

2006 CAFR

*Comprehensive Annual
Financial Report*

County of Monroe,
New York

**For the Year Ended
December 31, 2006**



Maggie Brooks
County Executive

Steve Gleason
Chief Financial Officer

Bill Carpenter
Budget Director

Scott Adair
Controller

www.monroecounty.gov

County of Monroe, New York Comprehensive Annual Financial Report For the Year Ended December 31, 2006

**PREPARED BY
DEPARTMENT OF FINANCE**



**STEPHEN W. GLEASON
CHIEF FINANCIAL OFFICER**

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CONTROLLER**

INTRODUCTORY SECTION

This section contains the following:

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- LETTER OF TRANSMITTAL
- COUNTY EXECUTIVE'S OFFICE
- ELECTED COUNTY OFFICIALS
- LEGISLATIVE LEADERSHIP AND STAFF
- LEGISLATORS
- COUNTY DEPARTMENTS

COUNTY OF MONROE, NEW YORK COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2006

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Department of Finance
Monroe County, New York

Maggie Brooks
County Executive

Steve Gleason
Chief Financial Officer

May 31, 2007

Taxpayers of Monroe County,
Honorable County Executive,
Members of the Monroe County Legislature, and
Employees of Monroe County

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the County of Monroe, State of New York (the County) for the year ended December 31, 2006, in accordance with the requirements of Article VI, Section C6-5C(2)(d)[1] of the County Charter. This report has been compiled and prepared by the Department of Finance, which assumes full responsibility for the completeness and accuracy of the financial data contained herein. We believe the information presented in this report fairly portrays the financial position and results of operations for 2006.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory Section consists of this letter of transmittal, which gives an overview of the County's history and highlights of key departmental accomplishments. The Financial Section includes the Independent Auditors' Report, Management's Discussion and Analysis (MD&A), the basic financial statements and required supplementary financial information and schedules for the year ended December 31, 2006. The Statistical Section includes selected financial and demographic data, which is portrayed on a multi-year basis.

The County is also required to undergo an annual "single audit" in conformance with the provisions of the Federal Single Audit Act (as amended) and the United State Office of Management and Budget's Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit (including the schedule of expenditures of federal awards, summary of findings and questioned costs, the Independent Auditors' Report on internal controls over financial reporting, based on an audit of financial statements performed in accordance with *Government Auditing Standards* and a report on compliance with applicable laws, regulations, contracts and grants applicable to major federal programs; and internal controls over such compliance) is not provided in this report. This information is presented as a separate report along with the Independent Auditors' Report on compliance and internal controls over financial reporting.

The County's reporting entity is based on criteria set forth by the Governmental Accounting Standards Statement No. 39 as discussed in Note 1 to the Basic Financial Statements. The County's component units are comprised of Monroe Community College (MCC), Monroe County Airport Authority (MCAA), Monroe County Water Authority (MCWA), County of Monroe Industrial Development Agency (COMIDA), and the Monroe Tobacco Asset Securitization Corporation (MTASC).

Background

Monroe County is located in western New York State on the south shore of Lake Ontario, approximately 70 miles east of the Buffalo/Niagara Falls area. The County is the northernmost portion of the Genesee River valley and contains one city, 19 towns and 10 villages. The City of Rochester is the County seat and New York State's third largest industrial and commercial center next to the New York City and Buffalo. The area is accessible via the Greater Rochester International Airport, CSX, Genesee & Wyoming, Inc. (a regional railroad), Amtrak, the New York State Thruway, the St. Lawrence Seaway, and the New York State Erie Canal System. Monroe County is within 400 miles of many major metropolitan areas such as New York City, Toronto, Boston, and Washington, D.C.

The County has a population of over 735,000 people, and is the central county in the six county Rochester Metropolitan Statistical Area (MSA) which has a population of approximately 1,100,000. The County workforce measures 385,400 and its economy draws from an MSA workforce totaling 572,900. The County is home to Wegmans Food Markets, Eastman Kodak, Xerox, Bausch & Lomb, Paychex, Citizen/Frontier Communications, Sutherland Group and Sentry, as well as many smaller companies (over 1,000 companies in the 25-1,000 employee range) which employ the largest number of workers in precision manufacturing, optics, financial services, medical, plastics, pharmaceuticals, and information technology industries.

Economic Health

Rochester manufacturers continue to play a significant role in the world marketplace of photographic products, optics, graphics technology, communications, electronics, medical instrumentation, machine tooling, and pharmaceuticals. Manufacturing accounts for almost 16% of total non-agricultural employment in Monroe County. Today, the most significant feature of the County's economy is the trend toward high technology manufacturing.

Monroe County continues transitioning from an economy dominated by two or three large companies to a more diverse base of small and medium-sized employers. Jobs in most manufacturing categories continued to decline, but service jobs (those in business, utilities, clothing and merchandise stores, and telecommunications) grew in Rochester's economy to offset job losses in other areas. Monroe County's business services sector is another element of the local economy's success.

The average 2006 unemployment rate for Monroe County was 4.5% (4.8% in 2005), compared with the national average of 4.6% (5.1 % in 2005) and the State average of 4.5% (5.0% in 2005).

Significant Announcements

College Campus Sites. Downtown Rochester continues to be a central location for branch campuses of local area colleges and universities. The former Sibley's department store building on Main Street houses the downtown campuses for Monroe Community College and SUNY Brockport, as well as a food court and other amenities that serve college students and shoppers. Other educational facilities located downtown include Cornell University School of Industrial and Labor Relations, Bryant & Stratton, and Eastman School of Music.

Renaissance Square. Plans are being developed for a project known as Renaissance Square. The proposed project will include construction of a downtown bus terminal, a downtown campus for Monroe Community College, various performing arts venues and retail areas. The project is a collaborative effort of the County, Monroe Community College, City of Rochester, and Rochester Genesee Regional Transportation Authority. The preliminary estimated project cost is \$230 million. Efforts are under way to secure federal and state funds to be applied towards the cost of the project. \$182.9 million of funding has been secured to date including the County's portion of the cost for the Monroe Community College portion of the project.

