-
Elmwood Bridge	D013825	190,500	25,001	129,504	154,505	25,001	129,504	154,505	-
Chili Avenue	D014967	103,650	53,977	62,241	116,218	53,977	62,714	116,691	(473)
CBD Wayfinding Signs	D017579	6,975	208	5,764	5,972	208	5,764	5,972	-
Lexington Avenue	D017499	65,250	324	20,407	20,731	324	20,407	20,731	-
West Ridge Road	D013560	309,000	135,859	41,402	177,261	135,859	41,402	177,261	-
Port of Rochester	D013858	394,000	210,040	233,731	443,771	210,040	233,731	443,771	-
DEPARTMENT OF EDUCATION:									
21st Century Grant (02-03)		493,048	-	-	-	-	26,947	26,947	(26,947)
LGRMIF	0580021248	47,500	23,608	-	23,608	37,993	-	37,993	(14,385)
LGRMIF	0580032624	36,000	-	36,000	36,000	-	35,692	35,692	308
LGRMIF	0580032604	35,000	-	31,500	31,500	-	34,374	34,374	(2,874)
Link Heat	0310020117	15,397	-	15,397	15,397	-	15,397	15,397	-
Lincoln Toy Library	0310020188	31,350	-	31,350	31,350	-	31,350	31,350	-
Business Resource Center	0070030032	20,376	-	13,584	13,584	-	13,584	13,584	-

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
DEPT. OF SOCIAL SERVICES:									
Adolescent Pregnancy 98-99	C008250	319,696	307,816	(8,376)	299,440	299,440	-	299,440	-
Adolescent Pregnancy 99-00	C008250	186,489	159,928	(607)	159,321	167,875	(8,554)	159,321	-
Adolescent Pregnancy 00-01	C008250	319,700	264,438	15,813	280,251	265,420	14,831	280,251	-
Adolescent Pregnancy 01-02	C008250	319,700	102,528	212,197	314,725	30,595	284,130	314,725	-
Adolescent Pregnancy 02-03	C008250	319,700	-	90,175	90,175	-	30,774	30,774	59,401
DEPARTMENT OF STATE									
Port - Riverfront Promenade	C006148	65,000	-	43,614	43,614	-	43,614	43,614	-
Port - Beach Gateway	C006149	50,000	-	50,000	50,000	-	50,000	50,000	-
CRIME VICTIMS BOARD:									
Victims Assistance 01-02	C-207017	238,400	178,410	59,687	238,097	164,060	74,037	238,097	-
Victims Assistance 02-03	C-207017	238,400	-	178,800	178,800	-	168,503	168,503	10,297
DEPARTMENT OF MOTOR VEHICLES									
Seat Belt Enforcement	PT-2801033	33,096	25,907	7,189	33,096	25,907	7,189	33,096	-
Seat Belt Enforcement	PT-2801034	23,640	-	18,658	18,658	-	18,658	18,658	-
Impaired Driving	C-001084	15,000	-	6,528	6,528	-	6,528	6,528	-
AFFORDABLE HOUSING CORP.:									
Affordable Housing	AHC-2B51	500,000	-	100,000	100,000	30,000	70,000	100,000	-
Affordable Housing	AHC-913-I	517,500	375,000	140,000	515,000	435,000	80,000	515,000	-
Affordable Housing	AHC-2C19	300,000	-	-	-	-	56,195	56,195	(56,195)
OFFICE OF CHILDREN AND FAMILY SERVICES									
Genesee Valley Ball Field	M000270	50,000	20,000	27,770	47,770	20,000	27,770	47,770	-
SUBTOTAL CITY GRANTS (EXCLUDING PASS THROUGH)		\$ 24,619,584	\$ 14,720,097	\$ 4,030,010	\$ 18,750,107	\$ 14,733,568	\$ 4,042,223	\$ 18,775,791	\$ (25,684)
CITY SCHOOL DISTRICT GRANTS									
PROJECTS CLOSED AS OF JUNE 30, 2003									
STATE OF NEW YORK:									
J0010 Teacher Support Aid	0646-02-1395	1,076,000	968,400	107,600	1,076,000	1,079,194	(3,194)	1,076,000	-
J0020 Improving Pupil Performance	0621-02-1395	6,950,000	6,255,000	695,000	6,950,000	6,847,734	102,266	6,950,000	-
