

THE CITY OF ROCHESTER, NEW YORK
Comprehensive Annual Financial Report
Year Ended June 30, 2015

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Department of Finance

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ANNUAL FINANCIAL REPORT

Year Ended June 30, 2015

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Introductory Section



December 10, 2015

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, 2015. The accounting firm selected by City Council, Freed Maxick CPAs PC, has audited the financial statements. The auditors' unmodified opinion is included in this report.

In each of the past thirty-one 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 2015 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,

Lovely A. Warren
Mayor



December 10, 2015

**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, 2015. Management assumes full responsibility for the completeness and reliability of the information contained in this report based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Freed Maxick CPAs PC, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Rochester's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

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 auditors' reports on internal control and compliance with applicable laws and regulations, is included in the single audit section of this report.

PROFILE OF THE GOVERNMENT

The City, located in Monroe County on Lake Ontario, approximately midway between Buffalo and Syracuse, encompasses approximately 37 square miles. Rochester was recorded as the third largest city in New York State by the 2010 census updates with a population currently estimated at 210,565. It is divided into 65,833 real estate parcels, and serviced by 532 miles of public ways. Rochester is served by three bus lines; the New York Thruway; and seven major airlines at the Greater Rochester International Airport. This airport also offers support facilities for private aircraft. Rail passenger service is provided by Amtrak, and railway freight service is provided by CSX and Genesee & Wyoming, Inc., a regional railroad. Water transportation service is provided by the Erie Canal and through the Port of Rochester.

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

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

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

LOCAL ECONOMY

Rochester's Industrial History

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

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

As local grain cultivation declined, Rochester area farmers shifted to a profitable niche market, growing fresh flowers for New York City and Boston, and selling flower and vegetable seeds across the country. The legacy of Rochester's "Flower City" years lives on in the annual Lilac Festival.

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

Another Rochester success story was the Haloid Corporation. Chester Carlson's invention of xerography put the renamed Xerox Corporation at the forefront of innovation. Although Xerox moved its corporate headquarters to Stamford, Connecticut in 1978, the document company still employs 6,722 people locally.

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

Rochester's Transformation to a 21st Century Economy

The dominant feature of Rochester's economy during the previous 30 years has been the decline of traditional sources of income and the birth of new firms and industries. Through much of the last century, Rochester was dominated by major manufacturers - particularly Kodak - employing highly skilled production workers, thousands of key scientists and technicians in research and development positions and many headquarters staff. As these companies restructured, the workers who left their employers have fueled the growth of numerous small and medium sized firms in a range of industries. In 1980, just over half (57%) of employment was located in small and medium-sized firms of 1000 employees or less. Most of these firms had direct or indirect linkages to major Rochester firms like Kodak, Xerox or General Motors. By 2008, the share of employment in small and medium-sized firms had risen to about 80% (Center for Governmental Research "CGR" estimates from County Business Patterns data). Manifesting the shift to a services based workforce, the University of Rochester has grown to be the largest local employer with 25,773 jobs.

Eastman Kodak: Kodak's steady employment growth from the early part of the century through 1982 and the relative stability of Kodak product sales insulated the Rochester economy from the worst of national business cycle fluctuations, including the Great Depression. At its 1982 peak, the Eastman Kodak Company directly employed over 60,000, almost 14% of workers in the Rochester Metropolitan Statistical Area (RMSA). Due to Kodak's relatively high salaries, the company was responsible for 22% of the Rochester MSA payroll. Another fifth of total MSA payroll could be attributed to suppliers of Kodak plus companies supported by the purchases of Kodak workers. In all, Kodak was likely responsible for nearly half of the metropolitan economy (CGR estimates).

Kodak's market position has changed dramatically in intervening years. Until the 1980s the company faced few competitors, particularly in the lucrative U.S. market. The quality of its products and the respect afforded its brand enabled the company to earn substantial profits. By the mid-1980s, Japanese competitor Fuji began to challenge Kodak's market position in the U.S. and across the world. Other companies such as 3M, Agfa and Konica also gained share at the expense

The Mayor
Rochester, NY

of the market leaders. The rise of digital imaging broadened the threat to Kodak's film business in the 1990s, and then decimated the firm's principal markets beginning in 2000 as digital imaging nearly replaced film.

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

The City of Rochester, New York State and their economic development partners continue to work with Kodak and the tenants of Eastman Business Park to assist in every way possible. Attraction efforts continue to bring new businesses to Eastman Business Park and its existing vacant parcels. (SEE "Significant Announcements-Eastman Business Park" herein) Today, about 6,000 people work at Eastman Business Park; nearly half are employed by Kodak, while the remainder are employed by other companies that work within the Park.

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

Economic Development

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

During the fiscal year ending June 30, 2015, the Department of Neighborhood and Business Development assisted 111 businesses; jobs retained and created were 11,580 and 935, respectively. Total business investment was \$283.4 million.

The unemployment rate for the Rochester area as of June 2015 was 5.1% compared to the national rate of 5.3% and the State rate of 5.5%.

Significant Announcements

Eastman Business Park. The City has partnered with Eastman Kodak to market the parcels found in the Eastman Business Park (EBP) to prospective businesses. Available properties consist of vacant buildings as well as approximately 72 acres of vacant land found along West Ridge Road. The City along with its partners Monroe County, Empire State Development and Greater Rochester Enterprise assisted with the recent Cody Gate Ventures development that brought three new businesses to the area (Intrinsic Materials, Quintel Technologies and Omni-ID). The development is anticipated to bring as many as 250 jobs and \$100 million total investment within our community (partially located within the City of Rochester). The Finger Lakes Regional Economic Development Council also designated this project as the region's number one priority in the REDC application process and received a total of \$2.4 million in 2012 for projects in the park. The City, along with its economic development partners, meets regularly to discuss potential development projects with EBP. In December 2012, Kodak reached an agreement with Illinois based Recycled Energy Development to purchase, upgrade, and operate the park's power plant facility. This will further increase the viability of the park, which continues to be a key asset to our community and the City in its efforts to attract new business development. New York State also awarded the City \$3 million through the 2014-15 budget to oversee the development of a new 60,000 square foot Bioscience Manufacturing Center at EBP by developer FermCo Inc. The development is expected to draw a total investment of \$30 million and employment of over 100.

Midtown Redevelopment Project: This is a redevelopment partnership that will position Rochester for its future by significantly reshaping the downtown core through major public and private investment, job creation and infrastructure development. At the heart of the project is the rehabilitation of the nearly 9-acre former Midtown Plaza into a mixed-use area designed to attract critical mass of residents and 24/7 amenities that contribute to a vibrant live-work environment. Demolition work; the creation of the new street grid; the reconstruction of the service truck tunnel; and the rehabilitation of the 1,800-vehicle underground garage are complete. Three (3) new development parcels are shovel-ready. In December 2012, Tower280 (former Midtown Tower portion of the project) was awarded \$4 million through the New York State

Regional Economic Development Council funding application process. Buckingham Properties has taken over as primary developer for the project which includes 181 apartments and three floors of retail and commercial space. Construction is underway and is slated to be complete in spring 2016.

Windstream officially celebrated the opening of its new office facility at the former Seneca Building on September 3, 2013. The Pike Development Company completed the 109,000 square-foot project at a total investment of \$19 million. The project was the first private development to take hold on the Midtown Rising site. Windstream retained 265 full-time employees at this new location. The Pike Development Company broke ground on a new 3-story 60,000 square foot office building adjacent to the north wall of the Windstream Building at the corner of E. Main Street and S. Clinton Avenue. The first two floors will be occupied by the Gannett Corp., which is relocating from its Exchange Blvd. offices on the west side of downtown. Occupancy is expected in summer 2016.

Sibley Building Redevelopment: In the fall of 2012, the City of Rochester reached an agreement with Winn Development LLC of Boston, Massachusetts to purchase and redevelop the former Sibleys Department Store. As part of the agreement, Winn assumed a \$3.1 million loan granted by the City to the previous owner Rochwil Associates LP. The 1.1 million square foot building is currently in the midst of a \$200 million comprehensive restoration. The project will transform the largest building in Monroe County into a mix of affordable and market-rate apartments, office and retail space, an outdoor roof terrace, an urban farmers market and underground parking. The project is a critical component of Rochester's downtown revitalization and will attract residents, employment, and investment back to the City's center. The building is within a 15-minute walk of the entire downtown core and the thriving East End district, and it is directly adjacent to the region's new transit center.

High Tech Rochester Business Accelerator (HTR) announced in December 2014 that it will be leasing the entire 6th floor (68,000 sq. ft.) of the building for its new accelerator space. New York State will be providing a \$5 million grant for the HTR project at the Sibley Building which is projected to create over 1,000 jobs over the next 5 years. The creation of a \$24 million incubation and business support facility in downtown Rochester will drive regional growth in entrepreneurship and innovation, as well as help accelerate the revitalization of the city by creating an "innovation district" in the heart of Rochester. The Sibley Building was also the recipient of a \$3 million grant from the State for additional building renovations. In May 2015, NYS announced a grant award for the project of \$10.2 million. The grant will help fund the first phase of the project by creating 72 units of affordable senior housing. Phase 2 includes the development of retail and commercial space along with 75 units of market-rate housing and 21 units of affordable housing. Construction on both phases is anticipated to start in spring 2016.

College Town: In December 2012, the College Town project was awarded \$4 million through the New York State Regional Economic Development Council funding application process. The project consists of the construction of a large mixed use development adjacent to the University of Rochester's campus including a pedestrian friendly retail district with traffic calming street design, a hotel/conference center, and a prominent Barnes and Noble on the corner of Elmwood and Mt. Hope. Upper stories of the retail buildings include apartments and office space. Construction is complete and lease-up is underway. The project has created nearly 820 construction jobs and will create up to 330 new permanent jobs with nearly \$70 million in private investment.

Bausch and Lomb: Valeant Pharmaceuticals finalized the acquisition of Bausch and Lomb in August 2013. In a statement released by Valeant on July 29, 2013, the company announced that they would be maintaining the Bausch and Lomb brand and moving the company headquarters to New Jersey. Bausch and Lomb was founded in Rochester in 1853 and for 160 years Rochester served as its headquarters location. Specializing in eye care products and lens technology, the company has enjoyed success in these markets and significant brand recognition worldwide. In 1995 the company constructed a modern office tower headquarters that became a centerpiece for the downtown business district. The office tower was sold in 2014 to a local development firm.

When Valeant acquired Bausch and Lomb, the company announced plans to lay off 10 to 12% of the Bausch and Lomb workforce worldwide, including as many as 1,200 local jobs. However, local leaders were successful in convincing Valeant to reconsider locating the production of a new line of contact lenses in Rochester, originally planned for Ireland. The result is the retention of over 1,000 jobs, and the creation of 100.

In January 2015, Bausch & Lomb proposed a \$118 million project to accommodate four new technology high speed contact lens manufacturing lines. The project will maintain 820-jobs and is projected to create 112 new jobs over the next three years.

Downtown Innovation Zone. In partnership with Rochester Downtown Development Corporation, High Tech Rochester, and the RIT Center for Urban Entrepreneurship, the City of Rochester announced in November 2014 the designation of an area of downtown as the new Rochester Downtown Innovation Zone. This designation recognizes a momentum of development and

clustering of entrepreneurial and creative activity that has been emerging thanks to the visionary leadership and work of the many institutions and organizations that have helped to reshape and rebuild downtown in recent years. The Innovation Zone designation will bring additional focus on the importance of this growing market segment to the future of Rochester, and continue to foster this activity in a way that maximized its success and the positive spillover effects of this dense clustering of activity.

The City and proponents envision the Downtown Innovation Zone as a vibrant live-work-play environment that encourages collaboration and enables easy face to face connections. The HTR and RIT CUE incubator organizations will play an important role in helping develop new business ventures and aiding them in locating appropriate space within the zone. The City and the Office of Innovation continue to be involved in seeking to bring additional incentives and amenities to the area.

Manufacturing Communities Partnership (IMCP): In May 2014, the New York Finger Lakes Region, led by the City of Rochester, received a designation as a "Manufacturing Community" by the U.S. Department of Commerce under the Investing in Manufacturing Communities Partnership IMCP. The Rochester region is one of only 12 regions nationwide to receive this designation, following a stringent and competitive process. The designation offers selected communities preferential consideration for up to \$1.3 billion in federal dollars and assistance from 10 federal agencies.

Quality of Life

In 2011, Rochester received numerous national accolades. The Atlantic ranked Rochester as one of the top 35 innovation hubs in the country. Business Facilities the Location Advisor lists Rochester as a top region for job growth and the third best food processing region in the United States. Brookings rated Rochester as one of the top 20 economies in the nation. Forbes Magazine lists Rochester as the number one best place to buy a home. In 2012, Rochester was rated the 5th best city for families by Kiplinger. In 2014, CNN Money listed Rochester as the second least stressed out city in the US, citing short commutes and extensive leisure options.

Educational Resources

Metropolitan Rochester is an educational and cultural center. Located within Monroe County are the University of Rochester (including its Medical Center, affiliated healthcare facilities and its Eastman School of Music), Roberts Wesleyan College, the State University College at Brockport, Nazareth College, St. John Fisher College, Rochester Institute of Technology and Monroe Community College. These schools had 48,487 full time and 11,648 part time students enrolled in the fall of 2013.

University of Rochester. As of June 2015, the University was responsible for 25,773 jobs. A significant share of the University's growth has occurred at the University of Rochester Medical Center as Strong Health extends clinical service penetration beyond the metropolitan area and URMC expands its research facilities and total employment. Educational and health services employment is now 24.1% of total nonagricultural employment in the Rochester metropolitan area.

The University of Rochester attracted more than \$3 billion in research funding over the past five years, supporting thousands of highly skilled workers.

Beginning in 1996, the University's Medical Center has executed a series of strategic plans that have dramatically expanded the physical footprint and economic impact of the institution. The college's 2008 master plan called for new technology, additional facilities, more jobs, new research equipment and marketing of the medical center. A key building component of the plan included the \$60 million, 200,000-square-foot Saunders Research Building that was completed in 2011. The expanded research effort is expected to lift the University of Rochester to a place among the nation's top 15 medical schools in federally-funded medical research. In May 2015, URMC officially opened a new \$145 million eight-story, 245,000 square foot addition to its hospital called The Golisano Children's Hospital.

In late 2011, the University of Rochester announced plans for a mixed-use project called Mt. Hope College Town. The project consists of a \$97 million redevelopment of a 16-acre site adjacent to the U of R campus. The development is complete and has created 380,000 sq. ft. of new commercial office, retail, and residential space. The project is a joint venture among U of R, Gilbane Development and Fairmont Properties with assistance from the City of Rochester, the County of Monroe, and other federal and state funding sources. The project is substantially complete.

Arts and Culture

Artistic activities and cultural institutions thrive within the Rochester metro area.

Established in 1921 by industrialist George Eastman, the world-renowned Eastman School of Music is consistently ranked among the best comprehensive music schools in the United States. Eastman offers over 500 concerts annually by faculty, students, and guest artists at Kodak Hall at Eastman Theater, Kilbourn Hall, and Hatch Recital Hall. Numerous faculty and students of Eastman have received, or been nominated for, Grammy awards in the fields of classical and jazz music.

The Rochester Philharmonic Orchestra (RPO), also established by George Eastman in 1922, is a nationally award-winning orchestra that provides up to 130 performances annually with over 150,000 in attendance. The RPO performs at Kodak Hall at Eastman Theater, the Hochstein Performance Hall and other locations. The RPO is known for its educational programs providing free concerts for school children and the community.

The Rochester Museum and Science Center (RMSC) holds over 1.2 million items of local history and 200 interactive exhibits. RMSC is also home to the Strasenburgh Planetarium. Other Rochester museums include: the Memorial Art Gallery of the University of Rochester with 50 centuries of world art; the George Eastman House International Museum of Photography and Film; and The Strong – a museum dedicated to the history of play with the world's largest collection of historical items associated with play. Over 1.2 million people attended these museums combined in 2013.

Live theater in Rochester includes touring Broadway shows provided by the Rochester Broadway Theater League with performances at the Auditorium Theater; performances at GEVA Theatre Center – a regional theater in downtown Rochester that is one of the nation's leading non-profit professional theaters; live theater and dance at Nazareth College Arts Center; and performances at the Downstairs Cabaret Theatre.

Sports

The City is home to numerous professional sports teams: the Rochester Red Wings, AAA farm team of the Minnesota Twins; the Rochester Americans, American Hockey League farm team for the Buffalo Sabres; the Rochester Nighthawks of the National Lacrosse League {indoor}; the Rochester Rattlers of the Major Lacrosse League {outdoor}; the Rochester Razorsharks of the American Basketball League; and the Rochester Raging Rhinos of the United Soccer League. The Rochester area also recently added the Rochester Dragons, a professional ultimate disc team that plays at Webster Schroeder High School.

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

Sahlen's Stadium. The Rochester Raging Rhinos, the Rochester Rattlers, and the Western New York Flash, of the National Women's Soccer League, play at Sahlen's Stadium. This multi-use outdoor stadium seats 13,768. It opened in June 2006 in downtown Rochester.

Golf. The Greater Rochester area offers over 80 golf courses, among them the nationally ranked Oak Hill Country Club. Arguably one of the most prestigious golf courses in the country, Oak Hill has earned the top spot in Golf World magazine's course rankings, followed by Augusta National. Oak Hill has hosted numerous major tournaments including two US Amateurs, three US Opens, two PGAs, the Senior PGA and the Ryder Cup. Until 2013, Locust Hill Country Club hosted an annual LPGA tournament, which in recent years had been the Wegman's LPGA Championship.

Annual Festivals

Spring marks the beginning of Rochester's unique festival season. Almost every weekend from May to October features major events that draw people to the City's most beloved neighborhoods and parks to enjoy the arts, sounds, and bustling activity of Rochester's festivals, concerts, parades, athletic events, and block parties. The Lilac Festival in May, the Xerox Rochester International Jazz Fest in June, the Com Hill Arts Festival in July, the Park Avenue Festival in August, and the Fringe Festival in September are just a few of over 400 popular events that attract more than 1.7 million people from not only Rochester and New York State, but from all over the United States and beyond.

Exports

International trade by area exporters continues to be a significant component of the economic activity of the Rochester area. Rochester is the second largest exporting area in the State (New York City is the largest), and exports more than the 40 lowest exporting States combined.

Waterfront Development

Port of Rochester. The City is under construction on a new 6.8 acre, 157 slip, public marina facility near the confluence of Lake Ontario and the Genesee River. Surrounding the marina will be a new public promenade connecting the River Trail to the Charlotte Pier. The marina development enhances the recreational nature of the Port and supports new mixed-use development opportunities to complement the existing commercial, retail and restaurant uses. The first development parcel was awarded to Edgewater Resources in 2014 to develop a 2.8 acre site for condominiums, retail, restaurant, and hotel uses. Construction of the development will commence in Summer 2016. The total private investment is estimated to be approximately \$130 million over three phases. Together with the City's Port terminal docking facilities, restaurant and retail development of the Port Terminal Building, visits by Great Lakes cruise ships, and the Port's existing attractions and events, the marina development project will strengthen the Port of Rochester's reputation as a Great Lakes destination.

Brooks Landing. In 2010, Phase 1 of the Brooks Landing project was completed across the Genesee River from the University of Rochester and included a new public waterfront landing/promenade; a new 80-unit Staybridge Hotel on the waterfront; a neighborhood retail cluster including both new construction and rehabilitated structures; a new 28,000 sq. ft. commercial office/retail building; and, the new 120-unit Riverview Apartment complex (U of R student housing). The second phase of the project began construction in July 2013. This phase includes: a new twelve story mixed-use building just north of the hotel to include a restaurant on the first floor and student housing on the above ten floors; and an adjacent new 4,000 sq. ft. one story commercial building. The 12-story building portion of the second phase was completed in October 2014, bringing the addition of 170 students to the neighborhood.

CityGate. Currently under construction by Anthony J Costello & Son Development is a 42 acre mixed use development project located at the southeast corner of the intersection East Henrietta Rd. and Westfall Rd. The project was designed to take a used parcel in a vibrant area and turn it into an enjoyable area for the community. The mixed use development was planned to be a blend of shopping and dining as well as encourage living and staying in the city. The plan includes: a new Costco Wholesale store that opened in May 2015; a 150 room hotel; 300 loft-style apartments overlooking the Erie Canal; a 90,000 sq. ft. parking garage; and a satellite transit station. The site plan also incorporates: commercial space; office space; and a street designated for retail and restaurants. The project is expected to create 980 permanent jobs and approximately 1,500 construction jobs.

Center City

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

The development follows the vision of the award winning Center City Master Plan, adopted in 2003 and updated in 2014. The plan presents a new way of thinking about downtown Rochester, extending beyond the traditional Inner Loop expressway barrier, and focusing on development objectives and design guidelines for the "Center City" streets, neighborhoods and districts.

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

The downtown population has grown to 6,100 residents with over 300 units currently in development and expected to come online over the next 18 months. The Rochester Downtown Development Corporation has tracked almost \$775 million in public and private investment, either recently completed, underway and proposed to commence in the next 12 months. The Center City has a weekday workforce of 50,000

Bevier Building - The redevelopment of an historic building into 15 loft-style apartments and first floor commercial office space by Syracuse-based Franklin Properties. The \$4.2 million project was completed in September 2015.

A number of projects have been completed over the past 12 months in the Center City.

Academy Building – The \$6.7 million renovation of this historic vacant building in the heart of the government district was completed in 2014. The project originally included 21 loft apartments and first floor commercial restaurant uses. The residential space was so successful that additional first floor commercial space was converted into 4 additional apartments.

Woodbury Place – First phase of a multi-building renovation converting vacant space to 11 new loft apartments. The project will result in a total of 47 loft units and restaurant/retail space/museum for a total investment of over \$4 million.

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

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

Harts Local Grocers-Redevelopment of a building in the popular East End District for use as a medium scale grocery store focusing on local and organic offerings was completed this past year. This is the first full service downtown grocery store since Wegman's Food Market closed in the 1990's.

RGRTA Transit Center – The regional transit authority completed construction of a \$50 million downtown transit center in late 2014. The new enclosed center offers convenience and protection from the weather for the bus customers during transfers. This will also have significant positive impacts for downtown Rochester by allowing more on-street parking for downtown visitors patronizing Main Street businesses.

St. Paul and N. Clinton Two-Way Conversion-Redesign of traffic flow will enhance navigability of downtown for visitors and residents alike, as well as allow for bus traffic to more efficiently access the new RGRTA transit center. Phase I was completed in October 2014 and involved the conversion of the portions of the streets north of Main St. Full completion is expected in 2015.

A number of noteworthy projects in the Center City District are currently underway or proposed.

Alexander Park Phase III-Additional planned development of vacant land at the former Genesee Hospital site for a mix of uses including 100 units of housing, office space and retail.

Hive @155-This project involves the adaptive reuse of a building in the historic St. Paul District further building on the 'Hive' rebranding of the neighborhood. The \$6.8 million project will feature efficient floor plans, competitive rents aimed at young professionals, and collaborative community work space amenities. The renovations are currently underway.

Lincoln Alliance Building-The redevelopment of an historic building into proposed of 124 residential units, commercial, and retail space. The renovations will commence in fall 2015 and will be completed in fall 2016., for an estimated total development cost of \$18.5 million.

Mills III-Conversion of a historic building adjacent to Mills I and II sites for an additional 14 units of affordable housing. The project is currently under construction.

Midtown Plaza Redevelopment – The asbestos and demolition phases of the former 1.5 million square foot Midtown Plaza was completed by the State of New York for an approximate cost of \$43 million. The City has completed reconstruction of the underground service tunnel, the garage rehabilitation, and the infrastructure phase of the project, which consisted of utilities, new streets and open space improvements. The cost for the public infrastructure phase was over \$40 million.

Midtown Tower – This 17 story building was one of two building shells retained on the former Midtown Plaza site. The development team of Buckingham Properties and Morgan Management is currently undertaking the adaptive re-use of the building shell into three stories of commercial, retail and restaurant uses, and 181 apartments. The project cost is approximately \$57 million. On December 20, 2012 the project was awarded \$4 million through the New York State Regional Economic Development Council application process.

Gannett Building – The Pike Development Company has commenced construction of the 60,000 sq. ft. 3-story building that will be the new home of the Gannett offices. The project is being constructed as an addition to the north side of the Windstream Building. It is anticipated that the project will be completed in summer 2016. The total project cost of \$12,000,000.

88 Elm Street – This vacant 12 story, 88,000 square foot City-owned building is in the Midtown Urban Renewal District. The City completed over \$1 million in asbestos abatement and new roof construction on the building. Sale of the property was completed in May 2015 for development of approximately 36 upscale apartments and commercial office space. Renovations on the over \$10 million project will commence in winter 2015.

Sibley Building – This former department store building contains almost 1 million square feet and is primarily vacant. The current tenants include the Monroe Community College (in 2012 the College renewed a 5 year lease at the premises – MCC will relocate to a new location at the end of the lease) and some retail and commercial businesses. In October 2012, the City announced approval of a plan to transfer ownership of the Sibley Building to Winn Development, a Boston-based real estate developer. Total redevelopment cost will be approximately \$200 million for retail and commercial uses, market rate and affordable senior housing.

The project will follow a phased approach and has already completed predevelopment activities including improvements to building mechanicals, visual enhancements to lobbies and entranceways, and the build-out of space for a new Rochester Police the project creating 72 units of affordable senior housing.

Department downtown substation. High Tech Rochester announced plans to relocate into 68,000 sq. ft. of the 6th floor of the building. HTR and the Winn Company were approved by New York State for over \$9 million in total grant assistance for the property. In May 2015, NYS announced a grant award for the project of \$10.2 million.

Hilton Garden Inn – DHD Ventures purchased several historic properties at the corner of Stone and E. Main Street and have begun renovations of the buildings for a new 107 room Hilton Garden Inn. The investment for the project was approximately \$16 million. The hotel opened in March 2015.

Charlotte Square – The City issued a Request for Proposals for sale and development of this prime parcel located in the heart of the East End District. Four proposals were received for mixed-use and residential new construction development. Home Leasing was selected as the preferred developer. The project involves the new construction of 72 rental apartments and an investment of over \$15 million. The second phase of the project will include the develop of a minimum of 9 to 12 owner-occupied townhouse units. Construction of Phase I commenced in August 2015 and will be completed in August/September 2016.