Eastman Kodak Company, the region's second largest employer, has been in the process of restructuring and repositioning itself for several years. The firm has been shifting its emphasis from chemical to digital imaging. In conjunction with these efforts, the firm has reduced employment and is in the process of leasing, selling or demolishing a third of its real estate holdings worldwide. It anticipates the reduction of the real estate holdings will be accomplished over a three year period ending in 2007. The firm has created a \$15 million economic development fund designed to promote business development and job creation in the greater Rochester region. The firm has committed \$5 million per year for three years (2004-2006) in the new "Rochester Economic Development Fund," which will be targeted at projects that have the potential to generate and retain jobs in the Rochester area. The company will work with other businesses, community groups, universities and local government to expand the fund. On July 20, 2005, Eastman Kodak announced additional downsizing. The firm plans on eliminating an additional 10,000 jobs and disposing of \$2 billion in manufacturing assets over the next two years. The cutbacks are expected to be completed by mid-2007 and are in addition to the 12,000 to 15,000 layoffs announced by Kodak in early 2004. At the end of the third quarter of 2006, Kodak reported that it had eliminated 22,200 jobs. On September 20, 2006, Kodak announced the sale of its photo chemicals business to Champion Chemtech Ltd. Approximately 150 Kodak employees will transfer to Champion Photochemistry Inc., the subsidiary which will operate the business. Kodak also announced at the same time that it would close a portion of its synthetic chemicals manufacturing line located at Kodak Park in the County. Kodak would not say how many jobs would be lost with the closing of the synthetic chemical line. Both moves are a part of Kodak's strategy to downsize its traditional photographic business while investing in digital imaging products and services.

Gleason Works, a world leader in the development, manufacturing and sale of gear production machinery and related equipment, announced in April 2006 that the company would be investing \$18.7 million to upgrade its University Avenue Facility and retain 625 manufacturing jobs. Gleason Works products are

used by customers in the automotive, truck, aircraft, agriculture, construction, power tool, marine industries and a diverse set of customers serving various industrial equipment markets.

ITT Industries Inc., announced on August 29, 2006, that it has completed \$6 million worth of facilities improvements in Monroe County that could create up to 200 jobs. The Space Systems division, headquartered in Rochester, has completed a 10,000 square foot clean room at its Rochester Technology Park location (in the Town of Gates), as well as renovations to a manufacturing site located in the Town of Greece. The Space Systems division employs approximately 1,800 people in the Rochester area. It works on projects sponsored by NASA, the Department of Defense and other federal agencies. One of the more high profile projects is the James Webb Space Telescope, which is to replace the aging Hubble Telescope.

Chase-Pitkin Home & Garden Centers, a subsidiary of Wegmans Food Market Inc., announced in October 2005 that it would be closing its 14 stores, 10 of which are located in the Monroe County area. The Monroe County area Chase-Pitkin stores employ approximately 395 full time employees and 1,235 part time employees. The closings were completed by April 2006.

Strong-National Museum of Play, formerly the Strong Museum, opened its expanded facility on July 13, 2006. The \$33 million expansion project nearly doubled the size of the museum and added new interactive exhibits for children. The museum is the second largest children's museum in the United States. It also houses the National Toy Hall of Fame.

Verizon Wireless, on June 19, 2006, announced plans to hire 75 additional employees for its call center located in Monroe County. Including the new jobs, the company has hired more than 450 employed here since 2005. Henrietta is also home to Verizon's upstate headquarters. Along with its 19 retail stores, Verizon Wireless employs more than 1,100 people in the Rochester Area.

Rochester Institute of Technology began construction of a \$12 million, 35,000 square foot Center of Bioscience Education and Technology on April 8, 2005. The project was completed in September 2006 and named the Excellus BCBS Center for Bioscience Exploration and Discovery. It includes a high-tech classroom and studio along with cutting-edge labs for anatomized studies, bioscience teaching, histopathology and forensic medicine. The new facility is expected to assist in the area's economic renaissance.

Bausch & Lomb Inc., announced on September 20, 2006, that it would eliminate 400 jobs worldwide over the next few months in conjunction with its efforts to overhaul its contact lens manufacturing operations. This announcement is estimated to affect 40 workers in the Rochester Area.

St. John Fisher College, in September 2006, opened the 37,500 square-foot Wegmans School of Pharmacy. The Wegmans School of Pharmacy contains classrooms, laboratories, a drug information center and study group meeting rooms, as well as faculty/staff offices and several common areas. The 55 students who make up the inaugural class of the Wegmans School of Pharmacy came from an applicant pool of over 200 students from 22 states. The Wegmans School of Pharmacy was made

possible due to a \$5 million gift from Robert B. Wegman. In January 2006, the College announced another \$8 million gift from Robert B. Wegman to fund a School of Nursing.

The Xerox Corporation, the region's third largest employer (approximately 8,100 employees) announced on June 23, 2005, that it will invest \$59 million to build and equip a 120,000 square-foot plant in Webster to produce a new specialized toner for printer cartridges. The newer toner, a chemically grown toner, is a breakthrough in toner technology. The new plan will create 40 new jobs and retain another 50. Construction began November 4, 2005, and is expected to be completed in 2007. Xerox announced on October 30, 2006, it would be laying off workers as part of its ongoing restructuring. Xerox employment is down 260 employees from the same period in 2005.

Harris RF Communications, on June 26, 2006, announced that it has received more than \$800 million in federal contracts to provide military radios since October 2005 and will add roughly 200 jobs to its growing local work force by the end of 2006. The company is a division of the Florida based Harris Corporation. The Harris division builds combat radios that have unique security features, making them certified by the U.S. government for the transmission of classified information. The military is in the process of upgrading these radios across its systems.

JP Morgan Chase announced on June 5, 2006, that it will spend \$21 million to modernize the 27 story Chase Tower, one of the skyline's signature buildings, with state-of-the-art communications technology, new furniture and other renovations. Chase will consolidate its downtown workforce of about 850 people at the tower by the spring of 2007.

Valeo SA announced on July 28, 2005 that it would close its Valeo Electrical Systems Inc. subsidiary's plant by July 31, 2008. The 1.6 million square-foot plant primarily makes automotive wiper systems. The closure will result in the loss of approximately 500 jobs. McGuire Family Properties, Inc. bought the facility and has plans to split it into commercial, retail and industrial space

Delphi Corp. the largest auto supply company in the United States, filed for bankruptcy on October 8, 2005. Delphi has 31 plants in 13 states and 185,000 employees worldwide. In March 2006, Delphi announced that they would be retaining its local manufacturing plant, as well as its research center located in the Town of Henrietta, retaining approximately 2,300 employees. On September 21, 2006, Delphi announced that it expected to add approximately 300 jobs to its Rochester operations by relocating automotive fuel injector work from a Michigan plant which is in the process of closing.

CareGuide, a health care management company announced on August 10, 2006, that it will be moving the majority of its operations from Florida to the County. CareGuide will invest \$11 million to consolidate its operations in the Town of Henrietta. The move to the County is expected to create 200 new jobs and save more than 40 existing jobs.

Financial Information

Internal Controls - The County Administration is responsible for establishing and maintaining internal controls capable of ensuring that the assets of the County are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for basic financial statement preparation in conformity with U.S. generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgement by management. The County's internal controls are monitored and evaluated by the Department of Finance, specifically the Office of the Controller. As part of this effort, the Controller administers an internal auditing program to review and evaluate the adequacy and effectiveness of the County's internal controls.