J0023 Universal Pre-K	0409-02-1094	5,106,634	4,595,970	451,404	5,047,374	5,047,373	1	5,047,374	-
J0031-035 Employee Preparation Education	---	4,730,915	925,905	1,662,393	2,588,298	3,920,204	(1,331,906)	2,588,298	-
J0038 State Magnet School Program	0634-02-1395	11,000,000	9,900,000	1,100,000	11,000,000	11,000,381	(381)	11,000,000	-
J0041 Incarcerated Youth	---	1,317,791	569,205	524,110	1,093,315	993,821	99,494	1,093,315	-
J0045 Categorical Reading	0629-02-1395	5,500,000	4,950,000	550,000	5,500,000	5,500,402	(402)	5,500,000	-
J0050-080 Summer Program	---	2,809,935	3,411,031	73,625	3,484,656	3,928,565	(443,909)	3,484,656	-
J0055 State Early Grade Class Size Reduction	0417-02-0092	4,894,784	4,405,305	489,479	4,894,784	4,953,562	(58,778)	4,894,784	-
J0085 NYS Experimental Pre-K Program	0400-02-1395	1,275,022	1,147,519	91,643	1,239,162	1,239,163	(1)	1,239,162	-
J0324 Learning Technology @ #50	0647-02-1070	44,948	40,453	(2,460)	37,993	42,014	(4,021)	37,993	-
J0325 Learning Technology @ #36	0647-02-1069	33,417	30,075	781	30,856	33,302	(2,446)	30,856	-
J0345 Rochester Teacher Center	0425-02-0082	458,000	412,200	89	412,289	407,491	4,798	412,289	-
J0347 Mentor Teacher Internship Program	0663-02-0009	309,000	264,816	38,424	303,240	310,533	(7,293)	303,240	-
J0350 Rochester School Library Systems	0365-02-1046	98,804	98,804	(10,436)	88,368	88,368	-	88,368	-
J0351 Extended School Day & Violence Prevention	0640-02-1395	739,865	665,878	945	666,823	666,804	19	666,823	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
 SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
 YEAR ENDED JUNE 30, 2003**

	Grant Number	Budget	REVENUES				EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003		
STATE OF NEW YORK (continued):										
J0352 School Library System Aid for Automation	0364-02-1046	9,880	9,880	(286)	9,594	9,594	-	9,594	-	
J0353 School Library System Categorical Aid - Rollover	0365-01-0046 & 1046	11,063	11,063	-	11,063	10,991	71	11,063	-	
J0354 School Library System Aid for Automation - Rollover	0364-01-0046 & 1046	4,733	4,733	-	4,733	4,616	117	4,733	-	
J0355 School Library System Technology Project	7002-02-0224	3,080	2,310	763	3,073	3,074	(1)	3,073	-	
J0365 Pre-K Health Grant	0400-02-7007	38,600	34,740	1,154	35,894	35,894	(0)	35,894	-	
J0400 Youth at Risk	0610-02-1395	60,000	54,000	780	54,780	55,836	(1,056)	54,780	-	
J0420 Child Abduction Prevention	0544-02-1395	23,614	21,252	1,079	22,331	22,331	0	22,331	-	
J0460 Bilingual/ESL Staff Academy for Raising Standards	0635-02-7001	64,341	57,906	(8,773)	49,133	49,134	(1)	49,133	-	
J0480 DeWitt-Wallace Urban Leadership Grant	---	100,000	50,000	50,000	100,000	85,608	14,392	100,000	-	
J0720 Welfare Education	2396-02-0133	18,280	16,452	1,828	18,280	18,315	(35)	18,280	-	
J0724 Community Use of Schools	0616-02-1395	200,000	180,000	20,000	200,000	203,698	(3,698)	200,000	-	
J0751 SURR Grant @ Lofton	0436-02-0005	74,981	67,482	7,499	74,981	75,127	(146)	74,981	-	
J0753 SURR Grant @ Douglass, FTLC	0435-02-3002	18,839	4,709	8,824	13,533	13,532	1	13,533	-	