Court Street Apartments-Adjacent to the popular Dinosaur BBQ restaurant, local developers propose to construct a new mixed use development over a portion of the former subway bed. Construction is expected to commence in spring 2016.

Cox Building -This historic building, located in the St. Paul Quarter, will be converted to 76 loft apartments with first floor commercial and retail space. The project will cost approximately \$18 million. Construction is expected to begin in winter 2015.

ROC City Skate Park-This project involves a proposed new downtown skate park that has tremendous grassroots support. The proposed location under consideration is the Crossroads Park along the downtown riverfront, but other options are being considered. Fundraising and design activities are currently underway.

Intermodal Train Station – The City was awarded \$15 million in Federal funding for the construction of a new \$26 million train station serving the Rochester region. New York State Department of Transportation has taken over the project and is moving forward with designs developed by the City. Construction has commenced and will be completed within 2 years.

Inner Loop East – The City was awarded \$17.7 million in federal transportation funding in late 2013 for the removal of a portion of the Inner Loop on the eastern edge of downtown. The Inner Loop is a grade separated expressway surrounding downtown that was constructed over 50 years ago. Considered by many to be a barrier separating downtown from surrounding neighborhoods, the \$22 million project will bring a portion of the expressway to grade, reduce the width of the road and create new vehicular and pedestrian and bicycle connections from the popular Alexander St. and Park Ave. neighborhoods into downtown. The project will also create significant ready-to-build development acreage in one of the region's most popular districts. Construction has commenced and will be completed in 2017. The City is currently drafting a request for proposals (RFP) for the new development parcels that will be created as a result of the project. The RFP will be released in 2015.

CGI Communications Development - The County of Monroe sold two vacant commercial buildings located in the former Renaissance Square Project block at 150 E. Main St. The property consists of two multi-story buildings (Atrium and Gateway Buildings) that have been vacant for over a decade. CGI is owner of the adjacent Granite Building and has grown its business from approximately 40 employees to 350. CGI will relocate to the Gateway Building with plans to expand to 550 employees. The project also involves the creation of parking in the building, restaurant development and the creation of amenities for employees (bowling lanes fitness center, daycare, golf simulator, etc.). CGI plans to convert their current Granite Building to 40+ luxury residential condominiums. CGI plans to complete the project in 2019.

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) program to the improvement of residential neighborhoods. According to the following table, the City has allocated \$341.6 million, or 68% of total federal allocations and program income, to the City's residential areas since the inception of the CDBG Program in 1975.

Community Development Block Grant/Consolidated Program
(in Millions)

	<u>Allocation</u> <u>Through June 30, 2016</u>
Residential Neighborhoods	\$341.6
Business Development	87.7
Urban Renewal Completion	16.7
Planning, Management and Administration	<u>\$ 59.6</u>
TOTAL	\$505.6

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 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 2015-16 Program is based upon a citizen participation process that identified needs and priorities and the City's recently updated Housing Policy. The new Housing Policy guides the allocation of federal and other resources available to the City to address priority housing needs and specific objectives. The goals and policy priorities adopted by the administration also guided the development of the program.

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

In support of these goals, the objectives and dollar allocations of the \$13.3 million program are i) 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 (\$1,605,000), ii) improve the housing stock and general property conditions through rehabilitation, redevelopment and new construction of housing, homeowner assistance, rental market support, housing choice and neighborhood and asset based planning (\$10,599,156), iii) 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 (\$454,522).

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-occupant homeowners. Since its inception in 2001, this initiative has addressed more than 600 vacant houses through rehabilitation and reoccupation by first time homebuyers.

LONG-TERM FINANCIAL PLANNING

The City has historically been able to maintain a stable, unassigned fund balance in the general fund at approximately one percent of total general fund revenues. That balance as of June 30, 2015 was \$5,030,000.

As a planning tool for long-term financing, and the annual budget process, the City prepares a five-year capital improvement program. This document, which is updated annually, prioritizes capital projects by their funding source and timing. Bonded indebtedness is managed in coordination with debt repayment schedules to stay within legal debt limits and to maintain stable level of debt service. Also, the City Charter allocates the 9% New York State constitution debt limit between the City and the District- 5.5% for municipal purposes and 3.5% for educational purposes.

RELEVANT FINANCIAL POLICIES

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

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

REPORTING ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rochester for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the thirty-first consecutive year that the City has achieved this prestigious award.

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

A Certificate of Achievement is valid for a period of one year only. We believe that this, report, the 2015 Comprehensive Annual Financial Report, continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report 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 their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Charles A. Benincasa
Director of Finance



Government Finance Officers Association

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, 2014

Executive Director/CEO

CITY OF ROCHESTER, NEW YORK
MAYOR AND CITY COUNCIL OFFICIALS
June 30, 2015

Lovely A. Warren, Mayor

Loretta C. Scott, President

Dana K. Miller (At-Large), Vice President

◇◇

Carolee A. Conklin (At-Large)

Matt Haag (At-Large)

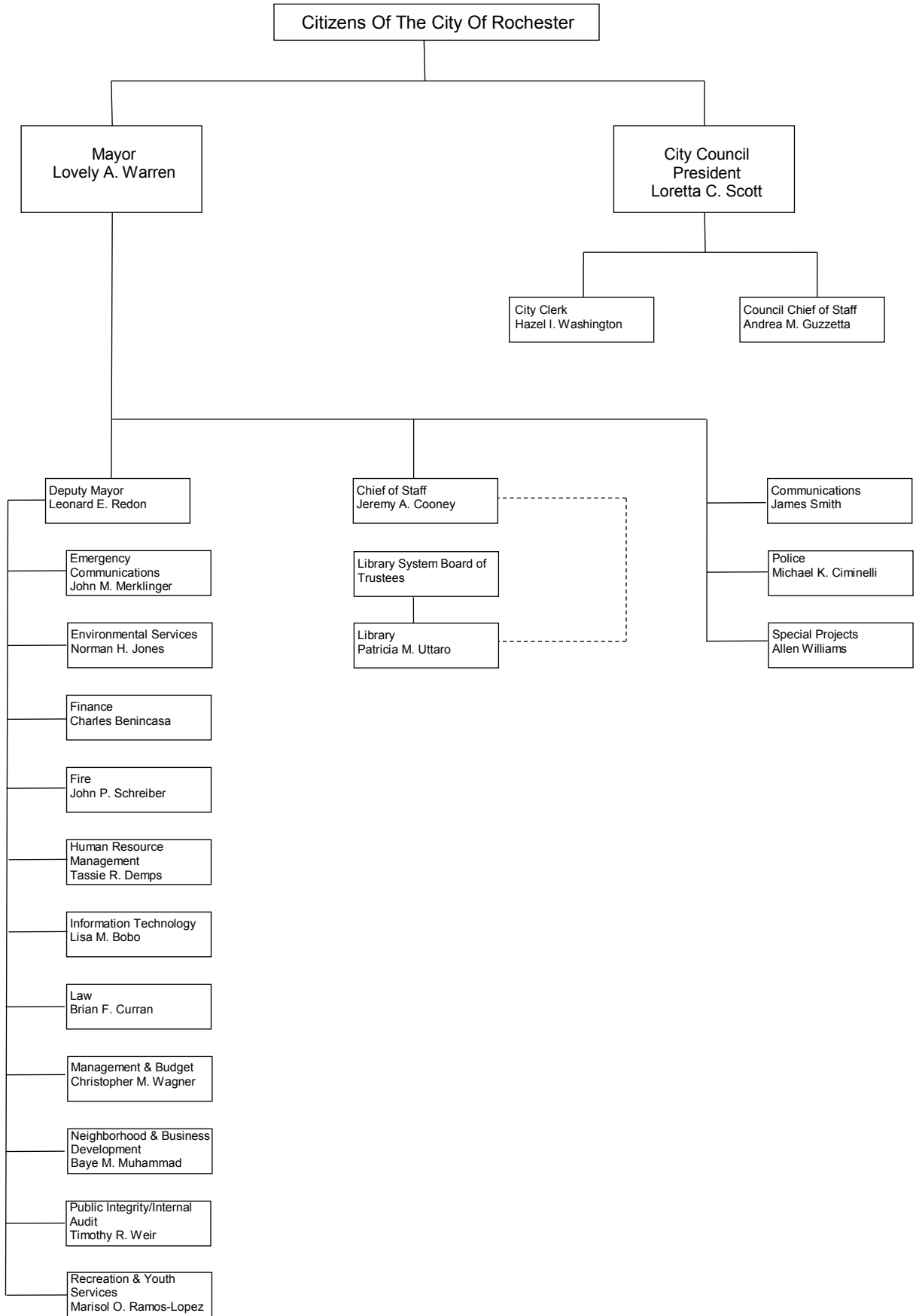
Adam C. McFadden (South District)

Jacklyn Ortiz (At-Large)

Carla M. Palumbo (Northwest District)

Michael A. Patterson (Northeast District)

Elaine M. Spaul (East District)



CITY OF ROCHESTER, NEW YORK
ORGANIZATIONAL UNITS AND OFFICIALS
June 30, 2015

Mayor	Lovely A. Warren
Deputy Mayor	Leonard E. Redon
Chief of Staff.....	Jeremy A. Cooney
City Clerk	Hazel I. Washington
City Council Chief of Staff.....	Andrea M. Guzetta
Management & Budget	Christopher M. Wagner
Communications	James Smith
Human Resource Management	Tassie R. Demps
Public Integrity/Internal Audit	Timothy Weir
Special Projects	Allen Williams
Emergency Communications	John M. Merklinger
Environmental Services	Norman H. Jones
Finance	Charles A. Benincasa
Fire	John Schreiber
Information Technology	Lisa M. Bobo
Law	Brian F. Curran
Library	Patricia M. Uttaro
Neighborhood & Business Development	Baye M. Muhammad
Police	Michael K. Ciminelli
Recreation & Youth Services	Marisol O. Ramos-Lopez

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rochester, New York (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rochester, New York, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As stated in Note 1, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of funding progress other post employment benefits, the schedule of City's proportionate share of net pension liability and the schedule of City's pension contributions on pages 22-32 and 73-78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining balance sheet - nonmajor governmental funds; the combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds; the supplemental statement of changes in assets and liabilities – agency funds; the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; the schedule of state transportation assistance expended, as required by Draft Part 43 of NYCRR; and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining balance sheet - nonmajor governmental funds; the combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds; the supplemental statement of changes in assets and liabilities – agency funds; the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the schedule of state transportation assistance expended, as required by Draft Part 43 of NYCRR, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet - nonmajor governmental funds; the combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds; the supplemental statement of changes in assets and liabilities – agency funds; the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the schedule of state transportation assistance expended, as required by Draft Part 43 of NYCRR, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information, such as the introductory and statistical sections, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Rochester, New York
December 10, 2015

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, 2015. 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, 2015.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$670,584 (net position).
- The City's total net position decreased by \$51,720, which includes a prior period adjustment of \$17,891 related to the implementation of GASB No. 68/71.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$190,646, a decrease of \$31,162 from the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,030.

The City's total outstanding debt decreased by \$10,067 from the prior year.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the City of Rochester itself (known as the *primary government*), but also two legally separate component units, the Rochester City School District and the Land Bank. Financial information for the *component units* is reported separately from the financial information presented for the primary government itself.

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

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

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

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

The City of Rochester maintains fifteen governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, 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, 2015, which includes the General Fund as well as certain special revenue and enterprise funds, is reported in the *Combining Schedule of Revenues, Expenditures/Expenses and Changes in Fund Balance/Net Position - Budget and Actual - General, Certain Special Revenue and Proprietary Funds - Non-GAAP Budget Basis* which is provided as Required Supplemental Information following the Notes to the Financial Statements.

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$670,584 at the close of the most recent fiscal year.

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

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 407,708	\$ 417,336	\$ 78,896	\$ 77,964	\$ 486,604	\$ 495,300
Capital assets	705,898	691,529	288,455	290,599	994,353	982,128
Total assets	1,113,606	1,108,865	367,351	368,563	1,480,957	1,477,428
Deferred pension outflow	16,315	-	513	-	16,828	-
Total deferred outflows of resources	16,315	-	513	-	16,828	-
Long-term liabilities outstanding	485,833	446,540	96,593	99,673	582,426	546,213
Other liabilities	196,277	174,042	45,929	34,869	242,206	208,911
Total liabilities	682,110	620,582	142,522	134,542	824,632	755,124
Deferred pension inflow	2,569	-	-	-	2,569	-
Total deferred inflows of resources	2,569	-	-	-	2,569	-
Net position:						
Net investment in capital assets	602,559	597,794	207,285	211,529	809,844	809,323
Restricted	83,436	120,328	16,417	16,722	99,853	137,050
Unrestricted (deficit)	(240,753)	(229,839)	1,640	5,770	(239,113)	(224,069)
Total net position	\$ 445,242	\$ 488,283	\$ 225,342	\$ 234,021	\$ 670,584	\$ 722,304

The City's total net position decreased by \$51,720, which includes a prior period adjustment of \$17,891 related to the implementation of GASB No. 68/71. As a result there is a decrease of \$43,041 in the net position of governmental activities and a decrease of \$8,679 in the net position of business-type activities. A portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

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

Governmental activities. As noted above, Governmental activities net position decreases by \$43,041. Key components of this change are summarized as follows:

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 130,856	\$ 122,624	\$ 79,059	\$ 77,800	\$ 209,915	\$ 200,424
Operating grants and contributions	43,486	38,495	-	115	43,486	38,610
Capital grants and contributions	16,065	19,769	1,374	20,578	17,439	40,347
General revenues:						
Property taxes	152,593	148,913	2,635	2,224	155,228	151,137
Sales and other taxes	159,120	160,603	906	905	160,026	161,508
Governmental aid	108,673	104,821	5	433	108,678	105,254
Other	7,399	6,246	1,364	1,254	8,763	7,500
Total revenues	618,192	601,471	85,343	103,309	703,535	704,780
Expenses:						
General government	136,679	154,138	-	-	136,679	154,138
Police	147,566	143,880	-	-	147,566	143,880
Fire	79,577	78,226	-	-	79,577	78,226
Emergency communications	23,141	22,853	-	-	23,141	22,853
Transportation	22,674	8,982	-	-	22,674	8,982
Environmental services	45,209	45,366	-	-	45,209	45,366
Recreation and youth services	18,954	18,069	-	-	18,954	18,069
Library	14,003	13,878	-	-	14,003	13,878
Neighborhood and business development	38,195	43,480	-	-	38,195	43,480
Interest on long term debt	4,483	4,596	-	-	4,483	4,596
Education	119,100	119,100	-	-	119,100	119,100
Water	-	-	36,081	31,348	36,081	31,348
War memorial	-	-	2,443	2,526	2,443	2,526
Parking	-	-	15,466	17,039	15,466	17,039
Cemetery	-	-	3,025	2,679	3,025	2,679
Public market	-	-	1,065	899	1,065	899
Refuse	-	-	29,703	26,850	29,703	26,850
Total expenses	649,581	652,568	87,783	81,341	737,364	733,909
Excess (deficiencies) of revenues over expenses	(31,389)	(51,097)	(2,440)	21,968	(33,829)	(29,129)
Transfers	5,374	5,374	(5,374)	(5,374)	-	-
Adjustment (See note I. G. 9)	-	(17,026)	-	(865)	-	(17,891)
Change in net position	(26,015)	(62,749)	(7,814)	15,729	(33,829)	(47,020)
Net position - beginning (as restated)	471,257	534,006	233,156	217,427	704,413	751,433
Net position - ending	\$ 445,242	\$ 471,257	\$ 225,342	\$ 233,156	\$ 670,584	\$ 704,413

Governmental activities revenue highlights

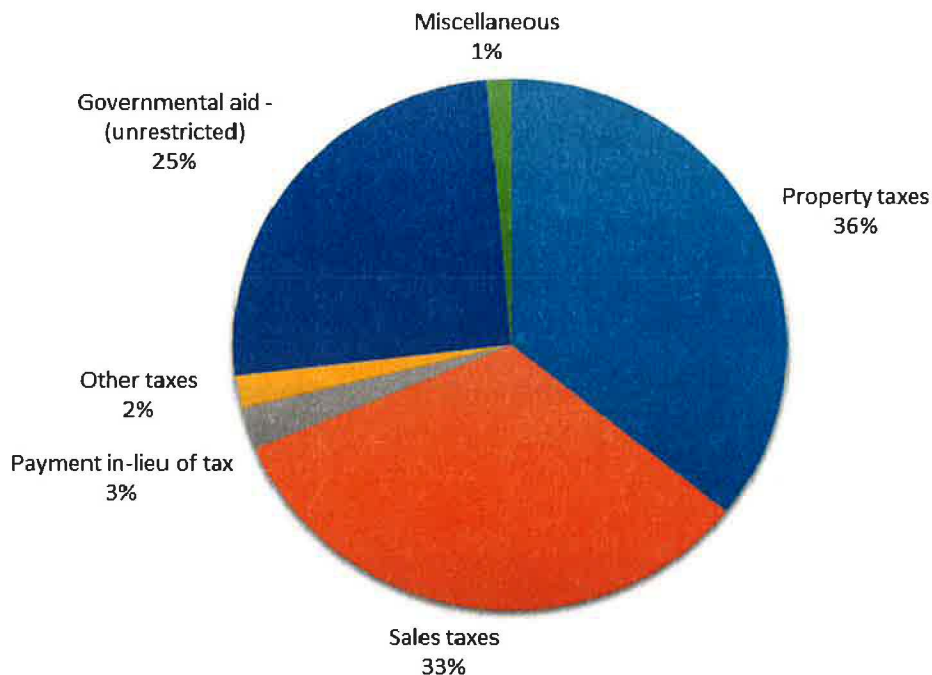
The major factors contributing to the overall revenue increase of \$16,721 were:

- Charges for services increased \$8,232, primarily due to a \$3,399 increase in Neighborhood Business Development; an increase of \$2,006 in General Government Charges for Services; an increase of \$589 in Police; an increase of \$861 in Emergency Communications; an increase of \$800 in Environmental Services; an increase of \$521 in Recreation & Youth Services and an increase of \$275 in Library; offset by a decrease of \$118 in Fire and a decrease in Transportation of \$101;
- Operating grants and contributions increased \$4,991 due primarily to an increase in reimbursable spending under various state and federal grants;
- Property tax revenue increased \$3,680;
- Governmental aid increased \$3,852 primarily due to an increase in NY State and Federal aid; and
- Various other revenue sources increased \$1,153, due to an increase of \$75 in investment earnings and an increase of \$1,078 in miscellaneous revenues.

The above increases of \$21,908 were offset by the following decreases which total \$5,187:

- Sales, and other taxes decreased \$1,483, due to a \$769 decrease in Sales taxes, a \$597 decrease in Payment in-lieu of tax and a \$117 decrease in other taxes; and
- Capital grants and contributions decreased by \$3,704, principally because of a \$3,984 decrease in environmental services capital funding.

Revenues by Source - Governmental Activities



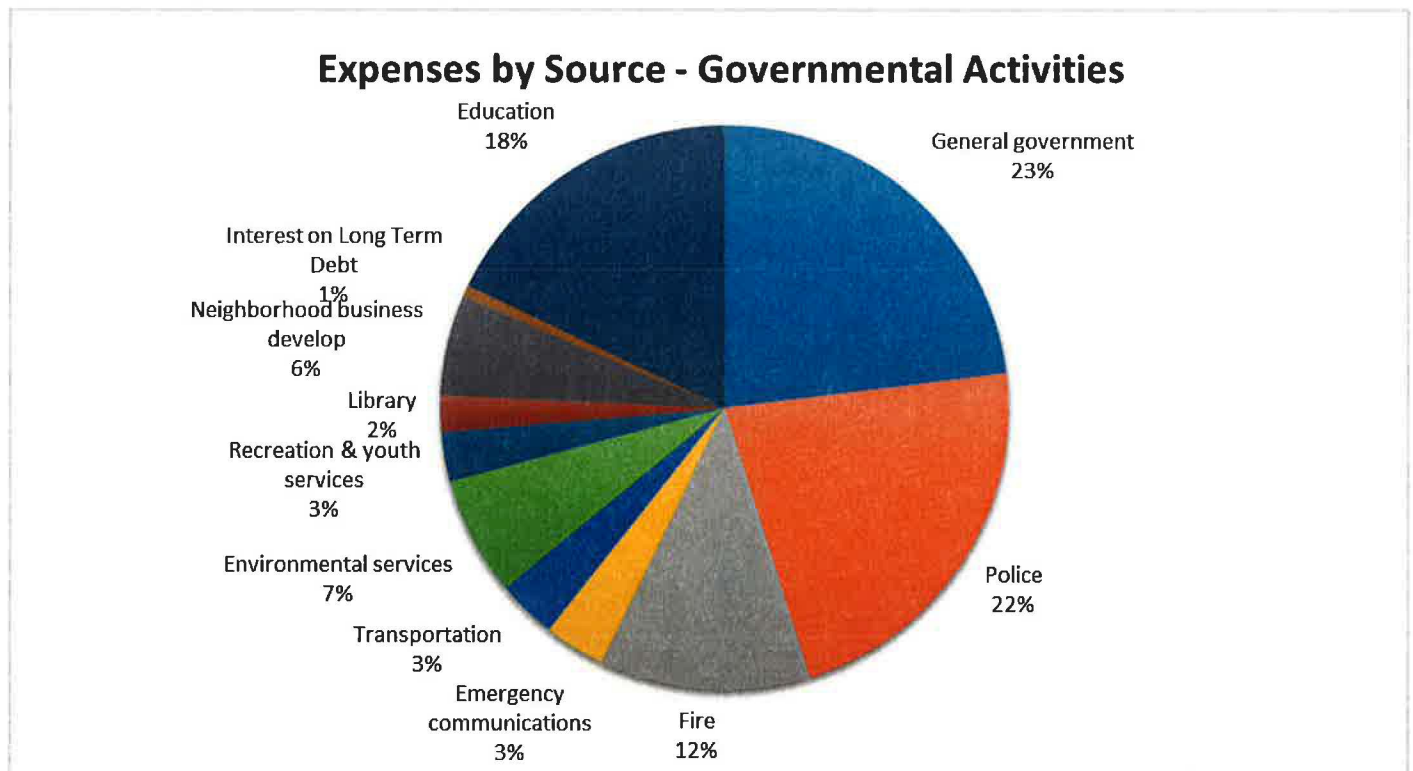
Governmental activities expense highlights

The major factors contributing to an overall decrease in governmental activities expenses of \$2,987 were as follows:

- General government expenses decreased \$17,459 primarily due to the prior period adjustment;
- Environmental services expenses decreased \$157
- Neighborhood and business development expenses decreased \$5,285;
- Interest on Long Term debt decreased \$113

The above decreases which total \$23,014 were partially offset by the below increases of \$20,027 as follows:

- Police expenses increased \$3,686 due to an increase of \$117 in Capital Related Items; an increase of \$3,836 in Governmental Misc; an increase of \$124 in the General Fund; an increase of \$45 in Animal Control an increase of \$300 in State Projects and a decrease of \$736 in Capital Misc Equipment.
- Fire expenses increased \$1,351 due to an increase in Governmental Misc of \$1,671; an increase of \$264 in the General Fund; a decrease of \$24 in Capital Related Items; a decrease of \$462 in State Projects and a decrease in Capital Misc Equipment of \$98
- Emergency communications expenses increased \$288 due to an increase of \$388 in Governmental Misc and a decrease of \$5 in Capital Related Items and a decrease of \$95 in the General Fund;
- Transportation expenses increased \$13,692 due to an increase of \$62 in Governmental Misc; an increase of \$255 in Local Works; an increase of \$2,575 in the General Fund; an increase of \$4,074 in Transportation; an increase of \$7,163 in Capital Related Items; a decrease in of \$255 in Long-Term Debt Transactions; a decrease of \$149 in the General Fund and a decrease of \$33 in Other;
- Recreation and youth services expenses increased by \$885 due to an increase of \$1,876 in Capital Related Items; an increase of \$228 in Governmental Misc; an increase of \$79 in General Fund; an increase of \$76 in Other; an increase of \$13 in State Projects; a decrease of \$119 in Federal Projects; a decrease of \$31 in the General Fund and a decrease of \$1,237 in Cultural/Recreation;
- Library expenses increased \$125 due to an increase of \$127 in Capital Related Items; an increase of \$25 in Governmental Misc; an increase in the Library Fund of \$24 and a decrease of \$51 in Cultural/Recreation.



Business-type activities revenue highlights

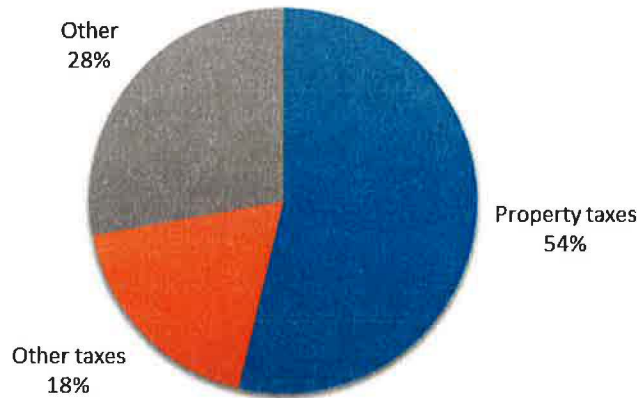
Revenues for business-type activities showed an overall decrease of \$17,966.

- Property taxes increased by \$411 due to an increase of \$336 in Cemetery Property Tax; an increase of \$105 in Public Market Tax and a decrease of \$30 in War Memorial Tax;
- Other revenues increased by \$110 primarily due to an increase of \$215 in Investment Earnings and a decrease of \$105 in Miscellaneous; and
- Charges for services by business-type funds increased by \$1,259 primarily due to an increase of \$346 in the Water fund; an increase of \$881 in Parking; an increase of \$521 in Refuse; a decrease of \$26 in Cemetery; a decrease of \$34 in Public Market and a decrease of \$429 in War Memorial.

These revenue increases of \$1,780 were partially offset by decreases amounting to \$19,747 in the following categories:

- Capital grants and contributions decreased by \$19,204 primarily due to a decrease of \$19,780 in General Cash Capital; an increase of \$89 in County Reimbursement; an increase of \$156 in Other Department Inc Reimbursement Capital Project; an increase of \$316 in DES Water and an increase of \$15 in Mt. Hope NYS Grant;
- Governmental aid decreased by \$428 due to a decrease of \$1 in Water aid; a decrease of \$3 in Parking aid and a decrease of \$424 in Public Market aid; and
- Operating grants and contributions decreased by \$115 due to the loss of Cemeteries Federal Aid.