Budgetary Controls - The County maintains budgetary controls to ensure compliance with the operating budget as approved annually by the County Legislature. Control is exercised over expenditures at the object class level for all departments. Activities in the governmental funds are funded and controlled through the annual operating budget. The County also maintains expenditure control via an encumbrance accounting system which provides that unencumbered, unexpended appropriations lapse at year-end unless explicitly reappropriated by the Legislature. Encumbrances outstanding at year-end are recorded in order to reserve that portion of the applicable appropriation for expenditure in the ensuing year. The Office of Management and Budget has the authority to transfer budget amounts between accounts within any department up to and including \$10,000 for all funds.

Capital projects are planned for in a six-year Capital Improvement Program. This program is updated annually with its first year becoming the County's Proposed Capital Budget for that year. Appropriations for each capital project are approved separately by the County Legislature and each project is accounted for in a separate capital fund.

Cash Management Policies and Practices - The County utilizes a pooled-cash concept to optimize its investment earnings. Earnings are allocated to the participating funds based upon their equity in the investment pool. All County investments are managed in accordance with New York State Law and the County Legislature's approved investment and deposit policy that emphasizes safety and liquidity above yield as management priorities.

2006 Achievements and Recognitions

The County continued its commitment to provide residents with the quality of life they desire through efforts to deliver service, maintain infrastructure, and promote economic development in the most cost-effective fashion possible. The County's financial structure continued to be challenged by the dramatically escalating demands and costs of providing mandated Medicaid and public assistance services.

Highlights of the significant accomplishments and recognitions attained by various departments during 2006 are as follows:

The Department of Environmental Services (DES) continues to streamline its operations while striving to maintain the high level of environmental oversight that county residents have come to expect.

In an effort to continue high levels of service to county residents at a reduced cost, several inter-municipal initiatives have been undertaken. Project design for the Village of Spencerport and preliminary design for the Village of Scottsville were completed in 2006, which will allow the villages to take their wastewater treatment plants off-line, reducing point sources of pollution to local waterways. In addition, the increased revenue and customer base will serve to stabilize user rates for the Irondequoit Bay South Central and Northwest Quadrant Sewer Districts.

Other DES initiatives include the utilization of bio-solids (the solid byproduct of wastewater treatment) from the Northwest Quadrant Wastewater Treatment Facility and the Frank E. VanLare Wastewater Treatment Facility (FEV) to produce "green" energy at the county-owned Mill Seat Landfill. Construction of a landfill gas-energy plant at the Mill Seat Landfill was initiated in 2006 and will be completed in 2007. The facility will turn landfill gas into electricity that can be sold back to the power grid. The landfill gas now being produced at Mill Seat is being burned in a flare to reduce greenhouse emissions. In 2005, 1.1 billion cubic feet of gas was burned in the flare. This renewable resource will now be taken advantage of to produce approximately 5 to 6 megawatts of energy to be supplied to the grid which will generate revenue for the County.

DES has become a lead member of the countywide Storm Water Coalition Committee that consists of 27 municipalities in the county with the goal of implementing the new Federal storm water regulations. This communitywide consolidation of effort will not only allow us to more cost effectively meet these requirements, but will do much to improve the water quality in the county's streams, rivers and bays. A major upgrade to the Irondequoit Bay Pump Station (IBPS) will provide much more reliable and economical conveyance of all wastewater flows generated in the eastern and southern sections of the County.

Two major upgrades of crucial Pure Waters pump stations have been substantially completed in 2006 at John Street and Charlotte. The John Street Pump Station project included comprehensive improvements to bring the station up to current standards, improve reliability, and increase pumping capacity. Work includes the installation of new pumping systems, instrumentation and controls, heating, ventilating, and odor control systems, electric service, an emergency generator, and architectural enhancements, including new roof and brick fascia.

In an effort to meet the demands of future growth and extend the useful life of Pure Waters facilities, consultant selections were completed in 2006 for the Riverdale, Clinton/Keebler, McEwen, Trolley and Pattonwood pump stations. Design for the upgrade of the Riverton pump station was also started in 2006.

Improvements to the Buttonwood low lift pump station and force main were completed in 2006. This portion of the Buttonwood pump station conveys wastewater from the Western Extension which services many communities in western Monroe County.

DES continues working with the Towns of Penfield, Greece and Henrietta to evaluate and reduce extraneous sources of surface and ground water infiltrating into the sanitary wastewater system. This effort should maximize treatment efficiency and increase hydraulic capacities of pump stations, collection and treatment systems.

Planning and Economic Development approved 132 projects that will result in the investment of over \$374 million for Monroe County businesses. These projects will create 1,857 new jobs over the next five years and retain 9,688 jobs in the County. Over 98% of the funds leveraged came from private funding sources. Staff from Economic Development contacted over 180 companies and made presentations to 28 service providers (bankers, CPAs, attorneys) and community organizations.

The Workforce Development Division, developed the Hiring Incentive Grant to offset employer training expenses and partnered with MCC to offer a new certificate program in Optics.

The Parks Department maintains nearly 12,000 acres of parkland for residents and visitors to Monroe County. The County's 21 Parks include a guarded swimming beach, boat launches, a nature center, conservatory, a fish hatchery, a demonstration farm, lodges and shelters, streams for fishing, a zoo, many miles of trails for hiking, cross-country skiing, snowshoeing, bridle paths for horseback riding, an historic carousel, three golf courses, sensitive lands for birding, historic buildings, the Wetlands Center, the Sensory Garden, and several memorials that honor the Vietnam Veterans, World War II Veterans, Crime Victims and others.

In 2006, Wild Wings Incorporated, a not-for-profit educational organization that houses and cares for permanently injured birds of prey opened its new exhibit in Mendon Ponds Park. These raptors, unable to survive on their own, are housed at the park in an aviary for public viewing.

New ADA accessible playgrounds were installed in 2006 at Mendon Ponds and Powder Mills Parks using Community Development Block Grant Funding.

Movies in the Bowl and at the Beach were produced in the summer of 2006 due in large part to a grant from Senator Joseph Robach. The Parks Department was able to show nine free outdoor movies, which thousand of viewers enjoyed.

Off leash areas in Parks are moving towards the funding goal of \$100,000. The legislative authority which allows the County to site four dog parks in the Monroe County Parks System specified that no County Government funds could be used for construction or upkeep expenses. A group of committed citizens have been working with the Parks Department to raise the necessary funds. To date, this effort is nearly halfway to meeting the goal of \$100,000, which is the amount necessary to begin construction.

The Seneca Park Zoo kicked off its Zoo Africa Capital Campaign. This will include the addition of a pool within the new elephant exhibit, a baboon exhibit, the crater lodge and a lion exhibit, each to be phased-in over the next few years.