J0764 ARSIP / Apprenticeship	0140-02-0024	172,279	161,331	-	161,331	166,101	(4,770)	161,331	-	
J0796 Built on Pride	---	90,059	-	107,159	107,159	107,159	64,970	107,159	-	
J0825 Teachers of Tomorrow	0644-02-0012	2,570,000	1,927,500	(141,504)	1,785,996	2,179,036	(393,040)	1,785,996	-	
COUNTY PROJECTS:										
J0154 OASAS	---	26,205	11,124	14,036	25,160	8,483	16,677	25,160	-	
J0156 Reality Check Youth Empowerment Initiative	---	4,000	3,975	-	3,975	3,127	848	3,975	-	
J0316 Diagnostic Outreach Team	---	142,647	69,660	53,035	122,695	244,687	(121,992)	122,695	-	
J0317 Pre-School Integrated / Handicapped	---	1,001,907	406,939	147,980	554,919	1,041,832	(486,913)	554,919	-	
J0370 Community Pre-School Related Services	---	575,010	369,298	90,061	459,359	495,431	(36,071)	459,359	-	
J0375 Special Education / Itinerant Teachers	---	83,200	52,400	17,400	69,800	82,074	(12,274)	69,800	-	
J0391 Pre-School Administration / County	---	235,422	-	-	-	265,695	(265,695)	-	-	
J0395 Education Specialist	---	34,026	-	32,734	32,734	32,734	-	32,734	-	
J0725 Family Learning Center / Day Care	---	317,010	42,594	17,796	60,390	291,029	(230,639)	60,390	-	
J0790 Learnfare	---	53,813	-	45,750	45,750	45,750	-	45,750	-	
PRIVATE PROJECTS:										
J0150 Harcourt Brace Math Project	---	100,000	50,000	5,534	55,534	55,534	-	55,534	-	
J0153 Smoking Cessation @ East High	---	3,802	1,639	317	1,956	1,956	0	1,956	-	
J0165 American Sign Language - BOCES	---	9,624	9,624	-	9,624	9,948	(324)	9,624	-	
J0302 Parent Empowerment Program	---	7,899	2,633	5,266	7,899	7,740	159	7,899	-	
J0303 PMHP Support	---	31,021	23,266	7,707	30,973	30,973	-	30,973	-	
J0340 Rochester Early Enhancement Program	---	200,152	166,790	27,837	194,627	169,790	24,837	194,627	-	
J0312 Closing the Gap - BOCES	---	30,477	22,548	8,669	31,217	17,546	13,671	31,217	-	
J0313 School #12 United Way	---	35,058	30,946	4,112	35,058	37,483	(2,425)	35,058	-	
J0314 Saturday School Program	---	9,784	7,735	-	7,735	7,548	187	7,735	-	
J0318 GRSSC State Improvement Grant - Marshall	---	17,052	8,878	4,641	13,519	13,505	14	13,519	-	
J0371 Gates Foundation @ Franklin Career Center	---	79,043	50,000	29,043	79,043	6,912	72,131	79,043	-	
J0379 Tobacco Prevention - BOCES	---	4,038	4,038	(1,738)	2,300	824	1,476	2,300	-	
J0380 Youth Tobacco Initiative	---	999	999	-	999	61	939	999	-	
J0401 Rochester Community Asthma Network	---	30,000	30,000	-	30,000	23,488	6,512	30,000	-	
J0427 Peace 2001 Jordan Foundation Grant	---	2,500	2,500	-	2,500	2,500	-	2,500	-	
J0513 Primary Mental Health Project / #43 & 44	---	55,000	41,250	13,750	55,000	55,885	(885)	55,000	-	
J0514 PMHP Expansion / #25 & 29	---	23,154	23,154	-	23,154	23,258	(104)	23,154	-	
J0515 PMHP Expansion 2002	---	26,660	13,330	13,127	26,457	26,649	(192)	26,457	-	
J0703 Rochester General Hospital Foundation	---	240,000	-	101,946	101,946	46,283	55,663	101,946	-	
J0704 Work Experience Center - Transitional Service	---	2,366	2,366	-	2,366	240	2,126	2,366	-	

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
PRIVATE PROJECTS (cont.)									