Revenues by Source - Business-Type Activities



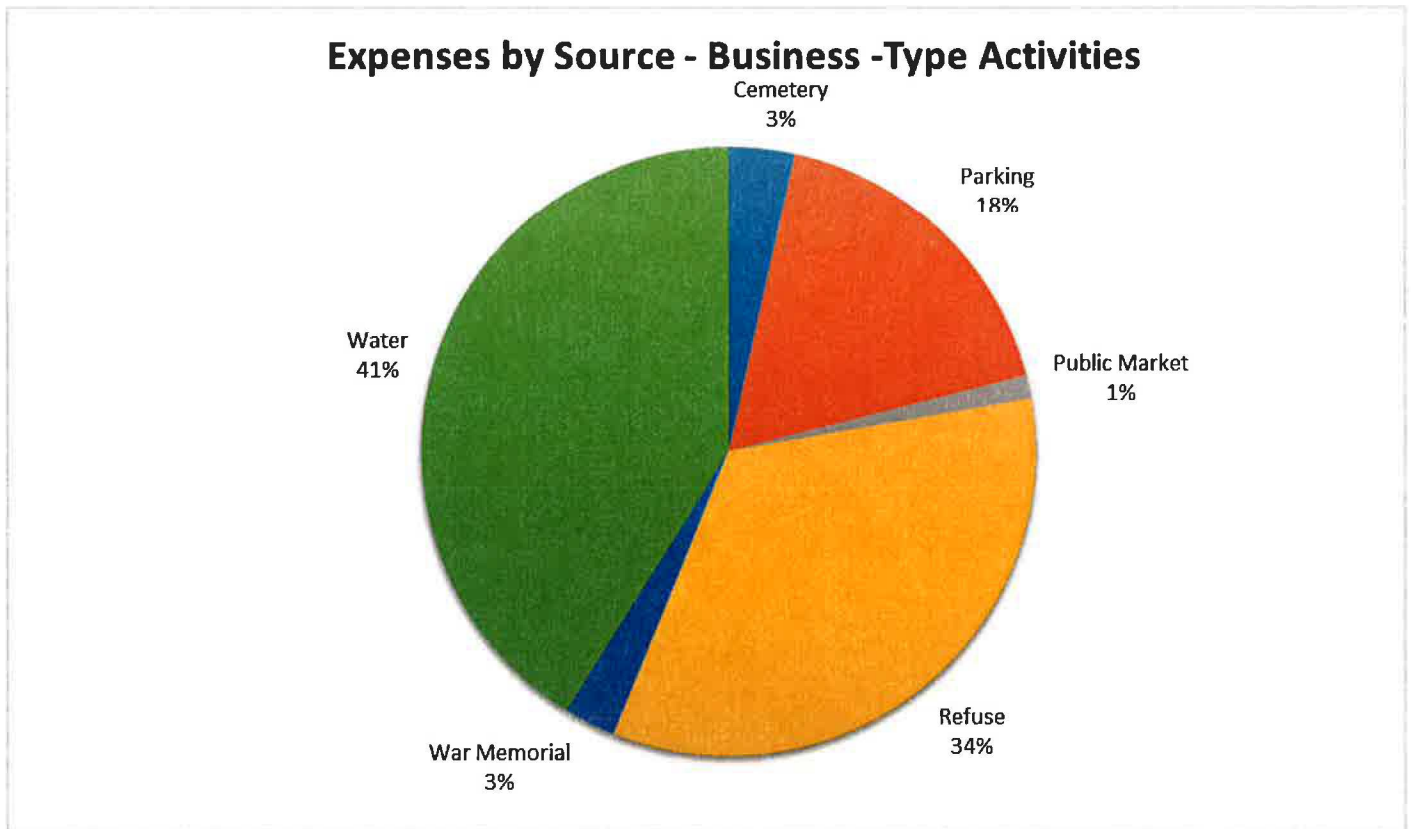
Business-type activities expense highlights.

The net increase in business-type activities expenses were \$6,442:

- Water fund expenses increased by \$4,733;
- Cemetery fund expenses increased by \$346;
- Public Market fund expenses increased by \$166; and
- Refuse fund expenses increased by \$2,853;

The above increases which total \$8,098 were partially offset by decreases of \$1,656 as follows:

- War memorial fund expenses decreased by \$83; and
- Parking fund expenses decreased by \$1,573 principally due to an increase in non-capitalized repairs and maintenance.



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$190,646, a decrease of \$31,162 in comparison with the prior year. The restricted portion of fund balance includes resources subject to externally enforceable legal restrictions and amounts to \$14,726. The committed portion of fund balance is reported in the amount of \$128,926 and can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The City reports an assigned fund balance of \$58,145 for all governmental funds. This balance consists of amounts constrained by the City's intended use of resources that are neither restricted nor committed. Residual amounts of the governmental funds amounted to (\$11,151) and are classified as unassigned.

General fund. The general fund is the chief operating fund of the City. At the end of the current fiscal year, assigned fund balance of the general fund was \$30,753, unassigned fund balance was \$5,030, and total fund balance reached was \$85,938. Assigned and unassigned fund balance total to a combined amount of \$35,783. The fund balance of the City's general fund increased by \$5,028 during the current fiscal year. The major factors contributing to the increase was an increase in Property tax relief of \$2,320, an increase of \$2,500 in Capital projects and an increase of \$208 in the overall assigned fund balance of the general fund.

Debt service fund. The debt service fund has a total fund balance of \$20,850, of which \$5,070 is restricted and \$15,780 is assigned for the payment of debt service. The fund balance decreased by \$3,454 during the current fiscal year. Transfers of (\$4,432) were made to operating funds to meet current debt service requirements. The debt service fund had \$591 use of money and property earnings.

General capital projects. The general capital projects fund accounts for the construction and reconstruction of general public improvements, excluding transportation capital projects as well as projects related to business-type activities, which are accounted for elsewhere. At the end of the current fiscal year, the fund balance was \$70,471, of this \$69,865 was committed and \$606 was assigned. The fund balance of the City's general capital projects fund decreased by \$2,578. The major factors contributing to the decrease was a decrease of \$2,507 in committed capital projects and a decrease of \$71 in assigned capital projects.

Transportation capital projects. The transportation capital projects fund is used to account for road and bridge construction and reconstruction. There was an overall decrease of \$25,272 in transportation capital projects mainly because of a \$9,091 decrease in committed capital projects and a decrease of \$16,181 in unassigned capital projects fund.

Community development special revenue fund. The Community Development Block Grant fund is a special revenue fund used to account for the programs and projects primarily funded by the U. S. Department of Housing and Urban Development. At the end of the current fiscal year, the fund balance was \$5,078. The fund balance decreased by \$5,193. The major factors contributing to the decrease was a \$131 decrease in restricted community development and a decrease of \$5,062 in the federal block grant.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net position of the proprietary funds at the end of the current fiscal year totaled \$225,342. The change in net position between 2014 and 2015, which totaled a decrease of \$8,679 consisted of the following: the Water fund decreased by \$3,105, the Parking fund decreased by \$1,924, the War Memorial fund increased by \$226, the Refuse fund decreased by \$3,848, the Cemetery fund increased by \$82, and the Public Market fund decreased by \$110. These decreases included the prior period adjustment related to the implementation of GASB Statement No. 68/71.

Unrestricted net position of the proprietary funds, which totaled \$1,640 at year end, breakdown as follows: Water — \$3,347, Parking — \$4,069, War Memorial — (\$265), Refuse — (\$5,497), Cemetery — (\$675), and Public Market — \$661.

Internal service fund. The internal service fund is used to account for entity-wide general liability. It is the City's reserve for self-insurance. The total net position at the end of the fiscal year was \$35,756, an increase of \$1,187 over the prior year.

Budgetary Highlights

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

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

Capital Assets and Debt Administration

Capital Assets. In accordance with GASB 34, the City has recorded depreciation expense associated with all of its capital assets, including infrastructure. The City's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounted to \$994,353 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure and construction in progress.

City of Rochester's Capital Assets

Net of Depreciation (000's Omitted)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 25,182	\$ 25,200	\$ 11,091	\$ 11,207	\$ 36,272	\$ 36,407
Buildings	143,911	140,263	114,447	118,223	258,360	258,486
Improvements other than buildings	34,276	34,948	150,984	151,060	185,260	186,008
Machinery and equipment	34,003	37,528	6,832	8,663	40,834	46,191
Infrastructure	460,352	449,511	-	-	460,352	449,511
Construction in progress	8,174	4,079	5,101	1,446	13,275	5,525
Total	\$ 705,898	\$ 691,529	\$ 288,455	\$ 290,599	\$ 994,353	\$ 982,128

Long-term debt. On June 30, 2015 the City's outstanding debt was \$226,206. This was a decrease of \$10,067 over the prior year. A decrease of \$9,371 in the governmental activities funds and a decrease of \$696 in the business-type activities funds.

City of Rochester's Outstanding Debt

(000's Omitted)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$ 94,107	\$ 112,686	\$ 68,604	\$ 78,000	\$ 162,711	\$ 190,686
Bond anticipation notes	37,789	28,581	25,706	17,006	63,495	45,587
Total	\$ 131,896	\$ 141,267	\$ 94,310	\$ 95,006	\$ 226,206	\$ 236,273

The City maintains a conservative debt borrowing policy with an accelerated debt repayment schedule, and funds a significant level of capital expenditures from current funds. Major capital projects have not been deferred. The City has a rating of A+ from both Standard & Poor's and Fitch, and an Aa3 rating from Moody's Investors Service.

The New York State Constitution restricts the annual real property tax levy for operating expenses to 2 percent of the average full value of taxable City property over the last five years. This limitation does not apply to taxes for debt service. The Constitution also imposes a debt limit of 9 percent of the most recent five-year average of full valuation of taxable real estate.

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

Economic Factors

The dominant feature of Rochester's economy during the previous 30 years has been the decline of traditional sources of income and the birth of new firms and industries. Through much of the last century, Rochester was dominated by major manufacturers—particularly Kodak—employing highly skilled production workers, thousands of key scientists and technicians in research and development positions and many headquarters staff. As these companies restructured, the workers who left their employers have fueled the growth of numerous small and medium sized firms in a range of industries. In 1980, just over half (57%) of employment was located in small and medium-sized firms of 1000 employees or less. Most of these firms had direct or indirect linkages to major Rochester firms like Kodak, Xerox or General Motors. By 2008, the share of employment in small and medium-sized firms had risen to about 80% (Center for Governmental Research "CGR" estimates from County Business Patterns data).

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

Attraction efforts continue to bring new businesses to Eastman Business Park and its existing vacant parcels. Today, about 6,000 people work at Eastman Business Park; nearly half are employed by Kodak, while the remainder is employed by other companies that work within the Park.

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

Manifesting the shift to a services based workforce, the University of Rochester has grown to be the largest local employer with 22,500 jobs (over 20,000 estimated full time equivalent positions). A significant share of the University's growth has occurred at the University of Rochester Medical Center (URMC) as Strong Health extends clinical service penetration beyond the metropolitan area and URMC expands its research facilities and total employment. Educational and health services employment is now 23% of total nonagricultural employment in the Rochester metropolitan area. The University of Rochester attracted more than \$3 billion in research funding over the past five years, supporting thousands of highly skilled workers.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET POSITION
JUNE 30, 2015 (000's Omitted)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School District	Land Bank
ASSETS					
Cash and cash equivalents	\$ 221,477	\$ 44,469	\$ 265,946	\$ 191,118	\$ 615
Receivables (net of allowance for uncollectibles)					
Accounts	61,969	18,441	80,410	3,158	-
Taxes	17,817	-	17,817	-	-
Due from other governments	79,861	227	80,088	50,690	-
Due from component units	639	-	639	544	-
Inventory	-	-	-	424	-
Prepaid expense	-	-	-	9,743	-
Cash and cash equivalents - restricted	28,557	13,141	41,698	-	-
Due from other governments - restricted	-	6	6	-	-
Interfund balances	(2,612)	2,612	-	-	-
Long term pension asset	-	-	-	192,612	-
Capital assets (net of accumulated depreciation)					
Land	25,182	11,091	36,273	17,464	-
Buildings	143,911	114,447	258,358	523,712	-
Machinery, equipment, and vehicles	34,003	6,832	40,835	13,355	-
Improvements other than buildings	34,276	150,984	185,260	-	-
Infrastructure	460,352	-	460,352	-	-
Construction in progress	8,174	5,101	13,275	18,015	-
Total assets	<u>1,113,606</u>	<u>367,351</u>	<u>1,480,957</u>	<u>1,020,835</u>	<u>615</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflow	16,315	513	16,828	48,956	-
Deferred charge on refunding, net of amortization	-	-	-	1,702	-
Total deferred outflows of resources	<u>16,315</u>	<u>513</u>	<u>16,828</u>	<u>50,658</u>	<u>-</u>
LIABILITIES					
Accounts payable and other accrued liabilities	64,276	6,431	70,707	69,590	112
Accrued interest payable	1,808	1,342	3,150	-	-
Due to other governments	31,706	784	32,490	2,592	-
Due to component units	544	-	544	639	-
Bond anticipation notes payable	37,789	25,706	63,495	20,000	-
Due to retirement systems	-	-	-	41,341	-
Unearned revenue	39,308	322	39,630	2,190	-
Noncurrent liabilities:					
Due within one year	20,846	11,344	32,190	43,746	-
Due in more than one year	466,397	95,694	562,091	661,996	-
Aggregate net pension liability	19,436	899	20,335	8,040	-
Total liabilities	<u>682,110</u>	<u>142,522</u>	<u>824,632</u>	<u>850,134</u>	<u>112</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflow	2,569	-	2,569	132,883	-
Total deferred inflows of resources	<u>2,569</u>	<u>-</u>	<u>2,569</u>	<u>132,883</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	602,559	207,285	809,844	220,390	-
Restricted for:					
Capital projects	57,509	12,622	70,131	-	-
Debt service	20,849	3,795	24,644	-	-
Community development	5,078	-	5,078	-	-
Unrestricted (deficit)	(240,753)	1,640	(239,113)	(131,914)	503
Total net position	<u>\$ 445,242</u>	<u>\$ 225,342</u>	<u>\$ 670,584</u>	<u>\$ 88,476</u>	<u>\$ 503</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)**

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	School District	Land Bank
Primary government:									
Governmental activities:									
General government	\$ 136,679	\$ 71,570	\$ 1,525	\$ 6,837	\$ (56,747)	\$ -	\$ (56,747)	\$ -	\$ -
Police department	147,566	7,059	2,963	7	(137,537)	-	(137,537)	-	-
Fire department	79,577	2,066	625	76	(76,810)	-	(76,810)	-	-
Emergency communications	23,141	17,337	-	-	(5,804)	-	(5,804)	-	-
Transportation	22,674	946	1,241	4,142	(16,345)	-	(16,345)	-	-
Environmental services	45,209	20,351	363	4,797	(19,698)	-	(19,698)	-	-
Recreation and youth services	18,954	1,717	717	-	(16,520)	-	(16,520)	-	-
Library	14,003	2,730	7,937	-	(3,336)	-	(3,336)	-	-
Neighborhood business development	38,195	7,080	28,115	206	(2,794)	-	(2,794)	-	-
Interest on long term debt	4,483	-	-	-	(4,483)	-	(4,483)	-	-
Education	119,100	-	-	-	(119,100)	-	(119,100)	-	-
Total governmental activities	<u>649,581</u>	<u>130,856</u>	<u>43,486</u>	<u>16,065</u>	<u>(459,174)</u>	<u>-</u>	<u>(459,174)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water	36,081	36,925	-	560	-	1,404	1,404	-	-
Parking	15,466	12,704	-	799	-	(1,963)	(1,963)	-	-
War Memorial	2,443	913	-	-	-	(1,530)	(1,530)	-	-
Refuse	29,703	26,196	-	-	-	(3,507)	(3,507)	-	-
Cemetery	3,025	1,532	-	15	-	(1,478)	(1,478)	-	-
Public Market	1,065	789	-	-	-	(276)	(276)	-	-
Total business-type activities	<u>87,783</u>	<u>79,059</u>	<u>-</u>	<u>1,374</u>	<u>-</u>	<u>(7,350)</u>	<u>(7,350)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 737,364</u>	<u>\$ 209,915</u>	<u>\$ 43,486</u>	<u>\$ 17,439</u>	<u>(459,174)</u>	<u>(7,350)</u>	<u>(466,524)</u>	<u>-</u>	<u>-</u>
Component units:									
School District	\$ 774,851	\$ 1,730	\$ 109,228	\$ -				(663,893)	-
Land Bank	943	-	736	-				-	(207)
Total component units	<u>\$ 775,794</u>	<u>\$ 1,730</u>	<u>\$ 109,964</u>	<u>\$ -</u>				<u>(663,893)</u>	<u>(207)</u>
General revenues:									
Property taxes					152,593	2,635	155,228	-	-
Sales taxes					139,782	-	139,782	-	-
Payment in-lieu of tax					10,928	-	10,928	-	-
Other taxes					8,410	906	9,316	-	-
Governmental aid - (unrestricted)					108,673	5	108,678	532,348	-
Investment earnings					1,476	389	1,865	682	-
Allocation to school district - (unrestricted)					-	-	-	119,100	-
Miscellaneous					5,923	975	6,898	10,725	149
Transfers					5,374	(5,374)	-	-	-
Total general revenues and transfers					<u>433,159</u>	<u>(464)</u>	<u>432,695</u>	<u>662,855</u>	<u>149</u>
Change in net position					<u>(26,015)</u>	<u>(7,814)</u>	<u>(33,829)</u>	<u>(1,038)</u>	<u>(58)</u>
Net position - beginning					488,283	234,021	722,304	45,870	561
Prior period adjustment (see note I.G.9)					(17,026)	(865)	(17,891)	43,644	-
Net position - beginning of year as restated					<u>471,257</u>	<u>233,156</u>	<u>704,413</u>	<u>89,514</u>	<u>-</u>
Net position - ending					<u>\$ 445,242</u>	<u>\$ 225,342</u>	<u>\$ 670,584</u>	<u>\$ 88,476</u>	<u>\$ 503</u>

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

**THE CITY OF ROCHESTER, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015 (000's Omitted)**

			Capital Projects		Special Revenue	Total Nonmajor Funds	Total Governmental Funds
	General	Debt Service	General	Transportation	Community Development		
ASSETS							
Cash and cash equivalents	\$ 108,913	\$ 16,217	\$ 865	\$ -	\$ 12,950	\$ 36,571	\$ 175,516
Receivables (net of allowance for uncollectibles)							
Accounts	2,853	-	16	-	57,248	940	61,057
Taxes	11,665	-	-	-	-	280	11,945
Due from other governments	41,650	-	23,174	61	335	3,893	69,113
Due from other funds	33,741	-	72,710	12,425	-	4,077	122,953
Due from component units	639	-	-	-	-	-	639
Cash and cash equivalents - restricted	-	5,070	7,013	12,867	-	3,607	28,557
Total assets	<u>\$ 199,461</u>	<u>\$ 21,287</u>	<u>\$ 103,778</u>	<u>\$ 25,353</u>	<u>\$ 70,533</u>	<u>\$ 49,368</u>	<u>\$ 469,780</u>
LIABILITIES							
Accounts payable and other accrued liabilities	\$ 17,866	\$ -	\$ 5,023	\$ 4,096	\$ 7,845	\$ 1,636	\$ 36,466
Bond anticipation notes payable	-	-	6,567	29,240	-	1,982	37,789
Due to other governments	9,832	-	-	-	21,199	675	31,706
Due to other funds	75,531	109	21,717	8,198	456	20,576	126,587
Due to component units	207	328	-	-	-	9	544
Unearned revenue	10,087	-	-	-	35,955	-	46,042
Total liabilities	<u>113,523</u>	<u>437</u>	<u>33,307</u>	<u>41,534</u>	<u>65,455</u>	<u>24,878</u>	<u>279,134</u>
FUND BALANCES							
Restricted	-	5,070	-	-	4,667	4,989	14,726
Committed	50,155	-	69,865	-	411	8,495	128,926
Assigned	30,753	15,780	606	-	-	11,006	58,145
Unassigned	5,030	-	-	(16,181)	-	-	(11,151)
Total fund balances	<u>85,938</u>	<u>20,850</u>	<u>70,471</u>	<u>(16,181)</u>	<u>5,078</u>	<u>24,490</u>	<u>190,646</u>
Total liabilities and fund balances	<u>\$ 199,461</u>	<u>\$ 21,287</u>	<u>\$ 103,778</u>	<u>\$ 25,353</u>	<u>\$ 70,533</u>	<u>\$ 49,368</u>	<u>\$ 469,780</u>

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

Total fund balances of governmental funds	\$ 190,646
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	705,898
Accrual of property and sales taxes to qualify as financial resources	23,354
Internal service funds are used by management to charge the cost of risk management and health insurance to individual funds.	35,756
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	
Accrual of interest on bonds and notes payable	(1,808)
Accrual of Medicare Part D revenue	913
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(86,430)
Premium liability	(7,677)
Compensated absences	(16,583)
Workers' compensation	(15,100)
OPEB liability	(361,263)
NYS Canal lease liability	(364)
Pollution remediation liability	(8,077)
Pension amortization liability	(8,333)
Net pension liability and net deferred inflows and outflows	(5,690)
Net position of governmental activities	<u>\$ 445,242</u>

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

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (000'S Omitted)

			Capital Projects		Special Revenue	Total Nonmajor Funds	Total Governmental Funds
	General	Debt Service	General	Transportation	Community Development		
REVENUES							
Real property tax	\$ 146,694	\$ -	\$ -	\$ -	\$ -	\$ 7,275	\$ 153,969
Sales tax	139,816	-	-	-	-	-	139,816
Other taxes	19,338	-	-	-	-	-	19,338
Departmental	27,067	-	-	-	-	22,158	49,225
Use of money and property	222	591	-	-	1	7	821
Licenses and permits	3,175	-	-	-	-	-	3,175
Federal aid	1,487	-	7,058	-	24,373	2,692	35,610
State aid	109,178	-	5,277	3,957	350	2,092	120,854
Local sources and other	23,857	-	70	-	2,795	9,464	36,186
Total revenues	<u>470,834</u>	<u>591</u>	<u>12,405</u>	<u>3,957</u>	<u>27,519</u>	<u>43,688</u>	<u>558,994</u>
EXPENDITURES							
Current:							
General government	129,821	-	4,409	-	3,004	7,658	144,892
Neighborhood business development	8,554	-	54	-	29,861	635	39,104
Environmental services	18,747	-	-	204	-	11,757	30,708
Library	-	-	-	-	-	11,122	11,122
Police department	85,955	-	-	-	-	1,953	87,908
Fire department	45,973	-	-	-	-	390	46,363
Emergency communications	12,810	-	-	-	-	-	12,810
Recreation and youth services	9,870	-	12	-	-	1,530	11,412
Transportation	4,911	-	3,482	348	-	117	8,858
Education	119,100	-	-	-	-	-	119,100
Debt service:							
Principal retirement	17,115	-	-	-	-	760	17,875
Interest	4,336	-	-	-	-	186	4,522
Administrative charges	11	-	-	-	-	-	11
Capital outlay:							
General government	-	-	29,687	2,058	-	-	31,745
Neighborhood business development	-	-	-	-	-	5	5
Environmental services	-	-	2,477	-	-	-	2,477
Library	-	-	-	-	-	1,003	1,003
Recreation and youth services	-	-	-	-	-	392	392
Transportation	-	-	766	22,179	-	-	22,945
Total expenditures	<u>457,203</u>	<u>-</u>	<u>40,887</u>	<u>24,789</u>	<u>32,865</u>	<u>37,508</u>	<u>593,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,631</u>	<u>591</u>	<u>(28,482)</u>	<u>(20,832)</u>	<u>(5,346)</u>	<u>6,180</u>	<u>(34,258)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	15,894	387	31,756	10,371	250	1,452	60,110
Transfers out	(24,497)	(4,432)	(5,852)	(14,811)	(97)	(7,325)	(57,014)
Total other financing sources (uses)	<u>(8,603)</u>	<u>(4,045)</u>	<u>25,904</u>	<u>(4,440)</u>	<u>153</u>	<u>(5,873)</u>	<u>3,096</u>
Net change in fund balances	5,028	(3,454)	(2,578)	(25,272)	(5,193)	307	(31,162)
Fund balances - beginning	<u>80,910</u>	<u>24,304</u>	<u>73,049</u>	<u>9,091</u>	<u>10,271</u>	<u>24,183</u>	<u>221,808</u>
Fund balances - ending	<u>\$ 85,938</u>	<u>\$ 20,850</u>	<u>\$ 70,471</u>	<u>\$ (16,181)</u>	<u>\$ 5,078</u>	<u>\$ 24,490</u>	<u>\$ 190,646</u>

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

**THE CITY OF ROCHESTER, NEW YORK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)**

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

Net change in fund balances - total governmental funds	\$	(31,162)
Change in net position of internal service fund reported in governmental activities		1,187
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Governmental funds report capital outlays of \$42,690 as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense of \$28,321. This is the amount by which capital outlays exceeded depreciation in the current period.		14,369
Change in accrual of interest payable on notes and bonds payable		39
Change in accrual of unrestricted governmental aid		(102)
Change in accrual of property tax		(1,376)
Change in accrual of sales tax		(34)
Change in pollution remediation liability		3,202
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.		
Debt principal payment		17,875
Premium liability		704
OPEB expense is not reported in the governmental funds.		(37,524)
NYS Canal lease expense is not reported in the governmental funds.		91
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Workers' compensation		(3,045)
Compensated absences		(2,458)
Retirement amortization		883
Net pension expense and net deferred outflow and inflows		(5,690)
Effect of implementing GASB 68 Pension Accounting		17,026
Change in net position of governmental activities	<u>\$</u>	<u>(26,015)</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015 (000's Omitted)**