Park events included the annual Lilac Festival, the Lakeside Winter Celebration, Concerts by the Shore, Shakespeare in the Park, Mendon Ponds Park Winterfest and the Greece Chamber of Commerce Groundhog Festival.

The Parks Department also continued to provide parks and recreation opportunities through partnerships with a number of organizations and groups including the Seneca Zoo Society; the Ontario Beach Park Program Committee; Heritage Christian Services; Wild Wings, Incorporated; the Vietnam Veterans of Greater Rochester; Lilac Festival, Incorporated; The Parks Golf Courses; the Towns of Chili, Penfield and Riga; Charlotte Youth Athletic Association; Southside Little League; City of Rochester; Rochester Landscape Technicians; Civic Garden Center; The Riedman Foundation; and the Chili and Ogden Historical Societies.

Information Services (IS) strives to apply state of the art technology throughout Monroe County government in an effort to cut costs and improve service. This past year, IS managed the replacement and upgrade of computer systems at the 911 Center and also upgraded systems in multiple other departments. Countywide services included the management of email attachments and storage to optimize system performance. IS also began implementation of automated system patch management, and reduced internet abuse by implementing web site filtering. Board of Election's real time election night reporting system was thoroughly tested by IS and performed exceptionally well during all elections, including the highest volume election the Board has seen in many years this past November. IS reorganized and went through a County-wide centralization of IT staff to more efficiently serve the County. IS also focused its service delivery efforts to improve Help Desk response times and reduced average open help desk calls from over 100 open calls to under 50 open calls.

The Department of Public Health (Public Health) continued its focus on three main areas in 2006: community health improvement, service enhancement and process improvement.

In the area of community health improvement, Public Health conducted a direct digit dial adult health survey to continue to monitor the health status of Monroe County adults. Data from this survey will be used by the Department and community partners to determine how best to target interventions to improve the health of adults in the community. In addition the 2006 Adolescent Health Report Card was published. These efforts are part of the Department's work as lead agency in **HEALTH ACTION**, a community partnership aimed at improving the health status of all Monroe County citizens.

Service enhancements for 2006 included the establishment of a Medical Reserve Corps of volunteers to assist the Department of Public Health and municipalities in responding to public health emergencies. The Department received an award to implement the Nurse Family Partnership Program with funding through DHS and the Children's Agenda, increasing resources to high risk mothers and children in the

community. In the area of Lead Poisoning Control, more children will receive environmental intervention as a result of lowering the blood lead level for environmental intervention to first venous blood of 15 µg/dl. In addition, the department received a multi-year grant to further the reduction of lead paint in local housing stock and thereby helping with primary prevention.

In the area of process improvement for 2006, the Department completed health and safety renovations in the Medical Examiner's Office, worked with Information Services to implement a secure e-mail system to use when communicating patient information electronically, implemented Rapid HIV Testing in our STD Clinic to more efficiently serve clients and reduce the number of visits required, installed a new records management system in the Office of Vital Records and decentralized purchasing and time accounting systems as part of the county-wide implementation of SAP.

The Department of Aviation (Aviation) continued to operate a safe and convenient air transportation facility at the Greater Rochester International Airport. Total aircraft operations at the Airport in 2006 were 137,601 which included commercial flights, military operations, and corporate and general aviation operations. Total scheduled passenger boardings, or enplanements, in 2006 were 1,430,418. These passenger boardings were the second highest on record for the Airport, which reflects the air traveler's preferences and choices for airlines serving the Airport. Aviation works closely with the business community to encourage the use of competitive low fare air service from Rochester to many cities and business centers throughout the United States. Both AirTran Airways and JetBlue Airlines offer low fare air service and remain the two most dominant air carriers at the Greater Rochester International Airport, with over 33% of the Rochester market share in terms of passenger boardings.

The \$20 million Terminal Improvement Program which began in 2003 continued throughout 2006. The improvements in this project are designed to facilitate passenger flow throughout the terminal and provide additional leaseable space for the airlines. Primary changes in the first phase included the construction of a centralized passenger screening area in the main terminal that relocated each concourse screening checkpoint to the center of the terminal. Additional first phase work which began in mid -2006 renovates Concourse A (west concourse) and the Airport business center. The second phase of the project is scheduled to start in July of 2007. The second phase will involve the improvement, replacement and addition of escalators, elevators, stairs and improvements necessary to enhance the vertical circulation for passengers in the terminal and concourses. Included in this project will be the construction of a new chapel; upgrading of security, paging, and signage; installation of new flooring and exterior lobby windows; and upgrading the lighting in the Arrivals Level of the terminal.

On the airfield, a portion of Runway 4/22 was rehabilitated to correct problems that occurred due to extensive usage of the runway. In addition, the North Ramp Safety Improvement Project, the Perimeter Security System Project, and the Relocation of the VOR/DME Project were designed in 2006. Bids were received for these Airport Improvement Program grant supported projects and construction is to commence on the projects in 2007.

A major airfield construction project that continued in 2006 was the Runway 10/28 Safety Area Project funded by a \$17 million dollar Federal Grant. The Runway Safety Area is the zone surrounding a runway

that is intended to improve public safety and reduce the risk of aircraft damage in the event of an incident. The goal of the project is to bring the eastern end of Runway 10/28, near Interstate 390, into compliance with new Federal Aviation Administration (FAA) regulations, which take effect in 2007. The new regulations require that all runway safety areas must have a minimum of 1,000 feet of runway safety area to land. The runway safety area must also be free of obstructions and vehicular traffic.

The project includes the construction of two road tunnels to remove vehicle obstructions from the runway safety area. One road tunnel will be located in the secure, interior airfield road accessible to fueling trucks and airfield maintenance vehicles. The other road tunnel will be located along the public access road that runs between Interstate 390 and the Airport between the terminal and Scottsville Road. The road tunnels will be able to withstand the weight of an aircraft.

The Runway Safety Area Project is currently in the construction phase and is scheduled for completion in the third quarter of 2007.

The District Attorney's Office obtained a new \$100,000 grant from the New York State Division of Criminal Justice Services to enable it to respond to an increase in the number of conviction appeals that would be generated as a result of a program implemented by the New York State Unified Court System to address a backlog that had developed in its hearing of defense appeals.

In 2006, the office also obtained an increased level of funding to expand Operation Impact, the joint program launched in late 2003 with the Rochester Police Department, Monroe County Probation Department, and other law enforcement agencies to target gang activity and drug sales, and the violent crime that is often the direct result of these types of criminal behavior. Funding for the grant from the New York State Division of Criminal Justice Services increased from \$893,000 to \$1,012,212, ensuring that this program will continue to operate until at least June 30, 2007. The District Attorney's Office, the Monroe County Sheriff's Office, the Monroe County Probation Department, and the Rochester Police Department all receive funds through this program.