J0730 Chase Active Learning	---	20,000	20,000	-	20,000	16,777	3,223	20,000	-
J0760 Chase Active Learning-Rollover	---	3,012	-	3,012	3,012	-	3,012	3,012	-
J0774 Workplace Literacy	---	200,000	60,887	121,357	182,243	156,305	25,939	182,243	-
J0775 Rochester Industries / Workplace Literacy	---	235,078	121,403	60,191	181,594	303,545	(121,951)	181,594	-
J0776 U of R Strong Memorial Workplace Literacy	---	55,875	3,862	3,691	7,553	14,951	(7,398)	7,553	-
J0783 MCC GED	---	18,000	18,000	-	18,000	17,282	718	18,000	-
J0784 Remedial Education - ESOL	---	6,000	5,887	114	6,001	1,911	4,090	6,001	-
J0788 GED IPRT Family Service	---	2,000	2,000	-	2,000	2,029	(29)	2,000	-
J0797 Good Grades Pay	---	145,773	-	145,139	145,139	-	145,139	145,139	-
J0798 RIT Math/Engineering Camp	---	111,250	-	82,750	82,750	90,610	(7,860)	82,750	-
J0875 American Lung Association Open Airways	---	3,000	-	3,000	3,000	3,011	(11)	3,000	-
PROJECTS OPEN AS OF JUNE 30, 2003									
STATE OF NEW YORK:									
F0010 Teacher Support Aid	0646-03-1395	1,076,000	-	538,000	538,000	-	1,075,867	1,075,867	(537,867)
F0020 Improving Pupil Performance	0621-03-1395	6,950,000	-	4,170,000	4,170,000	-	6,917,079	6,917,079	(2,747,079)
F0023 Universal Pre-K	0409-03-1094	7,060,000	-	4,236,000	4,236,000	-	6,771,543	6,771,543	(2,535,543)
F0031-035 Employee Preparation Education	---	2,107,518	-	-	-	-	2,129,680	2,129,680	(2,129,680)
State Magnet School Program F0038	0634-03-1390	11,000,000	-	6,600,000	6,600,000	-	11,004,897	11,004,897	(4,404,897)
F0041 Incarcerated Youth	---	1,193,610	-	-	-	-	1,078,935	1,078,935	(1,078,935)
F0045 Categorical Reading	0629-03-1395	5,500,000	-	3,300,000	3,300,000	-	5,480,292	5,480,292	(2,180,292)
F0050-080 Summer Program	---	3,252,600	-	1,918,284	1,918,284	-	3,120,947	3,120,947	(1,202,664)
F0055 State Early Grade Class Size Reduction	0417-03-0092	5,200,000	-	3,120,000	3,120,000	-	5,027,252	5,027,252	(1,907,252)
F0085 NYS Experimental Pre-K Program	0400-03-1395	1,313,622	-	1,116,579	1,116,579	-	1,261,855	1,261,855	(145,276)
F0086 NYS Experimental Pre-K Summer	0400-03-8483	18,684	-	16,657	16,657	-	17,910	17,910	(1,253)
F0090 Minor Maintenance	---	437,754	-	437,754	437,754	-	438,492	438,492	(738)
F0123 Learning Technology - No. 1	0647-03-0060	45,288	-	-	-	-	31,151	31,151	(31,151)
F0125 Learning Technology - Wilson	0647-03-0059	45,288	-	-	-	-	41,914	41,914	(41,914)
F0126 Learning Technology - SWW	0647-03-0061	45,288	-	-	-	-	12,115	12,115	(12,115)
F0191 Academic Support Aid	0642-03-1000	2,019,647	-	1,009,823	1,009,823	-	1,904,269	1,904,269	(894,446)
F0345 Rochester Teacher Center	0425-03-0083	518,000	-	274,800	274,800	-	463,007	463,007	(188,207)