	Business-type Activities						Governmental Activities	
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 13,993	\$ 7,049	\$ 562	\$ 17,856	\$ 3,495	\$ 1,514	\$ 44,469	\$ 45,962
Receivables (net of allowance for uncollectibles)	13,013	1,432	787	2,706	503	-	18,441	-
Due from other governments	1	-	226	-	-	-	227	-
Due from other funds	738	795	145	2,420	120	171	4,389	2,191
Cash and equivalents - restricted	8,887	2,588	387	161	1,074	44	13,141	-
Due from other governments - restricted	6	-	-	-	-	-	6	-
Total current assets	36,638	11,864	2,107	23,143	5,192	1,729	80,673	48,153
Noncurrent assets:								
Capital assets:								
Land	572	9,468	165	30	139	717	11,091	-
Buildings	43,295	144,628	44,710	510	7,530	1,873	242,546	-
Improvements other than buildings	273,597	2,212	60	671	1,860	3,186	281,586	-
Equipment	6,664	2,799	6,374	16,868	1,925	168	34,798	-
Construction in progress	2,652	811	499	-	303	836	5,101	-
Less accumulated depreciation	(152,012)	(86,731)	(25,998)	(15,220)	(3,845)	(2,861)	(286,667)	-
Total noncurrent assets	174,768	73,187	25,810	2,859	7,912	3,919	288,455	-
Total assets	211,406	85,051	27,917	26,002	13,104	5,648	369,128	48,153
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources - pension	212	57	-	204	32	8	513	-
Total deferred outflows of resources	212	57	-	204	32	8	513	-
Total assets and deferred outflows of resources	\$ 211,618	\$ 85,108	\$ 27,917	\$ 26,206	\$ 13,136	\$ 5,656	\$ 369,641	\$ 48,153
LIABILITIES								
Current liabilities:								
Accounts payable and other accrued liabilities	\$ 2,437	\$ 1,321	\$ 310	\$ 1,871	\$ 376	\$ 116	\$ 6,431	\$ 11,228
Accrued interest payable	860	315	150	-	17	-	1,342	-
Workers' compensation, current portion	648	43	-	1,568	20	4	2,283	-
Bond anticipation notes payable	20,383	4,723	600	-	-	-	25,706	-
Bonds payable	5,406	2,644	890	-	121	-	9,061	-
Due to other governments	343	89	-	306	32	14	784	-
Due to other funds	992	151	4	472	124	34	1,777	1,169
Unearned revenue	-	79	-	-	243	-	322	-
Total current liabilities	31,069	9,365	1,954	4,217	933	168	47,706	12,397
Noncurrent liabilities:								
Workers' compensation	1,203	80	-	2,913	37	7	4,240	-
Bonds payable	36,391	12,770	9,425	-	957	-	59,543	-
Due to other governments	420	108	-	354	43	17	942	-
OPEB liability	14,183	2,380	-	12,711	1,347	348	30,969	-
Aggregate net pension liability	371	100	-	358	56	14	899	-
Total noncurrent liabilities	52,568	15,438	9,425	16,336	2,440	386	96,593	-
Total liabilities	83,637	24,803	11,379	20,553	3,373	554	144,299	12,397
NET POSITION								
Net investment in capital assets	121,474	55,639	15,282	3,019	7,909	3,962	207,285	-
Restricted for:								
Capital projects	-	-	1,511	8,131	2,501	479	12,622	-
Debt service	3,160	597	10	-	28	-	3,795	-
Health insurance	-	-	-	-	-	-	-	16,478
Unrestricted (deficit)	3,347	4,069	(265)	(5,497)	(675)	661	1,640	19,278
Total net position	127,981	60,305	16,538	5,653	9,763	5,102	225,342	35,756
Total liabilities and net position	\$ 211,618	\$ 85,108	\$ 27,917	\$ 26,206	\$ 13,136	\$ 5,656	\$ 369,641	\$ 48,153

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)**

	Business-type Activities						Total Enterprise	Governmental
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Funds	Internal Service Funds
OPERATING REVENUES								
Charges for Services	\$ 36,925	\$ 12,704	\$ 913	\$ 26,196	\$ 1,532	\$ 789	\$ 79,059	\$ 59,967
Total operating revenues	36,925	12,704	913	26,196	1,532	789	79,059	59,967
OPERATING EXPENSES								
Personal services	7,006	1,892	-	6,746	1,065	250	16,959	-
Supplies and materials	12,740	7,289	933	13,025	817	484	35,288	-
Employee benefits	7,276	1,561	11	7,560	638	143	17,189	-
Claims settlement	-	-	-	-	-	-	-	61,096
Depreciation	7,312	3,889	946	2,372	473	188	15,180	-
Total operating expenses	34,334	14,631	1,890	29,703	2,993	1,065	84,616	61,096
Operating income (loss)	2,591	(1,927)	(977)	(3,507)	(1,461)	(276)	(5,557)	(1,129)
NONOPERATING REVENUES (EXPENSES)								
Real property tax	-	-	850	-	1,606	179	2,635	-
Other taxes	-	-	906	-	-	-	906	-
Interest and penalties	908	63	-	-	4	-	975	-
Interest on investments	312	70	-	3	4	-	389	38
Federal aid	2	3	-	-	-	-	5	-
State aid	-	-	-	-	15	-	15	-
Local sources and other	560	-	-	-	-	-	560	-
Interest expense	(1,747)	(835)	(553)	-	(32)	-	(3,167)	-
Total nonoperating revenues (expenses)	35	(699)	1,203	3	1,597	179	2,318	38
Income (loss) before contributions and transfers	2,626	(2,626)	226	(3,504)	136	(97)	(3,239)	(1,091)
Capital contributions	-	799	-	-	-	-	799	-
Transfers in	-	-	-	-	-	-	-	2,278
Transfers out	(5,374)	-	-	-	-	-	(5,374)	-
Change in net position	(2,748)	(1,827)	226	(3,504)	136	(97)	(7,814)	1,187
Net position - beginning	131,086	62,229	16,312	9,501	9,681	5,212	234,021	34,569
Prior period adjustment (see note I.G.9)	(357)	(97)	-	(344)	(54)	(13)	(865)	-
Net position - beginning of year as restated	130,729	62,132	16,312	9,157	9,627	5,199	233,156	-
Net position - ending	\$ 127,981	\$ 60,305	\$ 16,538	\$ 5,653	\$ 9,763	\$ 5,102	\$ 225,342	\$ 35,756

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)**

	Business-type Activities						Governmental	Governmental
	Water	Parking	War Memorial	Refuse	Cemetery	Public Market	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers	\$ 36,925	\$ 12,719	\$ 1,194	\$ 26,021	\$ 1,580	\$ 789	\$ 79,228	\$ 59,967
Payments to suppliers	(14,242)	(6,934)	(769)	(13,582)	(634)	(525)	(36,686)	(56,390)
Payments to employees	(12,144)	(2,894)	(11)	(11,987)	(1,514)	(322)	(28,872)	-
Net cash provided by (used for) operating activities	<u>10,539</u>	<u>2,891</u>	<u>414</u>	<u>452</u>	<u>(568)</u>	<u>(58)</u>	<u>13,670</u>	<u>3,577</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Real property taxes and other taxes	-	-	1,756	-	1,606	179	3,541	-
Transfers (to) from other funds	(4,644)	(416)	476	19	(100)	(51)	(4,716)	(1)
Operating grants	581	4	-	-	-	-	585	-
Net cash provided by (used for) noncapital financing activities	<u>(4,063)</u>	<u>(412)</u>	<u>2,232</u>	<u>19</u>	<u>1,506</u>	<u>128</u>	<u>(590)</u>	<u>(1)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from sales of bonds and notes	6,526	2,094	300	-	-	-	8,920	-
Capital contributions	-	799	-	-	-	-	799	-
Capital grants	-	-	-	-	15	-	15	-
Principal paid on bonds and notes	(5,635)	(2,736)	(890)	-	(110)	-	(9,371)	-
Interest expense paid on bonds and notes	(1,820)	(875)	(560)	-	(47)	-	(3,302)	-
Acquisition and construction of capital assets	(8,755)	(2,827)	(910)	(77)	(382)	(85)	(13,036)	-
Net cash used for capital and related financing activities	<u>(9,684)</u>	<u>(3,545)</u>	<u>(2,060)</u>	<u>(77)</u>	<u>(524)</u>	<u>(85)</u>	<u>(15,975)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest received from investments and customers	1,220	133	-	3	8	-	1,364	38
Net cash provided by investing activities	<u>1,220</u>	<u>133</u>	<u>-</u>	<u>3</u>	<u>8</u>	<u>-</u>	<u>1,364</u>	<u>38</u>
Net increase (decrease) in cash and cash equivalents	(1,988)	(933)	586	397	422	(15)	(1,531)	3,614
Cash and cash equivalents at beginning of year	24,868	10,570	363	17,620	4,147	1,573	59,141	42,348
Cash and cash equivalents at end of year	<u>\$ 22,880</u>	<u>\$ 9,637</u>	<u>\$ 949</u>	<u>\$ 18,017</u>	<u>\$ 4,569</u>	<u>\$ 1,558</u>	<u>\$ 57,610</u>	<u>\$ 45,962</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:								
Operating income (loss)	\$ 2,591	\$ (1,927)	\$ (977)	\$ (3,507)	\$ (1,461)	\$ (276)	\$ (5,557)	\$ (1,129)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation expense	7,312	3,889	946	2,372	473	188	15,180	-
(Increase) decrease in customer receivables	-	17	281	(174)	4	-	128	-
Increase (decrease) in accounts payable - supplier	(1,502)	353	164	(557)	227	(68)	(1,383)	4,706
Increase (decrease) in compensated absences	(21)	16	-	24	(12)	4	11	-
Increase (decrease) in salaries & benefits payable	2,159	543	-	2,294	201	94	5,291	-
Total adjustments	<u>7,948</u>	<u>4,818</u>	<u>1,391</u>	<u>3,959</u>	<u>893</u>	<u>218</u>	<u>\$ 19,227</u>	<u>4,706</u>
Net cash provided by (used for) operating activities	<u>\$ 10,539</u>	<u>\$ 2,891</u>	<u>\$ 414</u>	<u>\$ 452</u>	<u>\$ (568)</u>	<u>\$ (58)</u>	<u>\$ 13,670</u>	<u>\$ 3,577</u>

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

**THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015 (000's Omitted)**

	<u>Private-purpose Trust funds</u>	<u>Agency funds</u>
ASSETS		
Cash and cash equivalents	\$ 923	\$ 15,591
Investments	2,594	-
Receivables (net of allowance for uncollectibles)	-	233
Total assets	<u>3,517</u>	<u>15,824</u>
LIABILITIES		
Accounts payable and other accrued liabilities	<u>6</u>	<u>15,824</u>
Total liabilities	<u>6</u>	<u>\$ 15,824</u>
NET POSITION		
Net position held in trust and other purposes	<u>\$ 3,511</u>	

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

THE CITY OF ROCHESTER, NEW YORK
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)

	Private-purpose Trust funds
ADDITIONS	
Contributions	\$ 207
Total additions	<u>207</u>
DEDUCTIONS	
Community services	<u>302</u>
Total deductions	<u>302</u>
Change in net position	(95)
Net Position - beginning	3,606
Net Position - ending	<u><u>\$ 3,511</u></u>

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

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

The Rochester Joint Schools Construction Board (RJSCB) was formed to provide alternative financing for the modernization of school facilities. It is an inter-municipal board formed by the City and the District under the authorization of the New York State Rochester School Facilities Construction Board Act. The seven voting member board consists of three members appointed by the City, three members appointed by the District, and one member jointly appointed. The RJSCB is included in the financial statements of the District as a blended component unit. Separate financial statements of the RJSCB may be obtained from the RJSCB's Executive Director located at 1766 North Clinton Avenue, Rochester, New York 14621.

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

D. NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended June 30, 2015, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An amendment of GASB Statement No. 27*; Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*; and Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The primary objective of Statement No. 68 and No. 71 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. These Statements result from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

The GASB has issued the following new statements:

- Statement No. 72, *Fair Value Measurement and Application*, which will be effective for the year ending the June 15, 2016;
- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending June 30, 2018; and
- Statement No. 77, *Tax Abatement Disclosures*, which will be effective for the year ending June 30, 2017.

The City is currently reviewing these statements and plans on adoption, as required.

E. USE OF ESTIMATES

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

F. REAL PROPERTY TAX

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

The City is permitted by the Constitution of New York State to levy taxes up to 2% of the five-year average full-assessed valuation for general governmental services other than the payment of debt service and capital expenditures. The City utilizes a full value system, assessing all properties at 100% of full market value. For the year ended June 30, 2015, the City had a legal margin of \$32,761,000.

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

1. Deposits and Investments

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

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

Cash equivalents include U.S. Government securities and U.S. Government securities purchased through repurchase agreements. All highly liquid investments, both restricted and unrestricted, with an original maturity of approximately three months or less are considered to be cash equivalents. Repurchase agreement securities are valued monthly to confirm that the fair value of the securities is equal to or greater than the value of the investment. The fair value includes accrued interest from 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 as restricted because their use is limited. The proceeds of bond and note sales can only be used for the stated purpose of the borrowing. Property taxes collected for debt service payments are legally restricted for that purpose. Cemetery perpetual care funds cannot be expended. However, the interest earnings can be spent for cemetery maintenance functions.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable Governmental or Business-type activities columns in the government-wide financial statements. Infrastructure acquired or constructed prior to fiscal year 1980 is not reported, as permitted by GASB Statement No. 34. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets 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 the life of the asset are not capitalized.

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category; the deferred outflow related to pensions reported in the government-wide Statement of Net Position.

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

5. Unearned Revenue

Unearned revenue is a liability for resources obtained prior to revenue recognition. The unearned revenue of \$10,087,000 in the City's General Fund relates primarily to property taxes that will not be collected within sixty days, \$35,955,000 in the City's Special Revenue Community Development Fund relates primarily to an advance on a grant that had not started by the end of the fiscal year ended June 30, 2015, \$243,000 in the City's Cemetery Fund relates primarily to charges for future care of grave sites and \$79,000 in the City's Parking Fund relates primarily to prepaid monthly parking fees.

The District received cash in advance of expenditures in the amount of \$19,000 in the General fund at June 30, 2015 for lease prepayments associated with the utilization of the Pleasant Street parking lot and a portion of the Martin Street facility. The District also received cash in advance of expenditures in the amount of \$2,170,000 for Special Aid fund projects during fiscal year 2014-15. These funds represent receipts for various grants that were not fully spent as of June 30, 2015. As the funds are spent during fiscal year 2015-16, revenue will be recorded.

6. Compensated Absences

It is the City's policy to pay employees for unused vacation and compensatory time when there is a separation from service. Employees have a vacation bank cap based on their start of service date with the City. Therefore, it is estimated that the prior fiscal year compensated absences balance is fully liquidated by the end of the next fiscal year. For Governmental activities, the current portion of this liability is accrued in the appropriate fund and for Business-type funds, the full liability is recognized at both the fund and entity-wide level. As of June 30, 2015, the liability for Governmental Activities was \$17,493,000 and \$1,133,000 for Business-type Activities.

7. Long-term Obligations

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

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

8. Fund Balances — Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

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

The Assigned category includes funds encumbered for contract services and purchase orders that were open as of June 30, 2015.

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

As of June 30, 2015, governmental fund balances were classified as follows (000's omitted):

	General	Debt Service	Capital Projects		Special Revenue	Nonmajor Governmental	Total Governmental Funds
			General	Transportation	Community Development		
Restricted:							
Debt service	\$ -	\$ 5,070	\$ -	\$ -	\$ -	\$ -	\$ 5,070
Community development	-	-	-	-	4,667	-	4,667
Federal projects	-	-	-	-	-	2,778	2,778
Foreign fire insurance	-	-	-	-	-	1,776	1,776
State projects	-	-	-	-	-	435	435
Committed:							
Retirement costs	21,929	-	-	-	-	-	21,929
Property tax relief	28,226	-	-	-	-	-	28,226
Capital projects	-	-	69,865	-	-	-	69,865
Federal block grant	-	-	-	-	411	-	411
Cultural & recreation – Capital	-	-	-	-	-	60	60
Cemetery perpetual care	-	-	-	-	-	5,276	5,276
Economic development	-	-	-	-	-	3,159	3,159
Assigned:							
Open purchase orders and contracts:							
General government	1,939	-	-	-	-	-	1,939
Police	362	-	-	-	-	-	362
Fire	280	-	-	-	-	-	280
Emergency communications	208	-	-	-	-	-	208
Environmental services	1,192	-	-	-	-	-	1,192
Recreation & Youth services	321	-	-	-	-	-	321
Neighborhood & business development	56	-	-	-	-	-	56
Subsequent year's expenditures	5,153	-	-	-	-	1,494	6,647
Retirement costs	6,000	-	-	-	-	-	6,000
Property tax relief	1,319	-	-	-	-	-	1,319
Postemployment benefits	7,923	-	-	-	-	-	7,923
Debt service	-	15,780	-	-	-	-	15,780
Capital projects	6,000	-	606	-	-	-	6,606
Animal control	-	-	-	-	-	497	497
Library	-	-	-	-	-	289	289
Local works	-	-	-	-	-	6,139	6,139
Downtown programs	-	-	-	-	-	2,587	2,587
Unassigned:							
Capital projects fund - Transportation	-	-	-	(16,181)	-	-	(16,181)
General fund	5,030	-	-	-	-	-	5,030
Totals	\$ 85,938	\$ 20,850	\$ 70,471	\$ (16,181)	\$ 5,078	\$ 24,490	\$ 190,646

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

9. Restatement of Net Position

For the fiscal year ended June 30, 2015, the City implemented GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of Statements No. 68 and No. 71 resulted in the reporting of a deferred outflow of resources, a liability and a deferred inflow of resources related to the City's participation in the New York State Employees' (ERS) and Police and Fire (PFRS) retirement systems. The City's net position has been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position beginning of year, as previously stated	\$ 488,283,000	\$ 234,021,000
GASB Statement No. 68 and No. 71 implementation:		
Beginning System liability – ERS	(13,886,000)	(1,203,000)
Beginning System liability – PFRS	(13,695,000)	-
Beginning deferred outflow of resources for		
Contributions subsequent to the measurement date:		
ERS	3,887,000	338,000
PFRS	<u>6,668,000</u>	<u>-</u>
Net position beginning of year, as restated	<u>\$ 471,257,000</u>	<u>\$ 233,156,000</u>

10. Encumbrances & Commitments

Encumbrances are recorded at the time a purchase order, construction contract or service agreement is finalized. In governmental funds, commitments are encumbered and reported as either assigned or committed fund balances since they do not constitute expenditures or liabilities. Total encumbrances in the General fund were \$4,358,000 at year end. These were substantially for environmental services purposes including \$1,192,000 for utilities, maintenance, fuel and security systems and general government purposed were \$1,939,000 which included recreation programs, medical services, and employee training.

11. Cash and Cash Equivalent

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

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**A. BUDGETARY INFORMATION**

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

Since the adopted budget is on a departmental basis, rather than a fund basis, legal compliance cannot be reported as part of the Basic Financial Statements. Therefore, in compliance with GASB Statement No. 41 (*Budgetary Comparison Schedules – Perspective Differences*), a non-GAAP budget-to-actual schedule is presented as Required Supplemental Information after the Basic Financial Statements.

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

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

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

During the year, City Council passed budget amendments which decreased total appropriations for operating budgets by \$2,897,900. Estimated revenues increased by \$3,017,200, transfers to other funds increased by \$6,576,900 and transfers from other funds increased by \$661,800. Appropriation of fund balance remained unchanged.

III. DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

As established by charter, the City Treasurer is delegated the authority to establish and control uniform cash management policies that apply to the City and the School District. Thus, the following risk assessments apply to cash, cash equivalents, and investments of the primary government and the component unit.

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

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

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

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

1. Deposits

At year-end, the total carrying amount of the City's deposits net of outstanding checks, including certificates of deposit, was \$239,191,000 and the bank balance was \$239,307,000. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the total carrying amount of the School District's deposits net of outstanding checks, including certificates of deposit, was \$99,674,000. These deposits, which are above the level insured by FDIC, were collateralized at 102% with U.S. Government securities held by a third-party.

2. Cash Equivalents

At year-end, the City had cash equivalents of \$84,850,000; money markets at fair value of \$84,850,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

At year-end, the School District had cash equivalents in the form of money markets at fair value of \$37,979,000. These cash equivalents were collateralized at 102% with U.S. Government securities held by a third-party.

3. Investments

At year-end, the City had \$2,593,000 of Library trust funds invested: \$1,183,000 was invested in fixed income securities and \$1,333,000 in equities, with the remaining \$77,000 of the portfolio classified as cash and accrued income. Library trust fund investments, which derive from private contributions, constitute only less than one percent of the City's deposits, cash equivalents, and investments. These funds, which provide resources for restricted purposes, are managed separately under the control of an independent library board rather than under the City Treasurer's cash management policies described above. Approximately one-half of this portfolio is invested in U.S. Treasury and agency obligations; the remaining is invested in stocks and mutual funds for which ratings are unavailable. These equities have been characterized as 50% growth investments and 50% value investments. Since this portfolio is not protected by the City's collateral agreements and has exposure to cyclical markets, there is greater custodial and credit risk.

In accordance with certain contractual provisions, investment income of \$27,000 for fiscal year 2015, associated with the Capital Projects Fund, was assigned to the Debt Service Fund. In addition, investment income of \$3,000 for fiscal year 2015, associated with the Cemetery Perpetual Care Fund, was assigned to the Cemetery Enterprise Fund.

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

B. RECEIVABLES AND PAYABLES

The Primary Government had \$80,410,000 in accounts receivable at year-end. The major Governmental activities receivable was \$57,248,000 in economic development and housing loans made from the Community Development Special Revenue Fund. The major Business-type receivables were \$13,013,000 in the Water Fund, \$2,706,000 in the Refuse Fund, \$787,000 in the War Memorial Fund, \$503,000 in the Cemetery Fund and \$1,432,000 in the Parking Fund.

Receivables are reported net of allowance for uncollectibles, which were established based on current collection experience. Allowances for uncollectibles for major revenue sources are as follows: General Fund property taxes (\$15,220,000), Water Fund (\$1,957,000) and Refuse Fund (\$3,987,000).

The amount due from other governments to the City, as presented in the governmental fund level statements as of June 30, 2015, was \$69,113,000. This was comprised of the following items: \$14,899,000 from New York State, \$42,042,000 from Monroe County, \$1,058,000 from the Federal Government, and \$11,114,000 from others.

The amount due from other governments and the primary government to the School District as of June 30, 2015 was \$51,234,000. This was comprised of the following items: \$28,234,000 from New York State, \$18,420,000 from the Federal Government and \$4,580,000 from other sources.

The Primary Government had \$70,707,000 in accounts payable and accrued liabilities at year-end. This amount also includes Compensated Absences (See Note I.G.6), as well as vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

The School District Component Unit had \$69,590,000 in accounts payable and accrued liabilities at year-end. This was principally made up of vouchers expensed but not yet disbursed and payroll liability not yet disbursed, both due to the normal lag in processing such transactions.

C. CAPITAL ASSETS

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

Class	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 25,200	\$ 125	\$ 143	\$ 25,182
Construction in progress	4,079	12,688	8,593	8,174
Total capital assets, not being depreciated	<u>29,279</u>	<u>12,813</u>	<u>8,736</u>	<u>33,356</u>
Capital assets, being depreciated:				
Buildings	240,925	10,531	724	250,732
Improvements other than buildings	57,460	1,521	10	58,971
Machinery, equipment, and vehicles	104,513	5,360	2,286	107,587
Infrastructure	598,873	21,826	520	620,179
Total capital assets being depreciated	<u>1,001,771</u>	<u>39,238</u>	<u>3,540</u>	<u>1,037,469</u>
Less accumulated depreciation for:				
Buildings	100,662	6,689	530	106,821
Improvements other than buildings	22,512	2,274	91	24,695
Machinery, equipment, and vehicles	66,985	8,868	2,269	73,584
Infrastructure	149,362	10,490	25	159,827
Total accumulated depreciation	<u>339,521</u>	<u>28,321</u>	<u>2,915</u>	<u>364,927</u>
Total capital assets, being depreciated, net:	<u>662,250</u>	<u>10,917</u>	<u>625</u>	<u>672,542</u>
Governmental activities capital assets, net:	<u>\$ 691,529</u>	<u>\$ 23,730</u>	<u>\$ 9,361</u>	<u>\$ 705,898</u>

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

<u>Class</u>	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital assets, not being depreciated:				
Land	\$ 11,207	\$ 9	\$ 125	\$ 11,091
Construction in progress	1,446	3,758	103	5,101
Total capital assets, not being depreciated	<u>12,653</u>	<u>3,767</u>	<u>228</u>	<u>16,192</u>
Capital assets, being depreciated:				
Buildings	240,779	1,856	89	242,546
Improvements other than buildings	275,895	5,987	297	281,585
Machinery, equipment, and vehicles	<u>34,532</u>	<u>1,526</u>	<u>1,259</u>	<u>34,799</u>
Total capital assets being depreciated	<u>551,206</u>	<u>9,369</u>	<u>1,645</u>	<u>558,930</u>
Less accumulated depreciation for:				
Buildings	122,557	5,631	89	128,099
Improvements other than buildings	124,834	6,065	297	130,602
Machinery, equipment, and vehicles	<u>25,869</u>	<u>3,348</u>	<u>1,251</u>	<u>27,966</u>
Total accumulated depreciation	<u>273,260</u>	<u>15,044</u>	<u>1,637</u>	<u>286,667</u>
Total capital assets, being depreciated, net:	<u>277,946</u>	<u>(5,675)</u>	<u>8</u>	<u>272,263</u>
Business-type activities capital assets, net:	<u>\$ 290,599</u>	<u>\$ (1,908)</u>	<u>\$ 236</u>	<u>\$ 288,455</u>

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

Governmental activities:	
General Government	\$ 5,107
Police	2,519
Fire	2,246
Emergency Communications	305
Transportation	10,490
Environmental Services	3,341
Recreation & Youth Services	2,005
Library	952
Neighborhood & Business Development (NBD)	1,356
Total depreciation expense - governmental activities	<u>\$ 28,321</u>
Business-type activities:	
Water	\$ 7,312
Parking	3,890
War Memorial	946
Refuse	2,235
Cemetery	473
Public market	188
Total depreciation expense – business-type activities	<u>\$ 15,044</u>
Total depreciation - Primary Government	<u>\$ 43,365</u>

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

Class	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets, not being depreciated:				
Land	\$ 17,440	\$ 24	\$ -	\$ 17,464
Construction-in-progress	<u>134,195</u>	<u>38,698</u>	<u>154,878</u>	<u>18,015</u>
Total Capital Assets, not being depreciated	<u>151,635</u>	<u>38,722</u>	<u>154,878</u>	<u>35,479</u>
Capital Assets, being depreciated:				
Buildings and improvements	683,133	151,466	18,742	815,857
Equipment and other	<u>53,587</u>	<u>4,768</u>	<u>2,358</u>	<u>55,997</u>
Total Capital Assets, being depreciated	<u>736,720</u>	<u>156,234</u>	<u>21,100</u>	<u>871,854</u>
Less accumulated depreciation for:				
Buildings and improvements	275,472	26,861	10,189	292,144
Equipment and other	<u>40,369</u>	<u>4,567</u>	<u>2,293</u>	<u>42,643</u>
Total accumulated depreciation	<u>315,841</u>	<u>31,428</u>	<u>12,482</u>	<u>334,787</u>
Total Capital Assets, being depreciated, net:	<u>420,879</u>	<u>124,806</u>	<u>8,618</u>	<u>537,067</u>
School District Capital Assets, net:	<u>\$ 572,514</u>	<u>\$ 163,528</u>	<u>\$ 163,496</u>	<u>\$ 572,546</u>

D. CURRENT DEBT RELATED LIABILITIES

The following tables summarize changes in the City's current debt related liabilities for the year ended June 30, 2015:

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

	<u>Balance July 1, 2014</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Bond Anticipation Notes					
Public improvement	\$ 28,287	\$ 9,618	\$ (986)	\$ 36,919	\$ 36,919
Sewer	-	-	-	-	-
Library	294	216	-	510	510
Local Works	-	360	-	360	360
Total Bond Anticipation Notes	<u>\$ 28,581</u>	<u>\$ 10,194</u>	<u>\$ (986)</u>	<u>\$ 37,789</u>	<u>\$ 37,789</u>

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

	<u>Balance July 1, 2014</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Bond Anticipation Notes					
Water	\$ 13,981	\$ 6,527	\$ (125)	\$ 20,383	\$ 20,383
War Memorial	300	300	-	600	600
Parking	2,725	2,094	(96)	4,723	4,723
Total Bond Anticipation Notes	<u>\$ 17,006</u>	<u>\$ 8,921</u>	<u>\$ (221)</u>	<u>\$ 25,706</u>	<u>\$ 25,706</u>

As of June 30, 2015, the City had two Bond Anticipation Notes, one for \$65,150,000 (\$55,150,000 at 2% and \$10,000,000 at 1%) maturing August 10, 2015 and one for \$18,345,000 at 1% maturing March 16, 2016. These BANS were the combined short term financing for capital projects in governmental activities, business-type activities and for the school district.