In addition to these new and expanded grant programs, the District Attorney's Office continued to receive New York State Aid to Localities funding in the amount of \$513,568, Crime Victim's Board funding to support the District Attorney's Office Victim/Witness unit in the amount of \$158,600 per year (due to increase to \$177,459 for the period October 1, 2006 through September 30, 2007), \$152,000 from the New York State Division of Criminal Justice Services to continue to target auto theft and suspected instances of auto insurance fraud in Monroe County, as well as \$70,000 from the same State agency to continue to monitor participants in the Road To Recovery drug treatment program. Funding of \$140,000 was also secured to continue the Crimes Against Revenue Program through October 31, 2007. Begun in 2005, this program both investigates and prosecutes those individuals and businesses which operate in Monroe County who violate tax laws. The twin goals of the program are to both reclaim revenue lost due to non-compliance with state tax laws, and to increase the voluntary compliance with applicable tax laws in the first place.

The District Attorney's Office also continued its local asset forfeiture program wherein monies seized during a felony arrest (but not eligible for seizure under Federal asset forfeiture guidelines) are earmarked for state forfeiture. In 2006, over \$30,000 was recovered and distributed among the various City, State, and County agencies that were eligible to receive such recovered funds as a result of this initiative.

The Department of Public Safety is constantly striving to protect and maintain the safety of the community and its citizens. The Public Safety Department is the support mechanism for agencies in first line response by providing the foundation that binds the safety of the responder and ultimately, the safety of the community. Public Safety offers technical support, staff services and coordination/liaison services to direct public safety service agencies throughout the County.

Monroe County has assisted various local agencies to ensure that the community is in compliance with Homeland Security Presidential Directive-5 (HSPD-5), *"To prevent, prepare for, respond to, and recover from terrorist attacks, major disasters, and other emergencies,"* with the objective to *"ensure that all levels of government across the Nation have the capability to work efficiently and effectively together"* to integrate crisis and consequence management. Monroe County has coordinated the efforts to certify that all municipalities have been trained in the National Incident Management System (NIMS) principles. As part of an ongoing process, Monroe County will continue to collaborate with agencies to offer recommendations for developing emergency plans and resource typing. Monroe County has provided education and coordinated efforts with first responders, municipalities and entities to ensure NIMS conformity to federal objectives and county public safety program goals

County Executive Brooks and the County's Public Safety Department delivered support to other communities in times of crisis during 2006. In the spring of 2006, swift water rescue teams aided the East Coast and Binghamton area; while volunteer teams were deployed in October to the Batavia/Buffalo region in response to a request for mutual aid.

Monroe County, in partnership with the Critical Response System, has installed infrastructure, programmed user equipment and began system optimization for a state-of-the-art two way pager to operate in the 900 Mhz frequency band. The responder community will have the ability to transmit *return* communication of responding resources to the 9-1-1 Center who will relay the information to the Incident Commander.

Monroe County prides itself as being the first county in New York State to have all its law enforcement agencies operating the NYS Traffic and Criminal System (TraCs) system via laptops. TraCs and the appropriate hardware allow the officers to scan driver's license and print tickets from the vehicle. The STOP-DWI Technical Advisory Panel has approved the use of fine revenues to construct an interface between the police records management system with TraCs. Monroe County continues to explore wireless options for mobile operations, including live feed video options for transmission to the Emergency Operations Center.

As the computer and radio frequency technologies converge, a Comprehensive Communications Strategy was developed in conjunction with the Department of Information Services and the Department

of Environmental Services to address upcoming requirements and ensures that current project expenditures align with the future needs identified. The increased demand in wireless technologies will continue to require coordination with IS and DES.

Pursuant to the Federal Communications Commission (FCC)'s mandate to 'narrow band' frequencies, Public Safety Communication staff, Rochester Fire Department and all agencies associated with RFD converted the Fire/EMS Channel 1 communications system to conformance.

Due to FCC regulations, system age and technological obsolescence, the County Legislature amended the Law Enforcement Communication Project with an increase of \$8.5 Million to replace infrastructure and user equipment. In 2006, site determination, SEQRA guidelines, public meetings, ease negotiations, site design and specifications were completed. The new system will provide effective, reliable communications, FCC compliance and will replace the current analog technology with a digital format.

The emergence of the digital phone industry has been a challenge to ECD as current federal rulings classify digital phones as computer devices. Since a computer device is not considered a phone, vendors are not required to supply automatic number identifier/automatic location identifier (ANI/ALI) information to the 9-1-1 Center. Some of the major vendors worked with ECD to furnish this data.

County Executive Brooks accepted The Monroe County Crime Laboratory Advisory Team's needs assessment and recommendations. The analysis will be expanded with a grant funded contract with a consultant to develop a Crime Laboratory Master Plan to be completed in July 2007. Lobbying efforts have secured initial funding, but will continue in pursuit of additional resources.

In 2006, the Monroe County Crime Laboratory secured grant funding to include the addition of a firearms examiner to assist with the backlog of testing and analysis as the firearms intake exceeded 1000 for the year.

Monroe County was eligible to participate in Operation IMPACT as one of the 17 counties that report more than 80 percent of the crime outside of New York City. Monroe County Probation participated in the coordinated effort with the Monroe County Sheriff's Office, the Rochester Police Department, Monroe County District Attorney's Office, New York State Parole, the US Attorney's Office and various federal agencies to identify members of gangs and groups linked to illegal, violent activity. IMPACT's goals for 2006 were to continue prior successes of building partnerships, using timely data and analysis and expanding the use of and sharing intelligence and information, but with particular focus on gun crime and enhancing the utilization of intelligence and crime analysis in local crime fighting strategies.

The Monroe County Fire Bureau reorganized and trained a new fire investigation team. In 2006 the FEMA grant was finalized that funded a smoke detector and carbon monoxide detector community education campaign, including device installation.

The Public Safety Training Facility accommodated the Rochester Police Department's policy initiative of increasing officers by offering additional recruit classes.

Other Information

Independent Audit - Pursuant to Article VI, Section C2-6C(11) of the Monroe County Charter, the basic financial statements of the County have been independently audited for the year ended December 31, 2006. The basic financial statements and the Independent Auditors' Report thereon are included in this CAFR in its entirety and without edit.

Acknowledgments - The preparation of this report, on a timely basis, could not have been accomplished without the efforts of the entire Department of Finance, in particular the Office of the Controller, and the Department of Communications and Special Events.

We, therefore, transmit this report to you, the reader, in the spirit of accounting for our stewardship of the public's assets and interests.