F0347 Mentor Teacher Internship Program	0663-03-0052	333,000	-	243,000	243,000	-	329,981	329,981	(86,981)
F0350 Rochester School Library Systems	0365-03-0046	98,804	-	98,804	98,804	-	97,722	97,722	1,082
F0351 Extended School Day & Violence Prevention	0640-03-1395	739,865	-	665,878	665,878	-	695,522	695,522	(29,644)
F0352 School Library System Aid for Automation	0364-03-0046	9,880	-	9,880	9,880	-	8,945	8,945	935
F0353 School Library System Categorical Aid - Rollover	0365-02-0046	10,436	-	10,436	10,436	-	8,915	8,915	1,521
F0354 School Library System Aid for Automation - Rollover	0364-02-0046	286	-	286	286	-	285	285	1
F0406 Bilingual - Jose Mora	0635-03-7001	75,023	-	-	-	-	45,545	45,545	(45,545)
F0420 Child Abduction Prevention	0544-03-1395	25,000	-	22,500	22,500	-	24,630	24,630	(2,130)
F0422 Bilingual Excel @ 22 School	0635-03-2217	30,000	-	22,500	22,500	-	30,047	30,047	(7,547)
F0423 Two-Way Bilingual Educ #22	0635-03-4118	24,986	-	-	-	-	25,062	25,062	(25,062)
F0455 Edward Byrne Narcotics Control	---	42,000	-	-	-	-	40,676	40,676	(40,676)
F0470 Bilingual Excel Program	0635-03-1038	27,438	-	20,579	20,579	-	23,496	23,496	(2,917)
F0720 Welfare Education	2396-03-0133	18,280	-	16,452	16,452	-	17,483	17,483	(1,031)
F0724 Community Use of Schools	0616-03-1395	200,000	-	180,000	180,000	-	206,145	206,145	(26,145)
F0755 SURR Lofton/Thomas/Douglas	0436-03-0005	100,000	-	85,000	85,000	-	76,042	76,042	8,958
F0764 ARSIP / Apprenticeship	0140-03-0024	148,440	-	-	-	-	150,955	150,955	(150,955)
F0825 Teachers of Tomorrow	0644-03-0012	2,310,400	-	1,155,200	1,155,200	-	1,070,242	1,070,242	84,958

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
COUNTY PROJECTS:									
F0154 OASAS	---	27,057	-	10,047	10,047	-	11,550	11,550	(1,503)
F0316 Diagnostic Outreach Team	---	186,888	-	40,970	40,970	-	215,727	215,727	(174,757)
F0317 Pre-School Integrated / Handicapped	---	1,111,545	-	309,335	309,335	-	1,091,356	1,091,356	(782,021)
F0370 Community Pre-School Related Services	---	468,085	-	134,315	134,315	-	466,197	466,197	(331,882)
F0375 Special Education / Itinerant Teachers	---	91,039	-	23,840	23,840	-	92,231	92,231	(68,391)
F0391 Pre-School Administration / County	---	235,422	-	-	-	-	228,299	228,299	(228,299)
F0779 Transition to Educational Responsibility	---	53,814	-	-	-	-	45,456	45,456	(45,456)
F0790 Learnfare	---	53,813	-	-	-	-	54,916	54,916	(54,916)
PRIVATE PROJECTS:									
F0121 Learning Technology - BOCES	---	1,350	-	1,350	1,350	-	1,216	1,216	134
F0150 Harcourt Brace Math Project	---	100,000	-	50,000	50,000	-	98,750	98,750	(48,750)
F0153 Smoking Cessation @ East High	---	3,802	-	1,300	1,300	-	1,654	1,654	(354)