The following table summarizes changes in the School District Component Unit's City's current debt related liabilities for the year ended June 30, 2015:

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

	<u>Balance July 1, 2014</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Bond Anticipation Notes					
Capital Projects Fund	\$ 4,000	\$ 16,000	\$ -	\$ 20,000	\$ 20,000
Total Bond Anticipation Notes	<u>\$ 4,000</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>

E. LONG-TERM LIABILITIES

The following tables summarize changes in the City's long-term liabilities for the year ended June 30, 2015:

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds					
Public Improvement	\$ 98,245	\$ -	\$ (16,725)	\$ 81,520	\$ 13,665
Sewer	1,365	-	(390)	975	340
Library	1,695	-	(505)	1,190	505
Local Works	3,000	-	(255)	2,745	255
Premium	<u>8,381</u>	<u>-</u>	<u>(704)</u>	<u>7,677</u>	<u>705</u>
Total General Obligation Bonds	112,686	-	(18,579)	94,107	15,470
Other Noncurrent Liabilities					
NYS Canal Corp. Lease	455	-	(91)	364	91
Workers' Compensation	12,055	6,518	(3,473)	15,100	5,285
Pollution Remediation	11,279	2,105	(5,308)	8,076	-
OPEB Liability	323,739	62,582	(25,058)	361,263	-
NYS Pension Liability Amortization	<u>9,216*</u>	<u>-</u>	<u>(883)</u>	<u>8,333*</u>	<u>-</u>
Total Other Noncurrent Liabilities	<u>356,744</u>	<u>71,205</u>	<u>(34,813)</u>	<u>393,136</u>	<u>5,376</u>
TOTAL NONCURRENT LIABILITIES	<u>\$ 469,430</u>	<u>\$ 71,205</u>	<u>\$ (53,392)</u>	<u>\$ 487,243</u>	<u>\$ 20,846</u>

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

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>New Issues/ Additions</u>	<u>Maturities/ Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
General Obligation Bonds					
Water	\$ 45,100	\$ -	\$ (5,510)	\$ 39,590	\$ 5,215
Parking	17,550	-	(2,640)	14,910	2,600
War Memorial	11,205	-	(890)	10,315	890
Cemeteries	1,080	-	(110)	970	110
Premium	<u>3,065</u>	<u>-</u>	<u>(246)</u>	<u>2,819</u>	<u>246</u>
Total General Obligation Bonds	78,000	-	9,396)	68,604	9,061
Other Noncurrent Liabilities					
Workers' Compensation	4,633	3,379	(1,489)	6,523	2,283
OPEB Liability	27,014	5,203	(1,248)	30,969	-
NYS Pension Liability Amortization	<u>1,043*</u>	<u>-</u>	<u>(101)</u>	<u>942*</u>	<u>-</u>
Total Other Noncurrent Liabilities	<u>32,690</u>	<u>8,582</u>	<u>(2,838)</u>	<u>38,434</u>	<u>2,283</u>
TOTAL NONCURRENT LIABILITIES	<u>\$ 110,690</u>	<u>\$ 8,582</u>	<u>\$ (12,234)</u>	<u>\$ 107,038</u>	<u>\$ 11,344</u>

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

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

The following table summarizes changes in the School District Component Unit's noncurrent and debt-related liabilities for the year ended June 30, 2015:

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

	Balance <u>July 1, 2014</u>	New Issues/ <u>Additions</u>	Maturities/ <u>Reductions</u>	Balance <u>June 30, 2015</u>	Due Within <u>One Year</u>
General Obligation Bonds					
General Fund	\$ 155,400	\$ -	\$ (17,480)	\$ 137,920	\$ 17,530
RJSCB School Facility Revenue Bonds	223,810	44,225	(10,065)	257,970	12,090
Premium	31,680	9,036	(2,535)	38,181	2,809
Other Noncurrent Liabilities					
OPEB Liability	191,772	36,635	(20,756)	207,652	-
NYS Education Department (EPE)	-	-	-	-	-
NYS Special Purpose Bonds - 2003	-	-	-	-	-
NYS Lottery Advance	14,000	-	(667)	13,333	667
NYS Teachers' Retirement Incentive	2,824	-	(2,824)	-	-
NYS Employees' Retirement Incentive	850	-	(850)	-	-
NYS Employees' Retirement Pension	5,415	8,497	-	13,911	-
NYS Teachers' Retirement Pension	1,234	3,092	-	4,327	336
Claims Payable	23,052	4,988	(4,434)	23,606	5,484
Compensated Absences	1,441	7,813	(7,268)	1,985	1,985
Installment Purchase Debt	<u>9,557</u>	<u>146</u>	<u>(2,848)</u>	<u>6,855</u>	<u>2,845</u>
Total Other Noncurrent Liabilities	<u>250,145</u>	<u>61,171</u>	<u>(39,647)</u>	<u>271,669</u>	<u>11,317</u>
TOTAL NONCURRENT LIABILITIES	<u>\$ 661,036</u>	<u>\$ 114,432</u>	<u>\$ (69,727)</u>	<u>\$ 705,740</u>	<u>\$ 43,746</u>

The District's other noncurrent liabilities are liquidated in the fund where the liability was incurred, which is normally the General Fund. In addition, a first-in, first out (FIFO) approach is used to estimate the amount of compensated absences that will become due within one year.

In prior years, the City and the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Based on GASB Statement No. 7 (paragraph 14) on Advanced Refunding's for disclosure purposes and the fact that all debt was part of an advanced refunding has since been paid off by the Trustee, no outstanding portion remains. As of June 30, 2015 neither the City nor the District had bonds outstanding that are considered defeased.

1. Debt Service Requirements

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

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities		School District		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2016	\$ 14,765	\$ 3,503	\$ 8,815	\$ 2,767	\$ 17,530	\$ 5,600	\$ 52,980
2017	12,715	2,900	7,895	2,395	17,855	4,912	48,672
2018	11,305	2,344	7,290	2,045	17,965	4,135	45,084
2019	10,195	1,815	7,160	1,704	16,755	3,347	40,976
2020	7,240	1,378	6,860	1,377	15,865	2,597	35,317
2021-2025	24,930	3,061	23,140	3,066	45,190	4,817	104,204
2026-2030	4,570	413	4,625	206	6,760	364	16,938
2031-2032	710	17	-	-	-	-	727
Total	\$ 86,430	\$ 15,431	\$ 65,785	\$ 3,560	\$ 137,920	\$ 25,772	\$ 344,898

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

Outstanding Bond Issues - June 30, 2015

Issue	Rate(%)	Principal Balance	Final Maturity	Amount Issued	Capital Project Fund Categories
General Obligation-1994, Series A	5.000	\$ 2,530,000	08/15/22	\$ 63,577,000	G,L,P,R,S,W,Sch
General Obligation-1996, Series A	5.000	325,000	09/15/23	70,690,000	G,L,P,S,W,Sch
General Obligation-1996, Series B (Taxable)	6.700	3,205,000	09/15/24	9,380,000	Parking only
General Obligation Serial Bonds-1997	5.000	3,295,000	10/01/25	55,960,000	G,L,P,S,W,Sch
General Obligation Serial Bonds-1999	5.250	8,835,000	10/01/26	69,575,000	G,W,S,L,W,M,Sch
General Obligation Serial Bonds-2001, Series A	4.500	585,000	10/15/27	29,275,000	G,L,S,W,Sch
General Obligation Serial Bonds-2001, Series B	5.000	1,480,000	02/15/28	35,350,000	G,S,PM,W,M,W,Sch
General Obligation Serial Bonds-2006, Series A	4.000	23,605,000	02/15/25	58,320,000	G,S,W,Sch
General Obligation Serial Bonds-2006, Series B	3.750	6,410,000	10/15/24	41,800,000	G,S,W,P,Sch
General Obligation Serial Bonds-2008, Series A	3.250	4,430,000	02/01/22	19,005,000	G,S,W,P
General Obligation Serial Bonds-2008, Series B	3.500	13,615,000	10/15/26	39,220,000	G,S,W,P,Sch
General Obligation Serial Bonds-2009, Series C1	5.110	41,790,000	02/10/24	92,996,949	G,S,L,W,P,C,PM,Scl
General Obligation Serial Bonds-2009, Series C2 (Taxable)	5.521	3,215,000	02/10/19	3,215,000	G,S,W,P,Sch
General Obligation Serial Bonds-2009, Series C3 (Taxable)	5.521	1,830,000	02/10/24	1,830,000	G,W,P
General Obligation Serial Bonds-2010, QECB	3.050	430,000	07/01/15	2,166,400	G,L,P
General Obligation Serial Bonds-2012, Series I	4.000	52,330,000	08/15/27	66,943,000	G,S,L,W,P,Sch
General Obligation Serial Bonds-2012, Series II	2.000	3,150,000	08/15/19	5,655,000	School only
General Obligation Serial Bonds-2012, Series III	2.000	7,020,000	02/15/25	9,640,000	School only
General Obligation Serial Bonds-2012, Series IV	2.000	14,655,000	10/15/31	14,655,000	G,S,W,Sch
General Obligation Serial Bonds-2012, Series V	3.000	16,655,000	02/15/31	19,390,000	G,S,W,P,Sch
General Obligation Serial Bonds-2013, Series I	4.000	26,695,000	02/01/25	29,150,000	G,LW,P,C
General Obligation Serial Bonds-2013, Series II	5.000	54,050,000	02/01/29	67,470,000	G,W,P,Sch
Total		\$ 290,135,000			

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

General obligation bonds are direct obligations for which the full faith and credit of the City are pledged. Bonds are generally issued as serial bonds for a period equivalent to one-half of the period of probable usefulness for each improvement as defined by the New York State Local Finance Law. The interest rates on long-term debt range from 2.0% to 6.7% with maturity dates through fiscal 2032. Bonds authorized but unissued as of June 30, 2015 amounted to \$52,640,000. The debt-contracting margin of the City as of June 30, 2015, was \$230,501,000.

The City is in compliance with Internal Revenue Service regulations regarding arbitrage restrictions on tax-exempt bonds. No arbitrage rebate payments were due or made during fiscal 2015.

F. POLLUTION REMEDIATION

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

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

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

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

During the fiscal year, the City recognized estimated additional liabilities of \$2,105,000 and spent \$5,308,000 in pollution remediation obligation related activities. At June 30, 2015, the City had an outstanding pollution remediation liability of \$8,076,000.

G. TRANSFER OF SEWER AND WASTE DISPOSAL FACILITIES

Effective January 2011 the City entered into a contract with the Rochester Pure Waters District (RPW D) under which the City agreed to transfer all of its sewer system and waste treatment facilities to RPW D. Sewer system and waste treatment facilities which are still subject to outstanding bonds may not be transferred until all bonds associated with a particular project have matured. At June 30, 2015, capital assets with an acquisition cost of \$4,935,326 and a net book value of \$4,110,296 remain to be transferred to RPW D because of outstanding bonds. The transfer of all remaining capital assets from the City to RPWD is scheduled to be completed by June 30, 2021.

Prior to this agreement, the City had a contract with the Rochester Pure Waters District (RPW D), under which RPW D had a long term lease on all of the City's sewer system and waste treatment facilities and assumed much of the related debt service costs on obligations incurred by the City in connection with these facilities.

H. LEASE FROM NYS CANAL CORPORATION

The City has a 20-year operating lease with the New York Canal Commission for a strip of land that provides riverfront access to the Corn Hill Landing Project, a residential and commercial development. In accordance with the agreement, the City will make annual payments of \$203,275 during the second half of the lease, fiscal years 2012 through 2021. As of June 30, 2015, the accrued lease liability (net of receivables from a sublease) was \$364,000. The lease has a renewable option for an additional 20-year term. In a related agreement, the City has provided for public access to the waterfront and adjacent areas with the purchase of a permanent easement from the Corn Hill Landing developer.

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

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

At June 30, 2015, the amount of these liabilities was \$29,068,000. Liability estimates are based on the valuations of the insurance companies administering the programs. Changes in the reported liability since June 30, 2013 resulted from the following (000's Omitted):

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Estimated claims June 30, 2013	\$ 16,449	\$ 3,189	\$ 19,638
Claims incurred 2013-14	5,598	2,242	7,840
Payments 2013-14	<u>(5,359)</u>	<u>(2,550)</u>	<u>(7,909)</u>
Estimated claims June 30, 2014	\$ 16,688	\$ 2,881	\$ 19,569
Claims incurred 2014-15	9,897	10,103	20,000
Payments 2014-15	<u>(4,962)</u>	<u>(5,539)</u>	<u>(10,501)</u>
Estimated claims June 30, 2015	<u>\$ 21,623</u>	<u>\$ 7,445</u>	<u>\$ 29,068</u>

Third party insurance is maintained by the School District on vehicles, boilers and machines, and stop loss for major medical benefits. 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 \$10,000,000 limit for general aggregate.

The schedule below presents the calculation of the District's estimated claims at June 30, 2015 for its self-insured programs that are due within one year. The estimated claims for workers' compensation represent claims that have occurred and are open, waiting for an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board. The estimated claims for the student accident program represent an amount based on prior experience with actual payments of claims.

	<u>Workers'</u> <u>Compensation</u>	<u>Student</u> <u>Accident</u>	<u>Total</u>
Estimated claims June 30, 2013	\$ 5,110	\$ 34	\$ 5,144
Claims incurred 2013-14	4,582	62	4,644
Payments & reductions 2013-14	<u>(4,529)</u>	<u>(58)</u>	<u>(4,587)</u>
Estimated claims June 30, 2014	\$ 5,163	\$ 38	\$ 5,201
Claims incurred 2014-15	4,699	18	4,717
Payments & reductions 2014-15	<u>(4,386)</u>	<u>(48)</u>	<u>(4,434)</u>
Estimated claims June 30, 2014	<u>\$ 5,476</u>	<u>\$ 8</u>	<u>\$ 5,484</u>

B. CONTINGENT LIABILITIES

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

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

C. POST-EMPLOYMENT BENEFITS (OBLIGATIONS FOR HEALTH INSURANCE & FIREFIGHTER DISABILITY)

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

Plan Description. The City provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the City. Based on collective bargaining agreements, the retiree, and his or her beneficiaries, receives this coverage for the life of the retiree. Healthcare benefits for non-union employees are similar to those of union employees. The retiree's share of premium costs range from 0% to 25%, depending on the employee group and length of service. Also, under requirements of state and local law, the City compensates firefighters that retire due to disability until the mandatory retirement age of 70. This compensation is equal to the differential between the retiree's pension and the salary that they would be paid if still in active service. There are currently 66 firefighters receiving such compensation.

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

The number of participants as of July 1, 2013, the effective date of the biannual OPEB valuation, follows:

	<u>City</u>	<u>School District</u>	<u>Total</u>
Active employees	2,966	5,560	8,526
Retired employees	<u>3,022</u>	<u>3,719</u>	<u>6,741</u>
Total	5,988	9,279	15,267

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

Annual Other Postemployment Benefit Cost. For the fiscal year ended June 30, 2015, the City's annual OPEB cost (expense) of \$67,769,000 is not equal to the Annual Required Contribution which is \$51,530,000. Considering the annual expense as well as the payment of current health insurance premiums, which totaled \$26,306,000 for retirees and their beneficiaries, the result was an increase in the Net OPEB Obligation of \$41,479,000 for the year ended June 30, 2015.

Considering the District's annual expense as well as the payment of current health insurance premiums, which totaled \$20,756,000, the result was an increase in the District's Net OPEB Obligation of \$15,879,000 for the year ended June 30, 2015.

Medical Reimbursements. The City's Medicare Part D prescription drug subsidy, which reduces the cost of retiree healthcare premiums, is accrued as revenue only in the current year. Subsidies which were \$914,000 for the City in fiscal year 2015, cannot be projected as a reduction to the actuarial accrued liability.

Effective January 1, 2002, the District established a Medical Reimbursement Account (MRA) for qualified retirees per the collective bargaining agreement between the District and Association of Supervisors and Administrators of Rochester for an attendance incentive. During fiscal year 2014-15, MRA claims totaling \$27,347 were paid by the District and at June 30, 2015 there were thirty active participants.

D. PENSION OBLIGATIONS

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

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 Teachers' Retirement System (TRS). These are cost sharing multiple public employer retirement systems (Systems). The New York State Retirement and Social Security Laws govern obligations of employers and employees. The Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. Benefits generally vest after five or ten years of credited service depending upon Tier membership.

All participating employers in each System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees except certain part-time, temporary and provisional employees, participate in the Systems. The Systems are contributory except for Tier I and II employees who joined the Employees' Retirement System or the Teachers' Retirement System before July 27, 1976. The contribution rate for ERS Tier III, IV, and V employees is 3% of salary. Tier III and Tier IV employees contribute only during the first 10 years of service. The contribution rate for ERS and PFRS Tier VI employees which started April 1, 2012, is between 3% and 6%, dependent upon their salary for their entire working career.

As of July 1, 2013, new employees making a minimum salary of \$75,000 and are unrepresented (not associated with a union), and not already vested in the NYS Retirement System have the option of joining the Voluntary Defined Contribution Plan (VDC) maintained thru TIAA-CREF. Employees contributions are based on the following, \$75,000 to \$75,000.99 = 4.5%, \$75,001 to \$100,000.99 = 5.75% and greater than \$100,001 = 6%. All amounts are subject to the 415 limit set by law each year. The City's contribution is 8% of the employees annual wages. Employee contributions are deducted by employers from employees' paychecks and are sent currently to the Retirement System.

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.

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 Ended June 30,	Employees' Retirement System	Police and Fire Retirement System	Total Retirement Systems
2015	\$ 17,665	\$ 27,261	\$ 44,926
2014	10,634	21,218	31,852
2013	14,581	32,003	46,584

ERS and PFRS, effective with Chapter 57, Laws of 2010, initiated an employer contribution stabilization program, referred to as the Original Contribution Stabilization Program, which provides for the option of amortizing a portion of the pension cost over 10 years with repayment based on an interest rate established by the NYS Comptroller using current market rates. Chapter 57, Laws of 2013, established an Alternate Contribution Stabilization Program which allows for the option of amortizing over 12 years at a similar interest rate.

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, 100 State Street, Governor Smith State Building, Albany, NY 12244. The annual report for the New York State Teachers' Retirement System may be obtained by writing to 10 Corporate Woods Drive, Albany, NY 12211-2935.

The District Systems are non-contributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31st. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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 Ended June 30,	Employees' Retirement System	Teachers' Retirement System	Total Retirement Systems
2015	\$ 13,954	\$ 41,505	\$ 55,459
2014	14,304	27,910	42,214
2013	12,341	26,298	38,639

The ERS contributions for the current year and two preceding years reflect an early payment discount and include a payment of \$850,071 each year for the 2010 Early Retirement Incentive offered by New York State. Contributions for the two preceding years were equal to 100 percent of the contributions required. The District elected to amortize \$3,880,819 of the current year ERS contribution. The District elected to amortize \$8,496,569 of the current year TRS contribution. Contributions for the two preceding years were equal to 100 percent of the contributions required.

3. Pension Liabilities and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the City reported the following Asset/(Liability) for its Proportionate share of the Net Pension Asset for each of the Systems. The Net Pension Asset/(Liability) was measured as of March 31, 2015 for ERS and PFRS. The total Pension Asset/(Liability) used to calculate the Net Pension Asset/(Liability) was determined by an actuarial valuation.

	ERS	PFRS
Measurement Date	March 31, 2015	March 31, 2015
Net Pension Asset/(Liability)	\$ (11,279,921)	\$ (9,055,486)
City's portion of the Plan's total net pension liability	0.33%	3.29%

At June 30, 2015, the District reported the following Asset/(Liability) for its proportionate share of the Net Pension Asset/(Liability) for each of the Systems. The Net Pension Asset/(Liability) was measured as of March 31, 2015 for ERS and June 30, 2014 for TRS. The total Pension Asset/(Liability) used to calculate the Net Pension Asset/(Liability) was determined by an actuarial valuation.

	ERS	TRS
Measurement Date	March 31, 2015	June 30, 2014
Net Pension Asset/(Liability)	\$ (8,040,052)	\$ 192,611,756
District's portion of the Plan's total net pension Asset/(Liability)	0.237995%	1.729107%

At year end June 30, 2015, the City recognized ERS pension expenses of \$10,319,605. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 361,083	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	1,959,179	-
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	444,662	-
Total	<u>\$ 2,764,924</u>	<u>\$ -</u>

The City's contributions subsequent to the measurement date for ERS amounted to \$3,675,000.

At year end June 30, 2015, the City recognized PFRS Pension Liability of \$20,484,442. The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PFRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 1,092,034	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	3,040,227	-
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	-	2,568,988
Total	<u>\$ 4,132,261</u>	<u>\$ 2,568,988</u>

The City's contributions subsequent to the measurement date for ERS amounted to \$6,256,000.

At year end June 30, 2015, the District's ERS recognized pension expenses of (\$7,569,685), net of the \$3,880,519 deferral. The District reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	ERS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ 257,371	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	1,396,455	-
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	1,173,434	-
Total	<u>\$ 2,827,260</u>	<u>\$ -</u>

The District's contributions subsequent to the measurement date amounted to \$2,321,327.

At year end June 30, 2015, the District's TRS recognized pension expenses of \$7,630,415, net of the \$8,496,569 deferral. The District reported deferred outflows of resources and deferred inflows of resources related to pensions arose from the following sources:

	TRS	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 2,816,594
Changes of Assumptions	-	-
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	-	129,359,727
Changes in Proportion and differences between Employer Contributions and Proportionate Share of Contributions	-	706,393
Total	\$ -	\$ 132,882,714

The District's contributions subsequent to the measurement date amounted to \$43,807,308.

The City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The City's Net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended March 31:</u>	ERS	PFRS
2016	\$ 691,231	\$ 464,666
2017	691,231	464,666
2018	691,231	464,666
2019	691,231	464,666
2020	-	(295,391)
Thereafter	-	-

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The District's Net amount of the employer's balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	ERS	TRS
2016	\$ 706,815	\$ (32,749,581)
2017	706,815	(32,749,581)
2018	706,815	(32,749,581)
2019	706,815	(32,749,581)
2020	-	(409,650)
Thereafter	-	(1,474,739)

4. Actuarial Assumptions

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

	ERS	PFRS
Measurement Date	March 31, 2015	March 31, 2015
Actuarial Valuation Date	April 1, 2014	April 1, 2014
Interest Rate	7.5%	7.5%
Salary Scale	4.9%	6.0%
Decrement Tables	04/01/05 – 03/31/10 System's Experience	04/01/05 – 03/31/10 System's Experience
Inflation Rate	2.7%	2.7%

For ERS and PFRS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

For ERS and PFRS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010.

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

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2015	June 30, 2014
Actuarial Valuation Date	April 1, 2014	June 30, 2013
Interest Rate	7.5%	8.0%
Salary Scale	4.9%	4.01% - 10.91%
Decrement Tables	04/01/05 – 03/31/10 System's Experience	07/01/05 – 06/30/10 System's Experience
Inflation Rate	2.7%	3.0%

For ERS, annuitant mortality rates are based on April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2005 – June 30, 2010 System's experience with adjustments for mortality improvements based on the Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2011 valuation are based on the results of an actuarial experience study for the period April 1, 2005 – March 31, 2010. For TRS, the actuarial assumptions used in the June 30, 2013 valuation are based on the results of an actuarial experience study for the period July 1, 2005 – June 30, 2010.