Respectfully Submitted,



Stephen W. Gleason
Chief Financial Officer



Scott M. Adair
Controller

COUNTY EXECUTIVE'S OFFICE

COUNTY EXECUTIVE

Maggie Brooks

DEPUTY COUNTY EXECUTIVE

James Smith

ASSISTANT COUNTY EXECUTIVE

Jerry J. Helfer

ELECTED COUNTY OFFICIALS

COUNTY EXECUTIVE

Maggie Brooks

COUNTY CLERK

Cheryl L. Dinolfo

DISTRICT ATTORNEY

Michael C. Green

SHERIFF

Patrick M. O'Flynn

LEGISLATIVE LEADERSHIP AND STAFF

PRESIDENT

Wayne E. Zyra, District 2

VICE PRESIDENT

Jeffrey R. Adair, District 12

MAJORITY LEADER

Bill Smith, District 10

DEPUTY MAJORITY LEADERS

Daniel E. Quatro, District 15

Jeffrey L. McCann, District 19

MINORITY LEADER

Carla M. Palumbo, District 28

ASSISTANT MINORITY LEADERS

Calvin Lee, Jr. District 25

Harry Bronson, District 24

CLERK OF THE LEGISLATURE

David M. Barry, Jr.

REPUBLICAN MAJORITY CHIEF OF STAFF

Andrew Moore

DEMOCRATIC MINORITY STAFF DIRECTOR

Jennifer Skoog-Harvey

LEGISLATORS

District 1.....	Richard Yolevich
District 2.....	Wayne E. Zyra
District 3.....	Mary A. Valerio
District 4.....	Steve Tucciarello
District 5.....	Mark J. Cassetti
District 6.....	Raymond DiRaddo
District 7.....	Douglas B. Dobson
District 8.....	David C. Malta
District 9.....	R. Anthony LaFountain
District 10.....	Bill Smith
District 11.....	Mike Barker
District 12.....	Jeffrey R. Adair
District 13.....	John (Jack) G. Driscoll
District 14.....	Travis R. Heider
District 15.....	Daniel E. Quatro
District 16.....	Stephanie Polowe Aldersley
District 17.....	Edward (Ted) M. O'Brien
District 18.....	Ciaran Hanna
District 19.....	Jeffery L. McCann
District 20.....	Robert J. Colby
District 21.....	Carrie Andrews
District 22.....	Glenn Gamble
District 23.....	Paul E. Haney
District 24.....	Harry Bronson
District 25.....	Calvin Lee, Jr.
District 26.....	C. Stephen Eckel
District 27.....	Willie J. Lightfoot
District 28.....	Carla M. Palumbo
District 29.....	José A. Cruz

COUNTY DEPARTMENTS

County Executive

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Peter M. Quinn
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County Clerk

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Monroe Community Hospital

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Transportation

Terrence J. Rice
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Environmental Services

John E. Graham
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Office of Management & Budget

William C. Carpenter
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Veterans Service Agency

James A. Carra
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Finance

Steve Gleason
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(585) 753-1157

Parks

Lawrence A. Staub, Jr.
171 Reservoir Avenue
(585) 753-7276

FINANCIAL SECTION

This section contains the following:

- INDEPENDENT AUDITORS' REPORT
- MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
- BASIC FINANCIAL STATEMENTS
- REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
- COMBINING FINANCIAL INFORMATION



KPMG LLP
 265 Clinton Square
 Rochester, NY 14604

Independent Auditors' Report

The County Executive and Members of the County Legislature
 County of Monroe, New York:

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 County of Monroe, New York (the County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Monroe Community College, Monroe County Airport Authority, Monroe Community Hospital, Monroe Tobacco Asset Securitization Corporation, Monroe County Water Authority, and County of Monroe Industrial Development Agency, which represent the indicated percentages of net assets/fund balance, total assets, and total revenues as presented in the table below. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, is based solely on the reports of those auditors.

	Total assets	Net assets/ fund balance	Total revenues
Government-wide:			
Governmental activities	3%	—%	1%
Business-type activities	5	—	35
Component units	100	100	100
Fund statements:			
Hospital fund	100%	100%	100%
Aggregate remaining fund information	38	62	26

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.



In our opinion, based on our audit and the reports of other auditors, 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 County of Monroe, New York, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis and the required supplementary information on pages 3 through 17, and 76 through 78, respectively, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We, and the other auditors, have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Monroe, New York basic financial statements. The accompanying introductory section, combining financial information section, and statistical section listed in the accompanying table of contents are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. The combining financial information section has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to auditing procedures applied by us and the other auditors in the audit of the basic financial statement and, accordingly, we express no opinion on them.

KPMG LLP

May 29, 2007

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

This Management's Discussion and Analysis (MD&A) of the County of Monroe, New York (the County) financial statements provides an overview of the County's financial activities for the year ended December 31, 2006. Please read it in conjunction with the County's financial statements and footnotes, which follow this section.

The basic financial statements are arranged to take the reader from a general overview of the entire County to very detailed information about particular funds. First, the financial highlights are provided through MD&A. Second, an overall picture of the entire County is provided through the government-wide financial statements. Third, details about the major funds are provided through the fund financial statements.

This year's data and comparative data from the year ended December 31, 2005 is presented in Management's Discussion and Analysis.