F0157 Community Place	---	4,050	-	4,050	4,050	-	4,050	4,050	-
F0302 Parent Empowerment Program	---	7,899	-	7,018	7,018	-	5,099	5,099	1,919
F0304 Rochester Early Enhancement Program	---	198,128	-	148,590	148,590	-	130,510	130,510	18,080
F0308 Summer Transition for SWD	---	7,576	-	7,576	7,576	-	7,926	7,926	(350)
F0309 SIP Training Materials	---	37,000	-	37,300	37,300	-	37,288	37,288	12
F0313 School #12 United Way	---	34,005	-	25,339	25,339	-	35,336	35,336	(9,997)
F0314 Saturday School Program	---	4,883	-	4,883	4,883	-	2,149	2,149	2,734
F0320 Toyota Grant @ #20 School	---	1,560	-	1,560	1,560	-	1,523	1,523	37
F0328 Peer Review	---	5,000	-	5,000	5,000	-	5,203	5,203	(203)
F0349 Rochester Library Council-Automation	---	5,000	-	5,000	5,000	-	5,053	5,053	(53)
F0358 Transition Planning for SWD	---	2,000	-	2,000	2,000	-	842	842	1,158
F0380 Youth Tobacco Initiative	---	999	-	999	999	-	1,052	1,052	(53)
F0401 Rochester Community Asthma Network	---	30,000	-	30,000	30,000	-	23,328	23,328	6,672
F0434 Innovation Grant K-2 Cluster	---	2,000	-	2,000	2,000	-	1,973	1,973	27
F0445 Teachers As Learners	---	11,500	-	11,500	11,500	-	-	-	11,500
F0481 Dewitt Wallace Urban Leadership -BOCES	---	30,000	-	30,000	30,000	-	30,000	30,000	-
F0510 Destination Graduation - BOCES	---	20,160	-	20,160	20,160	-	20,062	20,062	98
F0511 Douglass MS LASW Initiative	---	10,019	-	10,019	10,019	-	8,248	8,248	1,771
F0513 Primary Mental Health Project / #43 & 44	---	28,068	-	28,068	28,068	-	28,784	28,784	(716)
F0514 PMHP Expansion / #25 & 29	---	22,640	-	22,640	22,640	-	23,676	23,676	(1,036)
F0515 PMHP Expansion 2002	---	22,640	-	11,400	11,400	-	22,598	22,598	(11,198)
F0516 2nd Semester Core Primary Project	---	26,932	-	20,179	20,179	-	26,596	26,596	(6,418)
F0575 Douglass Alternative Suspension	---	5,250	-	5,250	5,250	-	3,919	3,919	1,331
F0580 Starlight Program	---	21,000	-	21,000	21,000	-	20,094	20,094	906
F0703 Rochester General Hospital Foundation	---	186,000	-	-	-	-	34,412	34,412	(34,412)
F0704 Work Experience Center - Transitional Service	---	2,450	-	2,450	2,450	-	-	-	2,450
F0730 Chase Active Learning	---	10,000	-	10,000	10,000	-	8,292	8,292	1,708
F0744 Edison Tech Summer Youth Development	---	51,420	-	41,170	41,170	-	41,847	41,847	(677)
F0763 Citibank Academies of Finance	---	4,000	-	4,000	4,000	-	1,959	1,959	2,041
F0770 UAW Local 1097 Reg 9 Delphi	---	54,718	-	-	-	-	-	-	-
F0774 Workplace Literacy	---	200,000	-	82,549	82,549	-	202,581	202,581	(120,033)
F0775 Rochester Industries / Workplace Literacy	---	190,000	-	96,972	96,972	-	134,971	134,971	(37,999)
F0776 U of R Strong Memorial Workplace Literacy	---	55,875	-	20,074	20,074	-	25,666	25,666	(5,592)