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

<u>CITY</u>	<u>ERS AND PFRS</u>	
Valuation Date	March 31, 2015	
Expected Long-Term Rate of Return	6.98%	
<u>DISTRICT</u>	<u>ERS</u>	<u>TRS</u>
Valuation Date	March 31, 2015	June 30, 2015
Expected Long-Term Rate of Return	6.98%	8.00%

5. Discount Rate

The Discount rate used to calculate the total pension liability was 7.5% for ERS and PFRS and 8.0% for TRS. The projection of cash flows used to determine the discount rate assumes that the contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following tables present the City and District's proportionate share of the net pension liability calculated using the discount rate of 7.5% for ERS and PFRS and 8.0% for TRS, as well as what the City and District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is one percentage point lower (6.5% for ERS and PFRS and 7.0% for TRS) or one percent point higher (8.5% for ERS and PFRS and 9.0% for TRS) than the current rate:

	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
CITY - ERS			
Employer's proportionate share of the Net Pension asset/(liability)	\$ (75,185,559)	\$(11,279,921)	\$42,672,282
	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
CITY - PFRS			
Employer's proportionate share of the Net Pension asset/(liability)	\$ (120,569,053)	\$ (9,055,486)	\$84,399,613
	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
DISTRICT - ERS			
Employer's proportionate share of the Net Pension asset/(liability)	\$(53,590,428)	\$(8,040,052)	\$ 30,415,760
	1% Decrease <u>(7.0%)</u>	Current Assumption <u>(8.0%)</u>	1% Increase <u>(9.0%)</u>
DISTRICT - TRS			
Employer's proportionate share of the Net Pension asset/(liability)	\$ 4,154,906	\$192,611,756	\$353,203,165

7. Pension Plan Fiduciary Net Position

The City and District's components of the net pension liability of the employers as of the respective valuation dates, were as follows:

	<u>ERS</u>	<u>PFRS</u>	<u>TRS</u>
		(Dollars in Thousands)	
Measurement Date	03/31/15	03/31/15	06/30/14
Employers' total pension liability	\$ (164,591,504)	\$ (28,474,417)	\$ 97,015,706
Fiduciary net position	<u>161,213,259</u>	<u>28,199,157</u>	<u>108,155,083</u>
Employers' net pension liability	<u>\$ (3,378,245)</u>	<u>\$ (275,260)</u>	<u>\$ 11,139,377</u>

Ratio of Plan net position to the			
employers' total pension asset/(liability)	97.9%	99.0%	111.50%

8. Payables to the Pension Plan

For the City's ERS and PFRS and the District's ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2015 represent the projected employer contribution for the period of April 1, 2015 through June 30, 2015 based on paid City and District's ERS wages and PFRS wages multiplied by the employer's contribution rate. The City's accrued retirement contributions as of June 30, 2015 for ERS amounted to \$3,675,406 and PFRS amounted to \$6,255,776. The District's accrued retirement contributions as of June 30, 2015 amounted to \$2,321,327, excluding the early retirement incentive liability of \$850,013.

For the District's TRS, employer and employee contributions for the fiscal year ended June 30, 2015 are paid to the System in September, October and November 2015 through a State Aid intercept. Accrued retirement contributions as of June 30, 2015 represent employee and employer contributions for the fiscal year ended June 30, 2015 based on TRS wages multiplied by the by the employer's contribution rate. Accrued retirement contributions as of June 30, 2015 amounted to \$37,287,359, excluding the early retirement incentive liability of \$2,824,040.

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 primary reasons why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2015 (000's Omitted):

Due to:	Due From:							
	General	General Capital	Transportation Capital	Nonmajor Governmental Capital Projects	Nonmajor Governmental Special Revenue	Internal Service	Proprietary	Total
General	\$ -	\$ 65,152	\$ 1,390	\$ -	\$ 2,693	\$ 2,191	\$ 4,105	\$ 75,531
Debt Service	109	-	-	-	-	-	-	109
General Capital	21,682	-	20	15	-	-	-	21,717
Transportation Capital	640	7,558	-	-	-	-	-	8,198
Community Development	456	-	-	-	-	-	-	456
Nonmajor Special Revenue	8,182	-	11,015	1,019	76	-	284	20,576
Internal Service	1,169	-	-	-	-	-	-	1,169
Proprietary	1,503	-	-	-	274	-	-	1,777
Total	\$ 33,741	\$ 72,710	\$ 12,425	\$ 1,034	\$ 3,043	\$ 2,191	\$ 4,389	\$ 129,533

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, 2015, which were routine in nature, were as follows (000's Omitted):

Transfer Out:	Transfer In:								
	General	Debt Service	General Capital	Transportation Capital	Special Revenue Community Development	Nonmajor Governmental Capital Projects	Nonmajor Governmental Special Revenue	Internal Service	Total
General	\$ -	\$ -	\$ 21,218	\$ 532	\$ -	\$ 44	\$ 425	\$ 2,278	\$ 24,497
Debt Service	4,271	-	-	-	-	-	161	-	4,432
General Capital	372	58	-	5,172	250	-	-	-	5,852
Transportation Capital	3,957	316	10,538	-	-	-	-	-	14,811
Community Development	97	-	-	-	-	-	-	-	97
Nonmajor Governmental Capital Projects	-	12	-	-	-	-	-	-	12
Nonmajor Governmental Special Revenue	1,824	-	-	4,667	-	822	-	-	7,313
Water	5,374	-	-	-	-	-	-	-	5,374
Total	\$ 15,895	\$ 386	\$ 31,756	\$ 10,371	\$ 250	\$ 866	\$ 586	\$ 2,278	\$ 62,388

F. SUBSEQUENT EVENT

The City is currently in the process of phasing out its legacy in-house Payroll and Personnel System and replacing it with an enterprise-wide Process and System solution. Workday, Inc., (Workday) and Kronos, Inc. (Kronos) have both been chosen for Professional Services Agreements. Workday will provide hosting services and implementation of an Enterprise Process and System solution for Payroll and Human Resource Management. Kronos will provide Software, Hardware and implementation services related to the implementation of an Enterprise Process & System Solution for Scheduling, Time and Attendance.

Total compensation for the City to upgrade its Payroll and Human Resource Management system is \$4.3M. The term of the agreement between the City and Workday shall be seven years and six months. Workday will be compensated \$3,501,000. The term of the agreement between the City and Kronos shall be two years. Kronos will be compensated \$870,000.

On August 6, 2015, the City of Rochester issued General Obligation Serial Bonds – 2015, Series I in the amount of \$59,620,000. The proceeds of the bonds were used to redeem bond anticipation notes maturing on August 10, 2015. The City received an interest rate of 2.43%. On August 6, 2015 the City also issued Bond Anticipation Notes, 2015 Series II in the amount of \$31,635,000 to provide original financing. The City received an interest rate of 0.30% on the BANs.

THE CITY OF ROCHESTER, NEW YORK
COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCE/NET POSITION
BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND PROPRIETARY FUNDS
NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)

	General Fund		Special Revenue Fund		Proprietary Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
REVENUES										
Real property tax	\$ 143,178	\$ 146,869	\$ 7,275	\$ 7,275	\$ 2,636	\$ 2,636	\$ 153,089	\$ 153,089	\$ 156,780	\$ 3,691
Sales taxes	142,871	139,816	-	-	-	-	142,871	142,871	139,816	(3,055)
Other taxes	18,221	19,164	-	-	905	905	20,200	19,126	20,069	943
Charges for services	12,822	14,966	21,749	22,331	79,735	78,597	113,872	114,306	115,894	1,588
Use of money and property	295	414	20	7	126	201	1,513	441	622	181
Interest and penalties	1,512	2,080	-	-	1,000	912	1,523	2,512	2,992	480
Licenses and permits	2,613	2,975	-	-	-	-	2,613	2,613	2,975	362
Federal aid	5,425	5,137	-	-	8	5	4,878	5,433	5,142	(291)
State aid	113,875	113,135	959	853	-	-	107,924	114,834	113,988	(846)
Local sources and other	22,236	26,060	7,241	7,232	337	781	30,345	29,814	34,073	4,259
Total revenues	<u>463,048</u>	<u>470,616</u>	<u>37,244</u>	<u>37,698</u>	<u>84,747</u>	<u>84,037</u>	<u>578,828</u>	<u>585,039</u>	<u>592,351</u>	<u>7,312</u>
EXPENDITURES										
Council and clerk	1,800	1,774	-	-	-	-	1,767	1,800	1,774	26
Administration	9,825	9,390	-	-	-	-	9,273	9,825	9,390	435
Information technology	6,559	6,099	-	-	-	-	6,220	6,559	6,099	460
Finance	4,818	4,380	-	-	7,250	7,156	12,402	12,068	11,536	532
Neighborhood development	12,833	11,673	-	-	1,071	889	13,611	13,904	12,562	1,342
Environmental services	25,441	24,337	12,804	11,804	44,212	42,253	80,022	82,457	78,394	4,063
Library	-	-	11,350	11,145	-	-	11,044	11,350	11,145	205
Police	88,056	86,302	1,326	1,209	-	-	86,472	89,382	87,511	1,871
Fire	47,539	46,215	-	-	-	-	45,764	47,539	46,215	1,324
Emergency communications	13,776	12,917	-	-	-	-	13,688	13,776	12,917	859
Recreation and youth services	10,650	10,453	-	-	758	754	11,115	11,408	11,207	201
Undistributed	112,835	109,752	8,020	7,589	12,028	13,633	120,663	132,883	130,974	1,909
Contingency	21	-	-	-	-	-	4,510	21	-	21
Debt services	22,449	22,449	946	946	12,686	12,686	35,498	36,081	36,081	-
Total expenditures	<u>356,602</u>	<u>345,741</u>	<u>34,446</u>	<u>32,693</u>	<u>78,005</u>	<u>77,371</u>	<u>452,049</u>	<u>469,053</u>	<u>455,805</u>	<u>13,248</u>
Excess of revenues over expenditures	<u>106,446</u>	<u>124,875</u>	<u>2,798</u>	<u>5,005</u>	<u>6,742</u>	<u>6,666</u>	<u>126,779</u>	<u>115,986</u>	<u>136,546</u>	<u>20,560</u>

**THE CITY OF ROCHESTER, NEW YORK
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES AND CHANGES IN FUND BALANCE/NET POSITION
 BUDGET AND ACTUAL- GENERAL, CERTAIN SPECIAL REVENUE AND PROPRIETARY FUNDS
 NON-GAAP BUDGET BASIS - FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)**

(continued)

	General Fund		Special Revenue Fund		Proprietary Funds		Total			
	Final	Actual	Final	Actual	Final	Actual	Original	Final	Actual	Variance
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	28,192	19,462	\$ -	\$ -	\$ 1,081	\$ 1,082	22,416	\$ 29,273	\$ 20,544	\$ (8,729)
Transfers (to) other funds	(20,808)	(23,086)	(5,489)	(5,489)	(8,282)	(8,282)	(29,646)	\$ (34,579)	(36,857)	(2,278)
Transfers (to) component unit	(119,100)	(119,100)	-	-	-	-	(119,100)	(119,100)	(119,100)	-
Total other financing uses	<u>(111,716)</u>	<u>(122,724)</u>	<u>(5,489)</u>	<u>(5,489)</u>	<u>(7,201)</u>	<u>(7,200)</u>	<u>(126,330)</u>	<u>(124,406)</u>	<u>(135,413)</u>	<u>(11,007)</u>
Appropriation of prior year fund balance	5,270	-	2,691	-	459	-	9,211	8,420	-	(8,420)
Excess (deficiency) of revenues and other sources over expenditures and other uses-Budget Basis	<u>\$ -</u>	2,151	<u>\$ -</u>	(484)	<u>\$ -</u>	(534)	<u>\$ -</u>	<u>\$ -</u>	1,133	<u>\$ 1,133</u>
Encumbrances included in actual		4,146		252		1,219			5,617	
Excess (deficiency) of revenues and other sources over expenditures, encumbrances and other uses		6,297		(232)		685			6,750	
Expenditures of prior years' encumbrances		1,269		74		196			1,539	
Excess (deficiency) of revenues and other sources over expenditures and other uses		5,028		(306)		489			5,211	
Net proprietary capital expense		-		-		(7,908)			(7,908)	
Depreciation expense		-		-		(15,180)			(15,180)	
Debt service cash basis		-		-		9,481			9,481	
Contribution to reserve for capital projects		-		-		8,282			8,282	
Other post employment benefits		-		-		(3,955)			(3,955)	
Capital and debt reimbursement		-		-		(301)			(301)	
Capital contribution		-		-		799			799	
Aggregate net pension expense		-		-		480			480	
Fund Balance/Net Position - beginning of year as restated		<u>80,910</u>		<u>8,724</u>		<u>233,155</u>			<u>322,789</u>	
Fund Balance/Net Position - end of year		<u>\$ 85,938</u>		<u>\$ 8,418</u>		<u>\$ 225,342</u>			<u>\$ 319,698</u>	

I. BUDGETARY INFORMATION

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

Since the adopted budget is on a departmental basis, rather than a fund basis, legal compliance cannot be reported as part of the Basic Financial Statements. Therefore, in compliance with GASB Statement No. 41 (*Budgetary Comparison Schedules – Perspective Differences*), a non-GAAP budget-to-actual schedule is presented as Required Supplemental Information after the Basic Financial Statements.

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

The City of Rochester, New York
Required Supplemental Information

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

	<u>Actuarial Valuation Date</u>	<u>Actuarial Valuation of Asset</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2008	April 1, 2008	\$ -	\$ 684,705,511	\$ 684,705,511	0.0%	\$ 192,175,200	356.3%
2009	April 1, 2008	-	593,923,730	593,923,730	0.0%	194,609,000	305.2%
2010	April 1, 2010	-	619,514,745	619,514,745	0.0%	196,727,000	314.9%
2011	April 1, 2010	-	564,240,853	564,240,853	0.0%	203,514,400	277.2%
2012	July 1, 2011	-	613,194,278	613,194,278	0.0%	198,535,714	308.9%
2013	July 1, 2011	-	630,753,791	630,753,791	0.0%	201,386,096	313.2%
2014	July 1, 2013	-	654,081,484	654,081,484	0.0%	204,255,410	320.2%
2015	July 1, 2013	-	667,095,640	667,095,640	0.0%	214,467,432	311.0%

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

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 67,034,864	\$ 21,982,618	32.79%
2009	59,935,810	23,289,291	38.86%
2010	62,439,307	18,665,917	29.89%
2011	53,422,069	19,959,895	37.36%
2012	45,686,644	24,896,752	54.49%
2013	46,668,744	17,796,544	38.13%
2014	50,777,979	21,858,666	43.05%
2015	51,530,589	26,306,412	51.05%

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF THE CITY'S PENSION CONTRIBUTIONS
NYSERS AND NYSPFRS PENSION PLAN
LAST 10 FISCAL YEARS
JUNE 30, (000's Omitted)

	EMPLOYERS' RETIREMENT SYSTEM									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually required contribution	\$ 8,448	\$ 8,045	\$ 7,736	\$ 6,642	\$ 6,118	\$ 9,506	\$ 12,463	\$ 14,581	\$ 10,634	\$ 17,665
Contributions in relation to the contractually required contribution	\$ 8,448	\$ 8,045	\$ 7,736	\$ 6,642	\$ 6,118	\$ 9,506	\$ 12,463	\$ 14,581	\$ 10,634	\$ 17,665
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	79,027	83,275	83,170	83,992	82,525	83,243	83,192	83,963	86,121	88,861
Contributions as a percentage of covered-employee payroll	11%	10%	9%	8%	7%	11%	15%	17%	12%	20%

	POLICE AND FIRE RETIREMENT SYSTEM									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contractually required contribution	\$ 14,936	\$ 14,025	\$ 14,824	\$ 17,117	\$ 13,400	\$ 16,402	\$ 18,798	\$ 32,003	\$ 21,218	\$ 27,261
Contributions in relation to the contractually required contribution	\$ 14,936	\$ 14,025	\$ 14,824	\$ 17,117	\$ 13,400	\$ 16,402	\$ 18,798	\$ 32,003	\$ 21,218	\$ 27,261
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	86,563	88,218	100,309	95,659	95,360	96,847	99,550	104,186	103,393	111,485
Contributions as a percentage of covered-employee payroll	17%	16%	15%	18%	14%	17%	19%	31%	21%	24%

**THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSERS AND NYSPFRS PENSION PLAN
JUNE 30, 2015**

	<u>ERS</u>	<u>PFRS</u>
City's proportion of the net pension asset (liability)	0.33%	3.29%
City's proportionate share of the net pension asset (liability)	\$ (11,279,921)	\$ (9,055,486)
City's covered-employee payroll	88,860,688	111,485,280
City's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-12.69%	-8.12%
Plan fiduciary net position as a percentage of the total pension (liability)	97.9%	99.0%

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.

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, 2015 (000's Omitted)

	Capital Project Funds			Special Revenue Funds							Total Nonmajor Governmental Funds
	Economic Assistance	Cultural and Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Cemetery Perpetual Care	Other	
ASSETS											
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 696	\$ 5	\$ 19,652	\$ 3,008	\$ 2,756	\$ 5,276	\$ 5,178	\$ 36,571
Receivables (net of allowance for uncollectibles)											
Accounts	-	-	-	-	916	-	-	-	-	24	940
Taxes	-	-	-	-	-	280	-	-	-	-	280
Due from other governments	662	-	-	-	2,291	-	541	399	-	-	3,893
Due from other funds	-	1,034	-	51	1,890	767	3	6	-	326	4,077
Cash and cash equivalents - restricted	2,498	1,109	-	-	-	-	-	-	-	-	3,607
Total assets	<u>\$ 3,160</u>	<u>\$ 2,143</u>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ 5,102</u>	<u>\$ 20,699</u>	<u>\$ 3,552</u>	<u>\$ 3,161</u>	<u>\$ 5,276</u>	<u>\$ 5,528</u>	<u>\$ 49,368</u>
LIABILITIES											
Accounts payable and other accrued liabilities	\$ 1	\$ 101	\$ -	\$ 63	\$ 718	\$ 208	\$ 302	\$ 189	\$ -	\$ 54	\$ 1,636
Bond anticipation notes payable	-	1,982	-	-	-	-	-	-	-	-	1,982
Due to other governments	-	-	-	42	361	272	-	-	-	-	675
Due to other funds	-	-	-	145	3,725	12,586	472	761	-	2,887	20,576
Due to component units	-	-	-	-	9	-	-	-	-	-	9
Total liabilities	<u>1</u>	<u>2,083</u>	<u>-</u>	<u>250</u>	<u>4,813</u>	<u>13,066</u>	<u>774</u>	<u>950</u>	<u>-</u>	<u>2,941</u>	<u>24,878</u>
FUND BALANCES											
Restricted	-	-	-	-	-	-	2,778	2,211	-	-	4,989
Committed	3,159	60	-	-	-	-	-	-	5,276	-	8,495
Assigned	-	-	-	497	289	7,633	-	-	-	2,587	11,006
Total fund balances	<u>3,159</u>	<u>60</u>	<u>-</u>	<u>497</u>	<u>289</u>	<u>7,633</u>	<u>2,778</u>	<u>2,211</u>	<u>5,276</u>	<u>2,587</u>	<u>24,490</u>
Total liabilities and fund balances	<u>\$ 3,160</u>	<u>\$ 2,143</u>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ 5,102</u>	<u>\$ 20,699</u>	<u>\$ 3,552</u>	<u>\$ 3,161</u>	<u>\$ 5,276</u>	<u>\$ 5,528</u>	<u>\$ 49,368</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, 2015 (000's Omitted)

	Capital Project Funds			Special Revenue Funds						Total Nonmajor Governmental Funds	
	Economic Assistance	Cultural and Recreation	Sewers	Animal Control	Library	Local Works	Federal Projects	State Projects	Cemetery Perpetual Care		Other
REVENUES											
Real property tax	\$ -	\$ -	\$ -	\$ 1,491	\$ 5,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,275
Departmental	-	-	-	230	2,730	19,198	-	-	-	-	22,158
Use of money and property	-	-	-	-	-	7	-	-	-	-	7
Federal aid	152	-	-	-	123	-	1,622	795	-	-	2,692
State aid	-	-	-	-	853	60	206	973	-	-	2,092
Local sources and other	-	-	-	-	7,061	-	798	3	65	1,537	9,464
Total revenues	<u>152</u>	<u>-</u>	<u>-</u>	<u>1,721</u>	<u>16,551</u>	<u>19,265</u>	<u>2,626</u>	<u>1,771</u>	<u>65</u>	<u>1,537</u>	<u>43,688</u>
EXPENDITURES											
Current:											
General government	-	-	-	454	3,886	3,249	-	-	-	69	7,658
Neighborhood business development	-	-	-	-	-	-	605	30	-	-	635
Environmental services	-	-	-	-	-	11,644	-	112	-	1	11,757
Library	-	-	-	-	11,122	-	-	-	-	-	11,122
Police department	-	-	-	1,213	-	-	-	740	-	-	1,953
Fire department	-	-	-	-	-	-	-	390	-	-	390
Recreation and youth services	-	-	-	-	-	-	1,341	-	-	189	1,530
Transportation	-	-	-	-	-	-	-	-	-	117	117
Debt service:											
Principal retirement	-	-	-	-	505	255	-	-	-	-	760
Interest	-	-	-	-	59	127	-	-	-	-	186
Capital outlay:											
Neighborhood business development	5	-	-	-	-	-	-	-	-	-	5
Library	-	1,003	-	-	-	-	-	-	-	-	1,003
Recreation and youth services	-	392	-	-	-	-	-	-	-	-	392
Total expenditures	<u>5</u>	<u>1,395</u>	<u>-</u>	<u>1,667</u>	<u>15,572</u>	<u>15,275</u>	<u>1,946</u>	<u>1,272</u>	<u>-</u>	<u>376</u>	<u>37,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>147</u>	<u>(1,395)</u>	<u>-</u>	<u>54</u>	<u>979</u>	<u>3,990</u>	<u>680</u>	<u>499</u>	<u>65</u>	<u>1,161</u>	<u>6,180</u>
OTHER FINANCING SOURCES (USES)											
Transfers in	-	866	-	-	98	63	-	-	-	425	1,452
Transfers out	-	(12)	-	-	(822)	(4,667)	(381)	(198)	-	(1,245)	(7,325)
Total other financing source (uses)	<u>-</u>	<u>854</u>	<u>-</u>	<u>-</u>	<u>(724)</u>	<u>(4,604)</u>	<u>(381)</u>	<u>(198)</u>	<u>-</u>	<u>(820)</u>	<u>(5,873)</u>
Net change in fund balances	147	(541)	-	54	255	(614)	299	301	65	341	307
Fund balances - beginning	3,012	601	-	443	34	8,247	2,479	1,910	5,211	2,246	24,183
Fund balances - ending	<u>\$ 3,159</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 497</u>	<u>\$ 289</u>	<u>\$ 7,633</u>	<u>\$ 2,778</u>	<u>\$ 2,211</u>	<u>\$ 5,276</u>	<u>\$ 2,587</u>	<u>\$ 24,490</u>

**THE CITY OF ROCHESTER, NEW YORK
 SUPPLEMENTAL STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015 (000's Omitted)**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS				
Cash and cash equivalents	\$ 18,956	\$ 13,158	\$ 16,523	\$ 15,591
Receivables (net of allowance for uncollectibles)	215	560	542	233
Total assets	<u>19,171</u>	<u>13,718</u>	<u>17,065</u>	<u>15,824</u>
 LIABILITIES				
Accounts payable and other accrued liabilities	19,171	12,146	15,493	15,824
Total liabilities	<u>\$ 19,171</u>	<u>\$ 12,146</u>	<u>\$ 15,493</u>	<u>\$ 15,824</u>

STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	84
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	91
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	95
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	100
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	102

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 449,840	\$ 462,204	\$ 441,242	\$ 488,181	\$ 530,636	\$ 591,596	\$ 552,846	\$ 547,613	\$ 597,794	\$ 602,559
Restricted	129,193	95,283	127,030	121,987	122,365	95,632	83,543	168,975	120,328	83,436
Unrestricted	18,451	5,534	(9,910)	(44,890)	(72,804)	(108,146)	(102,121)	(157,296)	(229,839)	(240,753)
Total governmental activities net position	<u>\$ 597,484</u>	<u>\$ 563,021</u>	<u>\$ 558,362</u>	<u>\$ 565,278</u>	<u>\$ 580,197</u>	<u>\$ 579,082</u>	<u>\$ 534,268</u>	<u>\$ 559,292</u>	<u>\$ 488,283</u>	<u>\$ 445,242</u>
Business-type activities										
Net investment in capital assets	\$ 144,262	\$ 153,257	\$ 158,705	\$ 170,659	\$ 172,913	\$ 191,986	\$ 183,329	\$ 187,190	\$ 211,529	\$ 207,285
Restricted	31,161	27,778	33,854	27,430	43,136	32,536	21,454	18,456	16,722	16,417
Unrestricted	4,250	2,379	2,105	5,895	(1,803)	(6,556)	10,365	11,781	5,770	1,640
Total business-type activities net position	<u>\$ 179,673</u>	<u>\$ 183,414</u>	<u>\$ 194,664</u>	<u>\$ 203,984</u>	<u>\$ 214,246</u>	<u>\$ 217,966</u>	<u>\$ 215,148</u>	<u>\$ 217,427</u>	<u>\$ 234,021</u>	<u>\$ 225,342</u>
Primary government										
Net investment in capital assets	\$ 594,102	\$ 615,461	\$ 599,947	\$ 658,840	\$ 703,549	\$ 783,582	\$ 736,175	\$ 734,803	\$ 809,323	\$ 809,844
Restricted	160,354	123,061	160,884	149,417	165,501	128,168	104,997	187,431	137,050	99,853
Unrestricted	22,701	7,913	(7,805)	(38,995)	(74,607)	(114,702)	(91,756)	(145,515)	(224,069)	(239,113)
Total primary government net position	<u>\$ 777,157</u>	<u>\$ 746,435</u>	<u>\$ 753,026</u>	<u>\$ 769,262</u>	<u>\$ 794,443</u>	<u>\$ 797,048</u>	<u>\$ 749,416</u>	<u>\$ 776,719</u>	<u>\$ 722,304</u>	<u>\$ 670,584</u>