FINANCIAL HIGHLIGHTS

- The County overall finished 2006 with \$690.7 million in net assets, a decrease of \$74.3 million during the year. The County's net assets are segregated into three components; (1) capital assets, net of related debt; (2) restricted; and (3) unrestricted.
- The County's most significant asset classification is its capital assets. The County reports capital assets, net of depreciation, totaling approximately \$1.4 billion for the years ended December 31, 2006 and 2005. Of these capital assets, net of depreciation, infrastructure assets total approximately 62.1% and 63.2% for the years ended December 31, 2006 and 2005, respectively. Infrastructure assets of the County primarily consist of the pure waters system, various roads and bridges.
- The County's most significant liability classification is its bonds payable. The County reports bonds payable totaling approximately \$659.5 million and \$682.4 million for the years ended December 31, 2006 and 2005, respectively. As of December 31, 2006, the County had exhausted 17.7% of its constitutional debt limit of \$2.3 billion, compared to 19.0% at December 31, 2005. The debt-contracting margin of the County at December 31, 2006 was \$1.9 billion compared to \$1.8 billion at December 31, 2005. The increase in the debt contracting margin from 2005 to 2006 of \$0.1 billion is due to a reduction in the total bonds payable outstanding and an increase in full value of taxable real property for the County.
- The County's governmental activities finished 2006 with \$246.7 million in net assets, a decrease of \$55.6 million from the past year. The net assets of the County's governmental activities for 2006 are reported as \$440.2 million of capital assets, net of related debt, \$24.0 million of restricted and a \$217.5 million of unrestricted deficit. The change in each reported net asset category are; a decrease of \$7.4 million in capital assets, net of related debt; a decrease of \$1.1 million of restricted; and an increase of \$48.1 million in the unrestricted deficit. The largest component of the unrestricted deficit is due to the reporting of the Monroe Tobacco Asset Securitization Corporation as a blended component unit. The Monroe Tobacco Asset Securitization unrestricted deficit at December 31, 2006 was \$220.8 million.
- The County's business-type activities finished 2006 with \$444.0 million in net assets, a decrease of \$18.7 million from the past year. The net assets of the County's business-type activities for 2006 are reported as \$408.0 million of capital assets, net of related debt, \$15.1 million of restricted and \$20.9 million of unrestricted. The change in each reported net asset category are; a decrease of \$20.3 million in capital assets, net of related debt; a increase of \$9.0 million of restricted; and an decrease of \$7.4 million in unrestricted. An explanation of each change by business-type activity is provided in the proprietary fund section of the MD&A at page 13.
- As of the close of 2006, the County's governmental funds reported combined fund balances of \$22.5 million, a decrease of \$34.9 million from the prior year. An explanation of changes in the governmental funds is provided in the governmental fund section of the MD&A at page 11.
- As of December 31, 2006, the unreserved fund deficit of the general fund was \$7.9 million. This is a decrease of approximately \$17.7 million from the prior year.
- The County's discretely presented component units finished 2006 with \$340.0 million in net assets, an increase of \$23.0 million from the past year. The total net assets for each of these discretely presented component units are as follows: \$75.8 million for Monroe Community College (increased \$1.5 million from the prior year); \$22.0 million for Monroe County Airport Authority (increased \$3.2 million from the prior year); \$240.0 million for Monroe County Water Authority (increased \$18.2 from the prior year); and \$2.2 million for the County of Monroe Industrial Development Agency (increased \$0.1 million from the prior year).

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide the financial condition and results of operations of the primary government along with its discretely presented component units. The statement of net assets provides the financial condition of the County, while the statement of activities provides the results of operations. These statements focus on the two main types of activities carried out by the County: governmental and business-type.

Governmental activities include most of the County's basic services, such as public safety, culture, recreation and education, transportation, sanitation, economic development, health and welfare, and general government. These activities are financed through property taxes, sales taxes, and state and federal grants. Business-type activities include aviation, refuse, sewer, utilities and health services. These activities rely to a significant extent on user fees.

In addition to focusing on governmental and business-type activities, the government-wide financial statements also include the County's component units: Monroe Community College, Monroe County Airport Authority, Monroe County Water Authority and the County of Monroe Industrial Development Agency. Though these are separate legal entities, the County is financially accountable for their activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, which requires that a transaction be recorded when it occurs, not when its related cash receipt or disbursement occurs. Since these financial statements include all economic resources of the County, such as capital assets including infrastructure, as well as all liabilities including debt, they provide a long-term view of the County's financial position.

FUND FINANCIAL STATEMENTS

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances or net assets, revenues and expenditures or expenses as appropriate.

The County's funds are presented in separate fund financial statements. These funds are presented as governmental funds, proprietary funds and fiduciary funds. The County's major funds are presented in separate columns on the fund financial statements. The definition of a major fund is one that meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10.0% of the corresponding total (assets, liabilities and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5.0% of the corresponding total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a major fund.

The funds that do not meet the criteria of a major fund are considered nonmajor funds and are combined into a single column on the fund financial statements.

The County utilizes three fund types to group its respective funds:

Governmental Funds – Most of the County's basic services are reported in governmental funds, which focus on resource flows into and out of those funds. The governmental funds statements provide a detailed short-term view of the County's general government operations and the basic services it provides. All governmental funds are accounted for using the modified accrual basis of accounting and current financial resources measurement focus. Under this basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred except for certain expenditures and liabilities such as debt service, compensated absences and claims and judgments which are recorded when due for payment.

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

The County's sole major governmental fund is the General Fund. All other governmental funds have been determined to be nonmajor and are as follows:

Road Fund – accounts for all revenues and expenditures related to the maintenance of County roads, bridges, snow removal, construction and reconstruction of County roads not recorded in a capital project fund.

Special Grants Fund – accounts for grants authorized under the Housing and Community Development Act of 1974.

Green Space Initiative Fund – accounts for fund established through Local Law No. 3 to finance a green space initiative program developed by the County.

Library Fund – accounts for the activities of the Monroe County Library System which exists to serve member libraries in the County.

Jail Funds – accounts for jail enhancements and jail commissary funds. The jail enhancements fund is supported through suspended inmate payments from the Social Security Administration benefits. This fund is used for jail projects, activities, programs and other initiatives not otherwise provided by other sources. The jail commissary fund is pursuant to New York State (NYS) law requiring all profit realized on commissary jail sales be used to purchase items to benefit jail inmates.

Golf Course Funds – accounts for equipment, leasing fees, and operating commissions pursuant to a contract with an outside third party operator of the golf courses.

Zoo Admissions Fund – accounts for funds to provide resources for improvements to the Seneca Park Zoo.

Library Automation Fund – was established to record funds received from the member libraries of the Monroe County Library System for future automation projects.

Parkland Acquisition Fund – accounts for proceeds from sales of existing parkland to be used for future parkland development or acquisition.

Horticulture Division Fund – accounts for special projects within the County Parks department's horticulture division.

Historic Landscape Restoration Fund – accounts for a grant from the United States Department of Agriculture (USDA) Forest Service for Restoration of Historic Landscapes.

Bureau of Justice Assistance Grant Fund – accounts for Local Law Enforcement Block Grant (LLEBG) activity.

Hazmat Team Fund – accounts for all donation/payments and incurs expenditures to the team solely for the operational needs of the Hazmat Team.

Carousel Fund – accounts for the restoration of the Ontario Beach carousel.

The Excel Fund – accounts for corporate and private contributions for the expanded choices for elder lifestyles (Excel), which is primarily used to fund a walkathon.

The NYS Urban Development Corporation Fund – accounts for a grant/loan from NYS Urban Development Corp and the disbursing of funds for the KCPD (Clinical Products Division, Eastman Kodak) project.

The Monroe County RARES Fund – accounts for the sale of event tickets to County employees and payment to ticket vendors.

Debt Service Funds - accounts for reserve funds established for the retirement of outstanding debt, as well as activities in the County's coupon trust accounts. The funds are used to record and appropriate payment of principal and interest on serial bonds and bond anticipation notes, other than those accounted for in the capital projects funds, the proprietary funds and the discretely presented component unit. This includes Monroe Tobacco Securitization Corporation (MTASC), a special purpose local development corporation organized under the laws of the State of New York. MTASC is blended as a nonmajor governmental fund (debt service).