F0783 MCC GED	---	24,000	-	24,000	24,000	-	22,829	22,829	1,171
F0784 Remedial Education - ESOL	---	6,000	-	6,000	6,000	-	5,427	5,427	573
F0797 Good Grades Pay	---	139,351	-	-	-	-	-	-	-

(continued)

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF NEW YORK STATE AND OTHER AWARDS
YEAR ENDED JUNE 30, 2003**

	Grant Number	Budget	REVENUES			EXPENDITURES			Net (Accrued) Deferred Revenue
			Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	Cumulative June 30, 2002	Current Year	Cumulative June 30, 2003	
SCHOOL FOOD SERVICE FUND:									
N.Y.S. EDUCATION DEPARTMENT	---	543,239	-	543,239	543,239	-	543,239	543,239	-
CITY OF ROCHESTER	---	360,548	-	360,548	360,548	-	360,548	360,548	-
TOTAL SCHOOL DISTRICT GRANTS		110,662,582	42,923,642	38,371,478	81,295,121	52,689,372	50,876,984	103,566,357	(22,271,236)
TOTAL CITY GRANTS		24,619,584	14,720,097	4,030,010	18,750,107	14,733,568	4,042,223	18,775,791	(25,684)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS		<u>\$ 135,282,166</u>	<u>\$ 57,643,739</u>	<u>\$ 42,401,488</u>	<u>\$ 100,045,228</u>	<u>\$ 67,422,940</u>	<u>\$ 54,919,207</u>	<u>\$ 122,342,148</u>	<u>\$ (22,296,920)</u>

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

**THE CITY OF ROCHESTER, NEW YORK
SUMMARY OF FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2003**

	<u>Budget</u>	<u>Cumulative June 30, 2002</u>	<u>Current Year</u>	<u>Cumulative June 30, 2003</u>	<u>Cumulative June 30, 2002</u>	<u>Current Year</u>	<u>Cumulative June 30, 2003</u>	<u>Net (Accrued) Deferred Revenue</u>
CITY GRANTS								
Schedule of Expenditures of Federal Awards *	\$ 227,115,721	\$ 159,849,287	\$ 34,928,115	\$ 194,777,402	\$ 153,407,457	\$ 38,863,277	\$ 192,270,734	\$ 2,506,668
Schedule of Expenditures of NYS and Other Awards	24,619,584	14,720,097	4,030,010	18,750,107	14,733,568	4,042,223	18,775,791	(25,684)
Subtotal City Grants	251,735,305	174,569,384	38,958,125	213,527,509	168,141,025	42,905,500	211,046,525	2,480,984
CITY SCHOOL DISTRICT GRANTS								
Schedule of Expenditures of Federal Awards *	106,758,733	30,085,452	61,565,485	91,650,937	35,339,808	53,907,391	89,247,199	2,403,737
Schedule of Expenditures of NYS and Other Awards	110,662,582	42,923,642	38,371,478	81,295,121	52,689,372	50,876,984	103,566,357	(22,271,236)
Subtotal School District Grants	217,421,315	73,009,094	99,936,963	172,946,058	88,029,180	104,784,375	192,813,556	(19,867,499)
GRAND TOTAL CITY GRANTS AND SCHOOL DISTRICT GRANTS	<u>\$ 469,156,620</u>	<u>\$ 247,578,478</u>	<u>\$ 138,895,088</u>	<u>\$ 386,473,567</u>	<u>\$ 256,170,205</u>	<u>\$ 147,689,875</u>	<u>\$ 403,860,081</u>	<u>\$ (17,386,515)</u>