Note: Prior years' information not available on accrual basis

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 54,702	\$ 61,690	\$ 75,552	\$ 67,301	\$ 82,702	\$ 95,832	\$ 102,200	\$ 119,387	\$ 154,138	\$ 136,679
Police	111,195	113,896	124,310	123,793	126,085	133,107	128,413	143,722	143,880	147,566
Fire	68,391	69,551	68,041	69,232	69,949	71,028	69,022	82,560	78,226	79,577
Emergency communications	14,437	14,798	15,222	16,416	16,966	17,765	19,281	23,218	22,853	23,141
Transportation	31,630	31,244	25,468	23,380	21,312	14,946	8,098	4,094	8,982	22,674
Environmental services	21,768	26,268	31,904	33,166	34,574	43,954	36,819	43,419	45,366	45,209
Recreation & youth services	21,754	24,886	15,406	20,311	10,355	17,743	18,225	18,818	18,069	18,954
Library	12,121	12,419	12,324	12,387	12,723	12,161	13,143	13,958	13,878	14,003
Neighborhood business development	35,265	34,423	33,595	34,379	38,726	41,930	34,908	41,888	43,480	38,195
Interest on long-term debt	4,500	8,060	6,049	3,872	3,644	3,445	3,071	3,664	4,596	4,483
Education	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100
Ferry	-	21,259	-	-	-	-	-	-	-	-
Total governmental activities expenses	494,863	537,594	526,971	523,337	536,136	571,011	552,280	613,828	652,568	649,581
Business-type activities:										
Water	28,797	28,571	28,505	27,632	28,499	31,089	31,960	33,206	31,348	36,081
War memorial	3,337	3,219	3,005	2,992	2,821	2,757	2,590	2,696	2,526	2,443
Parking	6,155	5,443	6,343	5,163	7,634	7,195	11,463	7,580	17,039	15,466
Cemetery	2,516	2,075	1,953	1,789	2,398	1,770	2,118	3,016	2,679	3,025
Public market	754	825	922	1,276	555	1,054	1,557	789	899	1,065
Refuse	23,685	22,682	22,496	24,602	24,800	26,603	26,637	27,383	26,850	29,703
Port of Rochester	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	65,244	62,815	63,224	63,454	66,707	70,468	76,325	74,670	81,341	87,783
Total primary government expenses	\$ 560,107	\$ 600,409	\$ 590,195	\$ 586,791	\$ 602,843	\$ 641,479	\$ 628,605	\$ 688,498	\$ 733,909	\$ 737,364
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 8,372	\$ 8,968	\$ 10,222	\$ 10,987	\$ 13,121	\$ 15,681	\$ 10,500	\$ 40,648	\$ 69,563	\$ 71,570
Police	7,102	6,677	7,560	8,062	8,234	6,989	9,084	10,961	6,470	7,059
Fire	1,006	764	1,195	887	809	843	1,268	1,860	2,185	2,066
Emergency communications	10,789	11,011	12,353	13,113	13,345	15,896	14,473	17,220	16,474	17,337
Transportation	828	915	820	386	942	975	970	940	1,048	946
Environmental services	17,294	19,719	20,969	21,713	20,663	22,959	18,511	19,058	19,552	20,351
Recreation & youth services	2,005	2,201	2,228	3,322	2,280	1,864	1,589	1,243	1,196	1,717
Library	2,579	2,778	2,456	2,933	3,112	3,202	2,603	2,729	2,455	2,730
Neighborhood business development	4,294	4,013	5,637	3,491	4,720	4,090	4,529	3,740	3,681	7,080
Operating grants and contributions	41,140	40,208	37,290	33,162	37,669	37,318	31,754	70,831	38,495	43,486
Capital grants and contributions	19,452	11,452	11,366	15,984	20,851	45,201	23,008	30,137	19,769	16,065
Total governmental activities program revenues	114,861	108,706	112,096	114,040	125,746	155,018	118,289	199,367	180,888	190,407

Continued

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

Continued

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services:										
Water	\$ 33,641	\$ 33,531	\$ 34,241	\$ 33,018	\$ 32,995	\$ 34,538	\$ 35,988	\$ 37,705	\$ 36,579	\$ 36,925
Parking	3,835	3,892	2,879	3,139	4,437	9,040	9,805	10,899	11,823	12,704
War Memorial	1,541	1,442	1,460	1,781	1,452	1,406	1,571	1,586	1,342	913
Refuse	23,436	24,804	25,110	24,817	24,452	26,001	25,724	25,534	25,675	26,196
Cemetery	1,399	1,195	1,147	1,117	1,062	1,232	1,370	1,767	1,557	1,532
Public Market	575	608	642	675	749	716	730	774	824	789
Operating grants and contributions	-	-	-	-	-	-	-	-	115	-
Capital grants and contributions	-	-	511	4,994	905	1,754	-	-	20,578	1,374
Total business-type activities program revenues	64,427	65,472	65,990	69,541	66,052	74,687	75,188	78,265	98,493	80,433
Total primary government program revenues	\$ 179,288	\$ 174,178	\$ 178,086	\$ 183,581	\$ 191,798	\$ 229,705	\$ 193,477	\$ 277,632	\$ 279,381	\$ 270,840
Net (expense)/revenue										
Governmental activities	\$ (380,002)	\$ (428,888)	\$ (414,875)	\$ (409,297)	\$ (410,390)	\$ (415,993)	\$ (433,991)	\$ (414,461)	\$ (471,680)	\$ (459,174)
Business-type activities	(817)	2,657	2,766	6,087	(655)	4,219	(1,137)	3,595	17,152	(7,350)
Total primary government net expense	\$ (380,819)	\$ (426,231)	\$ (412,109)	\$ (403,210)	\$ (411,045)	\$ (411,774)	\$ (435,128)	\$ (410,866)	\$ (454,528)	\$ (466,524)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 137,278	\$ 139,276	\$ 136,921	\$ 141,531	\$ 141,319	\$ 146,544	\$ 146,698	\$ 147,218	\$ 148,913	\$ 152,593
Sales taxes	122,240	120,518	130,865	122,077	123,392	129,467	135,941	136,409	140,551	139,782
Payment in-lieu of tax	-	-	-	-	10,903	11,068	10,755	4,672	11,525	10,928
Other taxes	26,893	28,860	28,725	25,711	13,251	13,897	12,654	12,691	8,527	8,410
Governmental aid - (unrestricted)	79,149	91,402	105,188	131,431	108,437	106,069	104,323	120,271	104,821	108,673
Investment earnings	5,971	8,124	7,143	3,228	2,938	781	1,499	4	1,401	1,476
Miscellaneous	2,019	1,566	2,290	2,330	1,492	1,519	2,062	12,846	4,845	5,923
Transfers	4,677	4,679	(916)	4,593	11,441	5,533	3,697	5,374	5,374	5,374
Total governmental activities	378,227	394,425	410,216	430,901	413,173	414,878	417,629	439,485	425,957	433,159
Business-type activities:										
Taxes										
Property taxes	2,024	2,658	3,876	3,379	5,557	2,142	2,330	1,998	2,224	2,635
Other taxes	905	905	905	1,131	905	1,131	679	905	905	906
Governmental aid	-	18	125	1,133	157	11	160	7	433	5
Investment earnings	1,257	737	1,180	711	793	308	401	57	174	389
Miscellaneous	1,399	1,445	1,482	1,472	1,480	1,442	1,616	1,091	1,080	975
Gain on Sale of land	-	-	-	-	13,466	-	-	-	-	-
Transfers	(4,677)	(4,679)	916	(4,593)	(11,441)	(5,533)	(3,574)	(5,374)	(5,374)	(5,374)
Total business-type activities	908	1,084	8,484	3,233	10,917	(499)	1,612	(1,316)	(558)	(464)
Total primary government	\$ 379,135	\$ 395,509	\$ 418,700	\$ 434,134	\$ 424,090	\$ 414,379	\$ 419,241	\$ 438,169	\$ 425,399	\$ 432,695
Change in Net Position										
Governmental activities	\$ (1,775)	\$ (34,463)	\$ (4,659)	\$ 21,604	\$ 2,783	\$ (1,115)	\$ (16,362)	\$ 25,024	\$ (45,723)	\$ (26,015)
Business-type activities	91	3,741	11,250	9,320	10,262	3,720	475	2,279	16,594	(7,814)
Total primary government	\$ (1,684)	\$ (30,722)	\$ 6,591	\$ 30,924	\$ 13,045	\$ 2,605	\$ (15,887)	\$ 27,303	\$ (29,129)	\$ (33,829)

Note: Prior years' information not available on accrual basis

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Property tax	\$ 139,302	\$ 141,934	\$ 140,797	\$ 144,910	\$ 146,876	\$ 148,686	\$ 149,028	\$ 149,216	\$ 151,137	\$ 155,228
Sales tax	122,240	120,518	130,865	122,077	123,392	129,467	135,941	136,409	140,551	139,782
Payment in-lieu of tax	-	-	-	-	10,903	11,068	10,755	4,672	11,525	10,928
Other taxes	<u>27,798</u>	<u>29,765</u>	<u>29,630</u>	<u>26,842</u>	<u>14,156</u>	<u>15,028</u>	<u>13,333</u>	<u>13,596</u>	<u>9,432</u>	<u>9,316</u>
Total taxes	<u>\$ 289,340</u>	<u>\$ 292,217</u>	<u>\$ 301,292</u>	<u>\$ 293,829</u>	<u>\$ 295,327</u>	<u>\$ 304,249</u>	<u>\$ 309,057</u>	<u>\$ 303,893</u>	<u>\$ 312,645</u>	<u>\$ 315,254</u>

Note: Prior years' information not available on accrual basis

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Reserved	\$ 11,726	\$ 13,435	\$ 20,283	\$ 21,033	\$ 20,679	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,002	8,244	8,376	8,526	13,291	-	-	-	-	-
Nonspendable	-	-	-	-	-	6,248	6,641	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	40,457	38,623	35,223	47,835	50,155
Assigned	-	-	-	-	-	15,998	15,686	28,540	27,923	30,753
Unassigned	-	-	-	-	-	4,920	4,860	4,870	5,152	5,030
Unallocated	-	-	-	-	-	-	-	-	-	-
Total general fund	19,728	21,679	28,659	29,559	33,970	67,623	65,810	68,633	80,910	85,938
All other governmental funds										
Reserved	88,082	119,321	122,450	133,568	137,407	-	-	-	-	-
Unreserved, designated for subsequent yr's expenditures	-	577	661	2,028	462	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	10,209	5,124	3,070	3,987	7,119	-	-	-	-	-
Capital projects funds	24,746	20,226	14,641	(1,260)	15,631	-	-	-	-	-
Permanent funds	6,050	6,360	6,484	6,621	6,744	-	-	-	-	-
Nonspendable, reported in:										
Other governmental funds	-	-	-	-	-	6,845	-	-	-	-
Restricted, reported in:										
Debt service funds	-	-	-	-	-	6,216	4,037	11,653	8,689	5,070
Capital projects funds	-	-	-	-	-	453	-	1,066	-	-
Special revenue/Community Develop	-	-	-	-	-	4,870	3,655	9,051	4,798	4,667
Other governmental funds	-	-	-	-	-	9,589	9,810	4,737	4,389	4,989
Committed, reported in:										
Capital projects funds	-	-	-	-	-	60,095	63,185	119,042	81,463	69,865
Special revenue/Community Develop	-	-	-	-	-	5	1,057	5,372	5,473	411
Other governmental funds	-	-	-	-	-	1,942	6,445	11,143	8,824	8,495
Assigned, reported in:										
Debt service funds	-	-	-	-	-	13,484	13,716	15,281	15,615	15,780
Capital projects funds	-	-	-	-	-	1,877	581	859	677	606
Other governmental funds	-	-	-	-	-	8,473	9,304	11,173	10,970	11,006
Unassigned, reported in:										
Capital projects funds	-	-	-	-	-	-	(8,959)	-	-	(16,181)
Other governmental funds	-	-	-	-	-	-	(369)	-	-	-
Total all other governmental funds	129,087	151,608	147,306	144,944	167,363	113,849	102,462	189,377	140,898	104,708
Total all governmental funds	<u>\$ 148,815</u>	<u>\$ 173,287</u>	<u>\$ 175,965</u>	<u>\$ 174,503</u>	<u>\$ 201,333</u>	<u>\$ 181,472</u>	<u>\$ 168,272</u>	<u>\$ 258,010</u>	<u>\$ 221,808</u>	<u>\$ 190,646</u>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Real property tax	\$ 135,751	\$ 138,081	\$ 135,851	\$ 144,594	\$ 141,446	\$ 144,393	\$ 148,055	\$ 149,507	\$ 148,791	\$ 153,969
Sales tax	149,934	150,620	159,940	149,616	123,338	128,995	135,407	136,332	140,227	139,816
Other taxes	-	-	-	-	24,983	24,965	23,409	17,963	20,052	19,338
Departmental	36,408	39,498	43,404	43,530	46,105	47,937	39,967	44,367	43,371	49,225
Interest on investments	-	-	-	-	-	-	-	3	-	-
Use of money and property	6,840	9,139	7,896	4,254	3,316	872	1,264	9,121	766	821
Licenses and permits	2,636	2,289	2,676	2,384	2,693	2,785	3,157	3,141	3,384	3,175
Federal aid	39,925	33,671	27,514	26,132	33,934	47,968	33,442	49,122	37,067	35,610
State aid	86,796	97,714	111,542	143,471	123,231	133,325	117,404	133,952	115,867	120,854
Local sources and other	28,103	26,388	32,677	29,587	28,597	30,220	31,127	37,444	32,771	36,186
Ferry	-	19,287	-	-	-	-	-	-	-	-
Total revenues	<u>486,393</u>	<u>516,687</u>	<u>521,500</u>	<u>543,568</u>	<u>527,643</u>	<u>561,460</u>	<u>533,232</u>	<u>580,352</u>	<u>542,296</u>	<u>558,994</u>
Expenditures										
Council and clerk	1,462	1,634	1,698	1,674	1,726	-	-	-	-	-
Administration	9,492	10,062	11,201	11,047	8,660	-	-	-	-	-
Law	1,752	1,743	1,865	1,898	1,757	-	-	-	-	-
Information technology	-	-	4,021	3,579	3,786	-	-	-	-	-
Finance	7,449	7,607	5,131	5,180	4,066	-	-	-	-	-
Neighborhood business development	28,195	27,015	26,527	21,600	33,971	33,678	29,833	33,489	37,985	39,104
Economic development	1,530	1,560	1,226	1,545	-	-	-	-	-	-
Environmental services	28,987	32,306	34,191	36,082	35,844	30,272	23,213	25,262	28,498	30,708
Library	10,099	10,316	10,361	10,687	11,029	11,220	10,602	10,708	11,030	11,122
Police	67,272	69,471	78,057	77,775	78,253	84,121	83,279	85,061	87,439	87,908
Fire	40,300	40,909	41,231	42,412	42,297	42,594	42,655	48,212	46,560	46,363
Emergency communications	8,682	8,943	9,419	10,189	10,493	11,194	12,164	14,853	12,906	12,810
Recreation & youth services	16,690	15,961	13,971	12,967	9,264	11,833	11,581	9,489	11,394	11,412
Undistributed	83,520	82,340	83,619	89,894	89,924	-	-	-	-	-
Education (Allocation to school district)	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100	119,100
Capital projects	54,165	43,907	57,219	58,057	72,363	-	-	-	-	-
Debt service:										
Principal retirement	12,512	15,877	34,069	37,620	15,125	16,149	14,269	12,450	17,389	17,875
Interest	3,919	7,622	6,629	4,476	3,184	3,850	3,138	3,247	4,715	4,522
Administrative charges	-	-	-	-	-	204	27	124	16	11
General government	-	-	-	-	-	118,204	124,998	135,018	124,930	144,892
Transportation	-	-	-	-	-	5,814	5,438	5,311	5,211	8,858
Capital outlay:										
General government	-	-	-	-	-	71,601	44,599	42,618	45,704	31,745
Police	-	-	-	-	-	-	-	133	736	-
Fire	-	-	-	-	-	-	-	9	98	-
Transportation	-	-	-	-	-	14,193	19,474	19,215	20,124	22,945
Recreation & youth services	-	-	-	-	-	3,530	753	920	1,673	392
Environmental services	-	-	-	-	-	-	1,471	5,878	5,577	2,477
Library	-	-	-	-	-	1,717	755	1,067	1,054	1,003
Neighborhood business development	-	-	-	-	-	659	352	221	78	5
Total expenditures	<u>495,126</u>	<u>496,573</u>	<u>539,535</u>	<u>545,782</u>	<u>540,842</u>	<u>579,933</u>	<u>547,701</u>	<u>572,385</u>	<u>582,217</u>	<u>593,252</u>
Excess of revenues over (under) expenditures	(8,733)	20,114	(18,035)	(2,214)	(13,199)	(18,473)	(14,469)	7,967	(39,921)	(34,258)
Other financing sources (uses)										
Transfers in	65,932	61,804	80,600	88,831	81,231	84,914	58,941	-	35,378	60,110
Transfers out	(66,538)	(57,446)	(84,400)	(88,079)	(71,164)	(88,118)	(57,623)	(54,497)	(31,704)	(57,014)
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(11,055)	-	-
Premium on refunding bond issued	-	-	-	-	-	-	-	708	-	-
Refunding bonds issued	-	-	-	-	-	-	-	10,450	-	-
Transfers from other funds	-	-	-	-	-	-	-	55,011	-	-
Proceeds of general obligation debt (capital projects)	42,536	-	24,513	-	29,962	1,767	-	81,154	-	-
Capital contributions	-	-	-	-	-	-	-	-	45	-
Total other financing sources (uses)	<u>41,930</u>	<u>4,358</u>	<u>20,713</u>	<u>752</u>	<u>40,029</u>	<u>(1,437)</u>	<u>1,318</u>	<u>81,771</u>	<u>3,719</u>	<u>3,096</u>
Net change in fund balances	<u>\$ 33,197</u>	<u>\$ 24,472</u>	<u>\$ 2,678</u>	<u>\$ (1,462)</u>	<u>\$ 26,830</u>	<u>\$ (19,910)</u>	<u>\$ (13,151)</u>	<u>\$ 89,738</u>	<u>\$ (36,202)</u>	<u>\$ (31,162)</u>
Debt service as a percentage of noncapital expenditures	3.73%	5.24%	8.44%	8.63%	3.72%	3.79%	3.48%	2.98%	4.10%	4.07%

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Property tax	\$ 135,751	\$ 138,081	\$ 135,851	\$ 144,594	\$ 141,446	\$ 144,393	\$ 148,055	\$ 149,507	\$ 148,791	\$ 153,969
Sales tax	149,934	150,620	159,940	149,616	123,338	128,995	135,407	136,332	140,227	139,816
Other taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,983</u>	<u>24,965</u>	<u>23,409</u>	<u>17,363</u>	<u>20,052</u>	<u>19,338</u>
Total taxes	<u>\$ 285,685</u>	<u>\$ 288,701</u>	<u>\$ 295,791</u>	<u>\$ 294,210</u>	<u>\$ 289,767</u>	<u>\$ 298,353</u>	<u>\$ 306,871</u>	<u>\$ 303,202</u>	<u>\$ 309,070</u>	<u>\$ 313,123</u>

Sales tax included other taxes up through 2009

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

Fiscal Year	Assessed Value Municipal Purposes	Veterans Exemption (1)	Assessed Value School Purposes	Estimated Actual Value Municipal Purposes	Estimated Actual Value School Purposes	Assessed Value as a Percentage of Actual Value (2)	Total Direct Rate Applied to Base	Total Direct Homestead Rate Per Thousand	Total Direct Nonhomestead Rate Per Thousand
2006	5,057,648	60,016	5,117,664	5,127,900	5,188,750	98.63%	3.04%	20.99	44.79
2007	5,094,593	56,887	5,151,480	5,586,177	5,648,553	91.20%	3.08%	21.18	45.18
2008	5,135,078	54,377	5,189,455	5,738,800	5,787,282	89.67%	3.05%	21.72	43.54
2009	5,690,818	56,782	5,747,600	5,750,624	5,774,161	99.54%	2.86%	20.57	40.67
2010	5,723,157	54,217	5,777,374	5,951,702	5,815,723	99.34%	2.85%	19.61	41.69
2011	5,729,225	50,683	5,779,908	6,115,740	5,802,907	99.60%	2.86%	19.50	42.23
2012	5,734,433	50,907	5,785,340	6,055,367	5,906,907	97.94%	2.91%	20.04	42.79
2013	5,860,653	50,339	5,910,992	6,076,364	6,128,302	96.45%	2.85%	19.32	42.98
2014	5,882,907	48,443	5,931,350	5,976,135	6,024,586	98.45%	2.84%	19.65	42.04
2015	5,980,615	12,247	5,992,862	6,263,080	6,250,507	95.88%	2.88%	20.05	42.86

Notes:

(1) Subject to School Purposes but not General Municipal Purposes.

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

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

Fiscal Year	City of Rochester			Overlapping Rate	Total Direct & Overlapping Rate
	General Municipal Purposes	School Purposes	Total Direct Rate	Monroe County (1)	
2006 Homestead	6.61	14.38	20.99	10.94	31.93
Nonhomestead	13.92	30.87	44.79	10.94	55.73
2007 Homestead	6.66	14.52	21.18	9.62	30.80
Nonhomestead	14.04	31.14	45.18	9.62	54.80
2008 Homestead	6.83	14.89	21.72	9.97	31.69
Nonhomestead	13.53	30.01	43.54	9.97	53.51
2009 Homestead	5.59	14.98	20.57	9.20	29.77
Nonhomestead	10.93	29.74	40.67	9.20	49.87
2010 Homestead	5.33	14.28	19.61	9.20	28.81
Nonhomestead	11.21	30.48	41.69	9.20	50.89
2011 Homestead	5.39	14.11	19.50	9.16	28.66
Nonhomestead	11.54	30.69	42.23	9.16	51.39
2012 Homestead	5.82	14.22	20.04	9.19	29.23
Nonhomestead	12.30	30.49	42.79	9.19	51.98
2013 Homestead	5.61	13.71	19.32	9.20	28.52
Nonhomestead	12.36	30.62	42.98	9.20	52.18
2014 Homestead	5.70	13.95	19.65	9.20	28.85
Nonhomestead	12.09	29.95	42.04	9.20	51.24
2015 Homestead	6.22	13.83	20.05	9.22	29.27
Nonhomestead	13.17	29.69	42.86	9.22	52.08

(1) Source: Monroe County Treasury

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

THE CITY OF ROCHESTER, NEW YORK
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT FISCAL YEAR AND NINE YEARS PRIOR
 JUNE 30, 2015
 (000's Omitted)

	2015			2006		
	Taxable Assessed	Rank	Percentage of Total Taxable Assessed	Taxable Assessed	Rank	Percentage of Total Taxable Assessed
	Value		Value	Value		Value
Rochester Gas and Electric	\$ 679,939	1	11.37%	\$ 486,218	1	9.61%
Frontier Telephone Corp.	72,484	2	1.21%	69,043	3	1.36%
Buckingham Properties	63,290	3	1.06%	-	-	-
Eastman Kodak Co.	62,078	4	1.04%	103,064	2	2.04%
CSX (Conrail)	26,173	5	0.44%	14,317	7	0.28%
Clinton Asset Holding	25,000	6	0.42%	-	-	-
Maguire Family Properties	20,715	7	0.35%	18,149	6	0.36%
NK-TCC Property, LLC	16,296	8	0.27%	-	-	-
AP/AIM Rochester Hotel, LLC	14,800	9	0.25%	-	-	-
Anthony Dimarzo	13,927	10	0.23%	-	-	-
Samloff/Glazer	-	-	-	27,353	4	0.54%
Chase Manhattan	-	-	-	21,709	5	0.43%
Xerox	-	-	-	14,250	8	0.28%
Landsman Development Corp.	-	-	-	13,877	9	0.27%
Midtown Rochester LLC	-	-	-	13,442	10	0.27%
Totals	<u>\$ 994,702</u>		<u>16.63%</u>	<u>\$ 781,422</u>		<u>15.45%</u>

Note:

- 1) The total taxable assessed value of \$5,980,614,540 was used for fiscal year 2014-15 taxes.
- 2) The total taxable assessed value of \$5,058,183,000 was used for fiscal year 2005-06 taxes.

Source: Assessment Roll of the City of Rochester

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

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Cancellations and/or Adjustments to Tax Levy (3)	Outstanding Delinquent Taxes (Cumulative)	Percentage of Outstanding Delinquent Taxes to Total Tax
		Amount	Percentage of Levy		Amount (2)	Percentage of Levy			
2006	184,086	168,297	91.42%	10,392	178,689	97.07%	5,009	24,102	13.09%
2007	189,822	174,245	91.79%	10,219	184,464	97.18%	3,469	25,882	13.63%
2008	190,298	174,902	91.91%	8,778	183,680	96.52%	2,832	28,448	14.95%
2009	196,088	181,218	92.42%	7,827	189,045	96.41%	4,220	20,890	10.65%
2010	197,219	182,281	92.43%	8,988	191,269	96.98%	1,182	21,084	10.69%
2011	201,211	185,325	92.10%	9,357	194,682	96.76%	5,833	17,189	8.54%
2012	205,558	189,505	92.19%	9,804	199,309	96.96%	1,940	17,492	8.51%
2013	206,013	190,291	92.37%	9,924	200,215	97.19%	1,347	17,596	8.54%
2014	206,188	191,616	92.93%	8,158	191,616	92.93%	697	21,197	10.28%
2015	213,694	198,289	92.79%	N/A	198,289	92.79%	1,568	24,043	11.25%

Notes:

- (1) Tax exempt properties with an assessed value of \$486,228,550 made payments in lieu of taxes amounting to \$10,926,123 for the fiscal year ending June 30, 2015. If these properties had been fully taxable, total revenues would have increased by \$8,960,062. The properties, upon expiration of their agreements will become fully taxable.
- (2) The City begins foreclosure action on properties after taxes are past due for one year. The City provides tax installment agreements of up to five years to taxpayers demonstrating financial hardship if the property is in compliance with City codes.
- (3) Cancellations are chiefly the result of foreclosure by the City and adjustments made for erroneous assessments.

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

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2006	84,025	66,223	150,248	1.91%	722
2007	69,538	59,402	128,940	1.57%	624
2008	80,992	76,805	157,797	1.82%	763
2009	65,928	69,611	135,539	1.59%	654
2010	82,246	70,531	152,777	1.73%	725
2011	67,864	63,367	131,231	1.40%	622
2012	53,595	56,065	109,660	1.13%	521
2013	130,780	87,291	218,071	2.15%	1,037
2014	112,686	78,000	190,686	1.88%	906
2015	94,107	68,605	162,712	N/A	N/A

Note:

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

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

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

Fiscal Year	Total Primary Government General Obligation Bonds	Less: Amounts Available for Debt	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita (1)
2006	150,248	51,799	98,449	1.95%	473
2007	128,940	78,666	50,274	0.99%	243
2008	157,797	72,086	85,711	1.67%	414
2009	135,539	63,856	71,683	1.26%	346
2010	152,777	64,352	88,425	1.55%	427
2011	131,231	27,232	103,999	1.82%	494
2012	109,660	23,554	86,106	1.50%	408
2013	218,071	34,725	183,346	3.13%	871
2014	190,686	27,977	162,709	2.77%	773
2015	162,712	24,644	138,068	2.31%	657

Notes:

1) Population figures for 2006 - 2014 are from US Census Bureau www.quickfacts.census.gov, current year data unavailable. 2014 population used for 2015.

**THE CITY OF ROCHESTER, NEW YORK
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2015
(000's Omitted)**

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Rochester	Amount Applicable to City of Rochester
City of Rochester	\$ 94,107	100.00%	\$ 94,107
County of Monroe (1)	<u>413,225</u>	14.71%	<u>60,785</u>
Total	<u>\$ 507,332</u>		<u>\$ 154,892</u>

(1) Source: County of Monroe Finance Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of the County of Monroe that is borne by the property taxpayers of the City of Rochester.

This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account.

However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 461,655	\$ 469,406	\$ 515,947	\$ 522,808	\$ 522,785	\$ 529,676	\$ 530,872	\$ 529,709	\$ 532,221	\$ 542,837
Total net debt applicable to limit	<u>316,237</u>	<u>313,025</u>	<u>328,185</u>	<u>350,662</u>	<u>338,141</u>	<u>320,038</u>	<u>311,105</u>	<u>331,979</u>	<u>323,825</u>	<u>312,336</u>
Legal debt margin	<u>\$ 145,418</u>	<u>\$ 156,381</u>	<u>\$ 187,762</u>	<u>\$ 172,146</u>	<u>\$ 184,644</u>	<u>\$ 209,638</u>	<u>\$ 219,767</u>	<u>\$ 197,730</u>	<u>\$ 208,396</u>	<u>\$ 230,501</u>
Total net debt applicable to the limit as a percentage of debt limit	68.50%	66.69%	63.61%	67.07%	64.68%	60.42%	58.60%	62.67%	60.84%	57.54%

Legal Debt Margin Calculation for Fiscal Year 2015

Indebtedness		
Borrowings (Bonds and Notes)	\$ 373,630 (1)	
Contract liabilities	- (2)	\$ 373,630
Deductions and Exclusions		
Water Bonds and Notes	59,973 (3)	
Sanitary Sewer Bonds and Notes	- (3)	
Appropriation	- (4)	
Cash and cash equivalents	<u>1,321 (5)</u>	<u>61,294</u>
Net indebtedness		<u>312,336</u>
Debt limit (9% of five-year average full valuation)		<u>542,837</u>
Debt Contracting Margin		<u><u>\$ 230,501</u></u>

Continued

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

Continued

Notes:

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Population (1)	208,123	206,759	206,886	207,294	210,565	210,855	210,515	210,358	209,983	209,983
Total Personal Income Monroe County (2)	\$ 27,942,270	\$ 29,342,918	\$ 31,044,653	\$ 30,547,345	31,181,338	33,153,011	34,478,067	36,102,780	N/A	N/A
Per Capita Personal Income Monroe County (2)	\$ 37,845	\$ 39,693	\$ 41,895	\$ 41,092	\$ 41,878	\$ 44,385	\$ 46,105	\$ 48,162	N/A	N/A
School District Enrollment (3)	33,380	32,586	32,718	32,132	31,511	31,247	30,734	29,197	29,103	28,401
Unemployment Rate (4)	5.7%	5.8%	7.4%	10.2%	10.8%	10.6%	10.8%	9.5%	8.0%	7.3%
Employed (4)	89,100	88,100	88,000	85,200	86,000	85,100	83,800	85,200	84,400	84,800

Source:

- 1) 2006 - 2014 figures from US Census Bureau (www.factfinder.census.org). Current year data unavailable, 2014 population used for 2015.
- 2) US Dept. of Commerce Bureau of Economic Analysis (www.bea.gov).
- 3) Rochester City School District (www.rcsdk12.org).
- 4) www.labor.state.ny.us (Average rates computed through August 2015) for City of Rochester.

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

	2015			2006		
	Employees (1)	Rank	Percentage of Total Employment (2)	Employees (1)	Rank	Percentage of Total Employment (2)
University of Rochester/Strong Memorial Hospital	25,773	1	5.04%	17,199	1	3.17%
Rochester Regional Health System (3)	13,986	2	2.73%	-	-	-
Wegmans Food Markets Inc.	13,582	3	2.65%	14,461	2	2.67%
Xerox Corporation	6,722	4	1.31%	8,100	4	1.50%
Paychex	3,933	5	0.77%	2,588	9	0.48%
Rochester Institute of Technology	3,781	6	0.74%	2,827	8	-
Lifetime Healthcare Cos. Inc.	3,611	7	0.71%	4,086	7	0.75%
Sutherland Global Services Inc.	3,009	8	0.59%	-	-	-
YMCA of Greater Rochester	2,841	9	0.56%	-	-	-
Tops Markets LLC	2,620	10	0.51%	-	-	-
Eastman Kodak Company	-	-	-	14,100	3	2.60%
ViaHealth	-	-	-	6,728	5	1.24%
Unity Health System	-	-	-	5,002	6	0.92%
Frontier, A Citizens Communications Company	-	-	-	1,974	10	0.36%

(1) Source: Rochester Business Journal The Lists - 2015 Edition.

(2) Employment source: www.labor.state.ny.us employment data as of 12/31/14

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City Council and Clerk	27.2	27.2	27.2	27.2	26.7	26.7	25.7	23.1	23.1	23.1
Administration	188.8	184.3	218.8	208.3	138.9	136.1	92.5	92.9	93.5	97.4
Information Technology	-	-	54.0	43.6	47.6	48.5	49.5	49.6	54.2	54.8
Finance	138.8	138.6	97.4	94.4	107.0	106.4	95.9	102.6	106.9	110.9
Neighborhood & Business Development (1)	-	-	-	-	154.5	153.2	140.0	137.6	138.2	138.7
Community Development	97.9	96.6	94.7	90.8	-	-	-	-	-	-
Economic Development	24.7	22.8	21.9	20.8	-	-	-	-	-	-
Environmental Services	731.3	736.2	738.7	728.2	716.1	712.6	684.7	679.2	682.1	721.1
Emergency Communications	186.4	187.6	192.6	192.6	198.6	196.7	234.8	231.6	231.7	233.9
Police	909.1	923.8	984.1	989.5	958.9	963.3	930.7	940.0	939.0	905.4
Fire	565.5	562.5	554.2	537.9	534.9	525.2	513.4	518.2	527.2	523.5
Library	178.3	172.9	172.9	169.7	166.6	168.4	154.3	146.2	142.2	140.4
Recreation & Youth Services	295.4	277.4	199.3	195.4	194.8	192.4	198.9	188.0	198.1	202.2
Total	<u>3,343.4</u>	<u>3,329.9</u>	<u>3,355.8</u>	<u>3,298.4</u>	<u>3,244.6</u>	<u>3,229.5</u>	<u>3,120.4</u>	<u>3,109.0</u>	<u>3,136.2</u>	<u>3,151.4</u>

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

City	2,984	2,963	2,963	2,893	2,840	2,801	2,719	2,703	2,714	2,723
School District	<u>5,825</u>	<u>6,099</u>	<u>6,073</u>	<u>6,296</u>	<u>6,053</u>	<u>5,579</u>	<u>5,256</u>	<u>5,365</u>	<u>5,221</u>	<u>5,618</u>
Total	<u>8,809</u>	<u>9,062</u>	<u>9,036</u>	<u>9,189</u>	<u>8,893</u>	<u>8,380</u>	<u>7,975</u>	<u>8,068</u>	<u>7,935</u>	<u>8,341</u>

Note:

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	Estimated 2015
Emergency Communications										
Calls received	1,210,515	1,104,893	1,092,231	1,060,971	1,050,971	1,083,485	1,132,135	1,140,707	1,159,818	1,190,000
Police										
Calls for service	406,141	413,820	465,268	395,883	416,876	411,421	403,312	357,076	364,947	369,892
Reported crimes	30,404	47,369	30,907	41,593	44,296	45,576	30,119	31,638	30,859	31,402
Fire										
Unit responses	46,652	52,548	53,226	53,226	47,539	46,553	42,112	43,440	43,300	44,100
Refuse										
Residential accounts	53,015	52,690	52,560	52,337	52,340	52,408	52,030	52,446	51,277	51,519
Commercial accounts	2,641	2,625	2,650	2,672	2,663	2,478	2,416	2,386	2,393	2,464
Total tonnage	113,636	109,835	109,258	106,687	104,282	104,886	100,819	97,606	99,500	105,000
Residential cost per ton	\$100.50	\$108.59	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Commercial cost per ton	\$168.77	\$169.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water										
Millions of gallons per day:										
Filtration plant production	35.58	38.46	36.35	37.29	37.00	37.00	36.40	37.60	37.40	37.50
City water demand	29.59	30.55	30.44	28.90	27.86	28.32	27.33	27.80	28.20	29.80
Library										
Total circulation	1,298,760	1,315,811	1,436,450	1,474,828	1,540,559	1,559,881	1,403,642	1,436,899	1,362,970	1,312,304
Parking										
Total parking spaces	11,743	11,637	11,165	8,926	11,008	10,887	10,642	10,642	10,642	12,260
Annual car counts	2,929,728	2,396,205	2,671,826	2,667,998	2,574,767	2,574,767	2,485,920	2,569,680	2,571,280	2,571,644
Parks and Recreation										
Convention Center attendance	363,004	274,000	278,845	279,618	279,618	241,951	244,575	226,176	255,000	250,000
War Memorial/Blue Cross Arena										
Total attendance	437,051	536,927	472,428	509,644	366,828	460,672	583,412	624,456	399,000	380,000

Source: City of Rochester Budget & Departments

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Miles of streets	539	539	539	540	540	540	540	532	532	532
Parking garages	8	8	8	8	8	8	8	8	8	9
Libraries	11	11	11	11	11	11	11	11	11	11
Fire houses	16	15	15	15	15	15	15	15	16	16
City-owned street lights 1)	15,037	15,348	15,673	16,400	16,500	27,849	27,800	27,949	28,100	28,100
Fire hydrants	7,287	7,287	7,287	7,287	7,686	7,686	7,843	7,634	7,638	7,655

Source: City of Rochester Budget & Departments

1) Rochester Gas & Electric had maintained approximately 11,000 street lights up through 2010 but now the City maintains all these lights.

FEDERAL AWARDS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rochester, New York (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Freed Maxick CPAs, P.C.

Rochester, New York
December 10, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

We have audited the City of Rochester, New York's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. 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.

The City's basic financial statements include the operations of the Rochester City School District (the District), a discretely presented component unit, which received \$84,234,559 in federal awards which is not included in the schedule during the year ended June 30, 2015. Our audit, described below, did not include the operations of the District because it was determined that the District's federal awards are being presented separately to the Federal Audit Clearinghouse by the District and they are audited as a separate entity.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Rochester, New York
December 10, 2015

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

	Grant Number	CFDA Number	Expenditures
DEPT. OF HOUSING AND URBAN DEVELOPMENT:			
CDBG PY 2004	B-04-MC-36-0003	14.218	6,987
CDBG PY 2005	B-05-MC-36-0003	14.218	38,466
CDBG PY 2006	B-06-MC-36-0003	14.218	54,653
CDBG PY 2007	B-07-MC-36-0003	14.218	10,938
CDBG PY 2008	B-08-MC-36-0003	14.218	114,655
CDBG PY 2009	B-09-MC-36-0003	14.218	100,334
CDBG PY 2010	B-10-MC-36-0003	14.218	1,009,040
CDBG PY 2011	B-11-MC-36-0003	14.218	283,081
CDBG PY 2012	B-12-MC-36-0003	14.218	712,500
CDBG PY 2013	B-13-MC-36-0003	14.218	2,410,953
CDBG PY 2014	B-14-MC-36-0003	14.218	4,097,396
Section 108 Loan Program	B-12-MC-36-0003	14.248	8,842,077
Emergency Shelter	S-11-MC-36-0006	14.231	28
Emergency Shelter	S-12-MC-36-0006	14.231	6,053
Emergency Shelter	E-13-MC-36-0005	14.231	160,662
Emergency Shelter	E-14-MC-36-0005	14.231	399,598
Home Program 2009	M-09-MC-36-0504	14.239	44,931
Home Program 2010	M-10-MC-36-0504	14.239	18,567
Home Program 2011	M-11-MC-36-0504	14.239	92,573
Home Program 2012	M-12-MC-36-0504	14.239	534,050
Home Program 2013	M-13-MC-36-0504	14.239	483,476
Home Program 2014	M-14-MC-36-0504	14.239	683,748
Lead Hazard Control Grant LED05	NYLHD0247-12	14.905	996,675
Neighborhood Stabilization Program (Pass thru NYS-HCR)	1028	14.228	2,697
HOPWA	N-YH-14-F003	14.241	434,752
U.S. DEPARTMENT OF COMMERCE			
EDA - Midtown Transportation Infrastructure	01-01-14085	11.300	175,199
EDA - Photech Redevelopment	01-01-14186	11.300	14,769
U.S. DEPARTMENT OF JUSTICE			
Justice Assistance Grant-8	2011-DJ-BX-2223	16.738	37,708
Justice Assistance Grant-9	2012-DJ-BX-0584	16.738	39,147
Justice Assistance Grant-10	2013-DJ-BX-1054	16.738	14,948
Justice Assistance Grant-11	2014-DJ-BX-0450	16.738	49,920
Smart Policing Initiative	2012-DB-BX-0004	16.751	102,886
PASS THROUGH FROM DCJS:			
Real-Time Crime Analysis Center	C637199	16.738	194,674
Stop Violence Against Women 2014	C554646	16.588	41,062
Stop Violence Against Women 2015	T652156	16.588	17,810
PASS THROUGH FROM OFFICE OF VICTIMS SERVICES:			
Crime Victims Assistance 2013-2014	C501131	16.575	59,083
Crime Victims Assistance 2014-2015	C100294	16.575	168,010
PASS THROUGH FROM COUNTY OF MONROE:			
Grants to Encourage Arrest- Domestic Abuse Response Team	2014-WE-AX-0029	16.590	21,832
PASS THROUGH FROM RIT:			
Project Safe Neighborhoods- Pathways to Peace	2014-GPBX-0004	16.609	11,458
	Subaward 30998-01		
U.S. DEPARTMENT OF TRANSPORTATION			
NYS DEPARTMENT OF TRANSPORTATION (Pass Through)			
Broad Street Tunnel - 4751.87	D011450	20.205	187,399
Broad Street Bridge	D013824	20.205	57,371
Inner Loop Study Phase II	D017599	20.205	1,579,750
Port ITS and Security	D022323	20.205	524,198
Mt. Hope Ave. & E. Henrietta Road	D022408	20.205	808,659
Butterhole-Seneca Park Rail Trail	D031578	20.205	2,101
Ridgeway Avenue	D031733	20.205	115,760
University Artwalk II	D032195	20.205	99
Safe Routes to School	D032205	20.205	39,272
Brooks Landing Revitalization	D032280	20.205	230,550
Midtown Transportation Infrastructure	D032564	20.205	13,641
Waring Road	D033327	20.205	20,889
Lake Ave Merrill to Burley	D033366	20.205	143,883
AVL/ Weather Sensor ITS	D033478	20.205	192,987
Bicycle Trails	D033512	20.205	1,020,738
Inner Loop Sidewalk & Crosswalks	D033662	20.205	8,606
Preventive Maintenance (2 bridges)	D033704	20.205	75,374
Winton Road North	D033808	20.205	88,634
Preventive Maintenance (Driving Park)	D033820	20.205	87,135
Elmwood Ave Bridge	D033821	20.205	696,043
Plug In Hybrid Vehicle Charging Stations	D033978	20.205	6,931
Joseph Ave Median Barrier	D034197	20.205	79,804
Dewey Driving Park	D034268	20.205	18,961
Asphalt Maint and Repair (East/University)	D034272	20.205	148,427
Elmwood Ave / Collegetown Cycle Track	D034682	20.205	48,684
Asphalt Maint and Repair (S. Goodman)	D034955	20.205	14,461
Asphalt Maint and Repair (Clifford/North/Ridge/Lyell)	D034960	20.205	136,887
Child Passenger Safety Program 2014	PD-00067-(028)	20.613	177
Child Passenger Safety Program 2015	PD-00079-(028)	20.613	3,227
DWI Crackdown Grant 2013-2014 (GTSC & County Pass Through)	G240500005.1314	20.600	11,916
DWI Crackdown Grant 2014-2015 (GTSC & County Pass Through)	G240500005.1415	20.600	9,275

THE CITY OF ROCHESTER, NEW YORK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2015

	Grant Number	CFDA Number	Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Brownfield Grant EPA-09	BF97254807	66.818	111,000
Brownfield Grant EPA-13	BF97207700	66.818	38,835
Brownfield Grant EPA-14	BF97207800	66.818	12,985
Brownfield Grant EPA-16	XP-97229801	66.818	73,121
Brownfield Grant EPA-17	BF96282514	66.818	508
Brownfield Grant EPA-18	BF96290614	66.818	72
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Substance Abuse Grant Yrs 1-4 of 5	2-H79-SP013209-09	93.276	45,906
Substance Abuse Grant Yr 5 of 5			69,413
Federal Pregnancy Prevention Grant Yr 4 of 5 incl carryover	5-TP1AH000046-05-00	93.297	436,994
Federal Pregnancy Prevention Grant Yr 5 of 5 incl carryover	4 TP1AH000046-05-02	93.297	1,069,048
Community Adolescent Pregnancy Prevention Yr 4 of 5	C026968	93.778	124,553
Community Adolescent Pregnancy Prevention Yr 5 of 5	C026968	93.778	121,355
DEPARTMENT OF HOMELAND SECURITY			
2011 MMRS (PASS THROUGH NYS DHSES)	WM11834415	97.071	15,652
2011 Bomb Squad Initiative (PASS THROUGH - NYS DHSES)	WM11153711	97.067	78,750
2012 Bomb Squad Initiative (PASS THROUGH - NYS DHSES)	WM12153721	97.067	77,694
2013 Bomb Squad Initiative (PASS THROUGH - NYS DHSES)	WM13153731	97.067	63,853
2014 Bomb Squad Initiative (PASS THROUGH - NYS DHSES)	WM14153741	97.067	939
2011 HazMat (PASS THROUGH NYS DHSES)	WM11153719	97.067	11,880
LETTP-2012 (PASS THROUGH- NYS DHSES)	WM12153722	97.067	54,766
LETTP-2013 (PASS THROUGH- NYS DHSES)	WM13184432	97.067	8,184
LETTP-2014 (PASS THROUGH- NYS DHSES)			53,838
SHSP-2011 (PASS THROUGH- NYS DHSES)	WM11153710	97.067	4,955
SHSP-2012 (PASS THROUGH- NYS DHSES)	WM12153720	97.067	20,995
SHSP-2013 (PASS THROUGH- NYS DHSES)	WM13153730	97.067	27,340
SHSP-2014 (PASS THROUGH- NYS DHSES)	WM14153740	97.067	23,169
TACTICAL TEAM 2013 (PASS THROUGH- NYS DHSES)	WM13163339	97.067	80,001
2011 Canine Explosive Detection Grant (PASS THROUGH-NYS DHSES)	WM11834419	97.067	11,050
2012 Canine Explosive Detection Grant (PASS THROUGH-NYS DHSES)	WM12153729	97.067	2,210
2013 Canine Explosive Detection Grant (PASS THROUGH-NYS DHSES)			4,127
2014 Canine Explosive Detection Grant (PASS THROUGH-NYS DHSES)	WM14153749	97.067	9,985
U.S. DEPARTMENT OF EDUCATION			
PASS THROUGH (From NYS Dept. of Education)			
21st Century Grant RASA	0187-15-6124	84.287	51,788
U.S. DEPARTMENT OF AGRICULTURE:			
Summer Food Service (PASS THROUGH - NYS DOE)	36-079500	10.559	305,932
TOTAL CITY GRANTS			<u>31,870,133</u>

THE CITY OF ROCHESTER, NEW YORK

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Rochester, New York (the City) under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported as federal expenditures were obtained from the City's financial reporting system, which is the source of the City's basic financial statements. Grant numbers are presented where available.

NOTE 3 - MAJOR PROGRAM DETERMINATION

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

NOTE 4 - ASSET CONTROL AREA AGREEMENT ("ACA")

Participating in this program (CFDA# 14.311), the City purchased houses from the Department of Housing and Urban Development at a discount. In turn, to revitalize the City's housing stock, these units are rehabilitated and resold to low to moderate-income families. The value of these discounts was \$74,300 in the 2015 program year. While the cost of the property purchases and the revenue from sales are reported in the City's basic financial statements, the expenses for rehabilitation are reported in the Schedule of Expenditures of Federal Awards under the CDBG Program (CFDA#14.218) and the Home Program (CFDA# 14.239). The combined acquisition and rehabilitation costs of these properties exceed the final sale prices.

THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

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

Identification of major programs:

<u>Name of Federal Programs or Clusters</u>	<u>CFDA Number(s)</u>
Section 108 Loan Program	14.248
Community Development Block Grants	14.218
Lead Hazard Control Grant	14.905
Federal Pregnancy Prevention Grants	93.297

Dollar threshold used to distinguish between type A and type B programs (3% of total federal awards) \$ 956,104

Auditee qualified as low-risk auditee? Yes No

THE CITY OF ROCHESTER, NEW YORK

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015 (Continued)**

II. FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs related to the financial statement audit noted for the year ended June 30, 2015.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings or questioned costs related to federal awards noted for the year ended June 30, 2015.

THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

I. FINANCIAL STATEMENT FINDINGS

There were no findings or questioned costs related to the financial statement audit noted for the year ended June 30, 2014.

II. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

SIGNIFICANT DEFICIENCY

2014-001 Schedule of Expenditures of Federal Awards Reconciliation

Criteria: Management is responsible for the fair presentation of the City's Schedule of Expenditures of Federal Awards (the Schedule).

Condition: Upon reconciling the Department of Transportation (DOT) expenditures on the Schedule with the supporting documentation maintained by the City's Department of Environmental Services (DES), it was determined that approximately \$2.3 million on the Schedule for the year ended June 30, 2014 was related to prior years' expenditures.

Context: The overstatement on the Schedule for the year ended June 30, 2014 was discovered by the auditor upon reconciling the accounting records of the City to the Schedule. However, it was determined that this would not have impacted the major program determination under OMB Circular A-133.

Effect: The Schedule for the year ended June 30, 2014 is overstated and prior years' Schedules were deemed to be understated.

Cause: Lack of internal controls over the reporting of DOT expenditures included on the Schedule and sufficient communication between DES and the Accounting Department of the City to assist in this reconciliation process.

Status: There was no reoccurrence of this finding noted for the year ended June 30, 2015.

STATE TRANSPORTATION AWARDS

**REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE OVER STATE TRANSPORTATION ASSISTANCE EXPENDED
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

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

Report On Compliance For Each Major State Assistance Transportation Program

We have audited the City of Rochester, New York's, (the City) compliance with the types of compliance requirements described in the preliminary Draft Part 43 of the New York State Codification of Rules and Regulations (NYCRR) that could have a direct and material effect on the major state transportation assistance program tested for the year ended June 30, 2015. The program tested is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for State Transportation Assistance Expended.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major state transportation assistance program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major state transportation assistance program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the preliminary Draft Part 43 of NYCRR. Those standards and the preliminary Draft Part 43 of NYCRR require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state transportation assistance program tested has occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state transportation assistance program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Transportation Assistance Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state transportation assistance program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major state transportation assistance program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state transportation assistance program and to test and report on the internal control over compliance in accordance with the preliminary Draft Part 43 of NYCRR, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance control exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a state transportation assistance program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state transportation assistance program will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state transportation assistance program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Freed Maxick CPAs, P.C.

Rochester, New York
December 10, 2015

THE CITY OF ROCHESTER, NEW YORK
SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
YEAR ENDED JUNE 30, 2015

	Grant Number	Current Year
STATE OF NEW YORK:		
DEPARTMENT OF TRANSPORTATION:		
Asphalt M&R TIP (Goodman/Clinton)	4MA042.30	10,999
Brooks Avenue Revitalization	C006777	86,784
Butterhole-Seneca Park Rail/Trail	C006780	74
Port of Rochester Redevelopment - River St. Extensior	C006871	102,973
Port of Rochester Redevelopment - Lighthouse Trail	C006964	15,979
Genesee Valley Park West Master Plan	C006965	22,634
Erie Harbor Enhancements	C006966	110,000
West River Wall Renovation	C007067	68,022
Port of Rochester Redevelopment - Promenade	C007068	279,182
Port of Rochester Redevelopment- Public Marina	C007069	843,116
Promenade at Erie Harbor	C007143	17,264
Port of Rochester Redevelopment	C007144	284,729
Port of Rochester Redevelopment- Boater Infrastructur	C0Y15D1	676,675
Water Quality Improvement Grant	C304407	322,886
Turning Point Park Trailhead	C8-6445-02-00	535,500
Port of Rochester Redevelopment - Green Infrastructur	C8-6445-03-00	38,639
Snow & Ice Control	D005375	60,146
Broad Street Tunnel - 4751.87	D011450	35,137
Mt. Hope & E. Henrietta	D022408	51,757
Butterhole-Seneca Park Rail/Trail	D027496	53
University Artwalk II (State ARRA)	D032195	5
Charlotte Port - Lakefront Development	D033037	516,864
Waring Road	D033327	3,915
Lake Avenue - Merrill	D033366	26,087
Inner Loop Sidewalk/Crosswalks	D033662	50
Preventive Maintenance for 2 Bridges	D033704	19,662
Winton Road North	D033808	20
Consolidated Street & Highway Improvements		3,956,572
Total NYS DOT grants		8,085,724

THE CITY OF ROCHESTER, NEW YORK

**NOTES TO THE SCHEDULE OF STATE TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of State Transportation Assistance Expended is presented using the modified accrual basis of accounting.

THE CITY OF ROCHESTER, NEW YORK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR STATE
TRANSPORTATION ASSISTANCE EXPENDED
FOR THE YEAR ENDED JUNE 30, 2015

I. SUMMARY OF AUDITOR'S RESULTS

Internal control over State Transportation Assistance Expended:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes No

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

Identification of State Transportation Assistance Programs tested:

Name of Project
Consolidated Street and Highway Improvements

II. COMPLIANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs related to State Transportation Assistance Expended noted for the year ended June 30, 2015.