Capital Project Funds - accounts for financial resources to be used for the acquisition of major equipment items and the construction of major capital facilities other than those accounted for in the proprietary funds and the discretely presented component unit.

COUNTY OF MONROE, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Years Ended December 31, 2006 and 2005

In addition, the Governmental Funds balance sheet and statement of revenues, expenditures and changes in fund balance are reconciled to the governmental activities statement of net assets and statement of activities due to the differing measurement focus and basis of accounting.

Proprietary Funds – When the County charges customers for the services it provides – whether to outside customers or to other funds of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net assets and the statement of activities. Proprietary funds use the economic resources measurement focus and accrual basis of accounting. The major funds comprising the proprietary funds include the enterprise funds: solid waste, airport, hospital, pure waters and energy. The proprietary funds also include internal service funds, which are reported separately because the nature of their activity is primarily governmental.

Fiduciary Funds – These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments or funds. They cannot be used to support the County's own programs. Fiduciary funds include private purpose trust funds that are used to report trust arrangements and agency funds, which are utilized in situations where the County's role is purely custodial.

The private purpose trust funds use the economic resource measurement focus and accrual basis of accounting. Agency funds, however, report only assets and liabilities, and thus have no measurement focus but do use the accrual basis of accounting to recognize receivables and payables.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Condensed Schedule of Net Assets

In the government-wide financial statements, net assets report the financial condition for both the governmental and business-type activities.

Table 1 summarizes the County's financial position related to each of these activities:

Table 1						
County of Monroe, New York						
Condensed Schedules of Net Assets						
As of December 31						
(000's omitted)						
	2006			2005		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities	Primary	Activities	Activities	Government
	Activities	Activities	Government	Activities	Activities	Government
Current and other assets	\$310,097	59,852	369,949	\$287,524	58,772	346,296
Capital assets, net of accumulated depreciation	728,806	621,349	1,350,155	748,753	633,865	1,382,618
Total assets	1,038,903	681,201	1,720,104	1,036,277	692,637	1,728,914
Current liabilities	305,843	78,391	384,234	233,366	55,932	289,298
Non-current liabilities	486,401	158,760	645,161	500,674	173,933	674,607
Total liabilities	792,244	237,151	1,029,395	734,040	229,865	963,905
Invested in capital assets, net of related debt	440,162	407,978	848,140	447,552	428,307	875,859
Restricted	23,966	15,135	39,101	25,058	6,157	31,215
Unrestricted	(217,469)	20,937	(196,532)	(169,373)	28,308	(141,065)
Total net assets	\$246,659	444,050	690,709	\$302,237	462,772	765,009

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

Restricted net assets in the County's governmental activities for 2006 are \$24.0 million. This is comprised primarily of restrictions for debt service in the sum of \$22.4 million and capital projects of \$1.0 million. This is compared to 2005 restrictions for debt service of \$23.6 million and capital projects of \$0.9 million. The increase in debt service is primarily due to the Monroe Tobacco Asset Securitization Corporation (MTASC). In addition, restricted net assets for capital projects have increased due to the activity and timing of capital financing.

Unrestricted net assets in the County's governmental activities show a deficit of \$217.5 million at year-end 2006. This is comprised primarily of the \$220.8 million deficit in the Monroe Tobacco Asset Securitization Corporation (MTASC). The MTASC deficit is due to the debt issued to refinance the purchase of the future right, title and interest to the tobacco settlement revenues. This is compared to the 2005 balance, when unrestricted net assets in the County's governmental activities had a \$169.4 million deficit due to MTASC recording a \$208.6 million deficit.

The non-current liabilities include pension costs, accrued employee compensated absences and debt. These non-current liabilities will be funded in future budgets as they come due.

Condensed Schedule of Changes in Net Assets

In the government-wide financial statements, changes in net assets provide the results of operations for both the governmental and business-type activities for the past year. Table 2 summarizes these results:

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

Table 2
County of Monroe, New York
Condensed Schedules of Revenues, Expenses and Changes in Net Assets
for the Years Ended December 31,
(000's omitted)

	2006			2005		
	Governmental Activities	Business-type Activities	Primary Government	Governmental Activities	Business-type Activities	Primary Government
Revenues:						
Program revenues:						
Charges for services	\$46,452	144,379	190,831	\$55,376	141,028	196,404
Operating grants and contributions	363,347	4,582	367,929	363,489	4,683	368,172
Capital grants and contributions	7,815	16,576	24,391	10,115	10,305	20,420
General revenues:						
Taxes and other tax items	712,316	---	712,316	697,698	---	697,698
Tobacco settlement	11,356	---	11,356	11,469	---	11,469
Investment income	4,137	149	4,286	4,198	80	4,278
Miscellaneous	2,710	9,702	12,412	8,702	5,024	13,726
Total revenues	<u>1,148,133</u>	<u>175,388</u>	<u>1,323,521</u>	<u>1,151,047</u>	<u>161,120</u>	<u>1,312,167</u>
General government	314,852	---	314,852	316,365	---	316,365
Public safety	188,233	---	188,233	179,394	---	179,394
Health and welfare	545,490	---	545,490	541,100	---	541,100
Culture, recreation, and education	81,245	---	81,245	80,920	---	80,920
Transportation	43,050	---	43,050	55,545	---	55,545
Sanitation	74	---	74	625	---	625
Economic development	3,567	---	3,567	3,239	---	3,239
Interest on debt and notes payable	27,200	---	27,200	33,531	---	33,531
Refuse	---	19,928	19,928	---	16,092	16,092
Airport	---	24,519	24,519	---	23,734	23,734
Hospital	---	63,622	63,622	---	61,779	61,779
Sewer	---	75,733	75,733	---	74,254	74,254
Utilities	---	10,308	10,308	---	15,464	15,464
Total expenses	<u>1,203,711</u>	<u>194,110</u>	<u>1,397,821</u>	<u>1,210,719</u>	<u>191,323</u>	<u>1,402,042</u>
Excess (deficiency) of revenues over expenses before net transfers and special items	<u>(55,578)</u>	<u>(18,722)</u>	<u>(74,300)</u>	<u>(59,672)</u>	<u>(30,203)</u>	<u>(89,875)</u>
Net transfers in (out)	---	---	---	---	---	---
Change in net assets	<u>(55,578)</u>	<u>(18,722)</u>	<u>(74,300)</u>	<u>(59,672)</u>	<u>(30,203)</u>	<u>(89,875)</u>
Net assets-beginning	<u>302,237</u>	<u>462,772</u>	<u>765,009</u>	<u>361,909</u>	<u>492,975</u>	<u>854,884</u>
Net assets-ending	<u>\$246,659</u>	<u>444,050</u>	<u>690,709</u>	<u>\$302,237</u>	<u>462,772</u>	<u>765,009</u>

COUNTY OF MONROE, NEW YORK

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

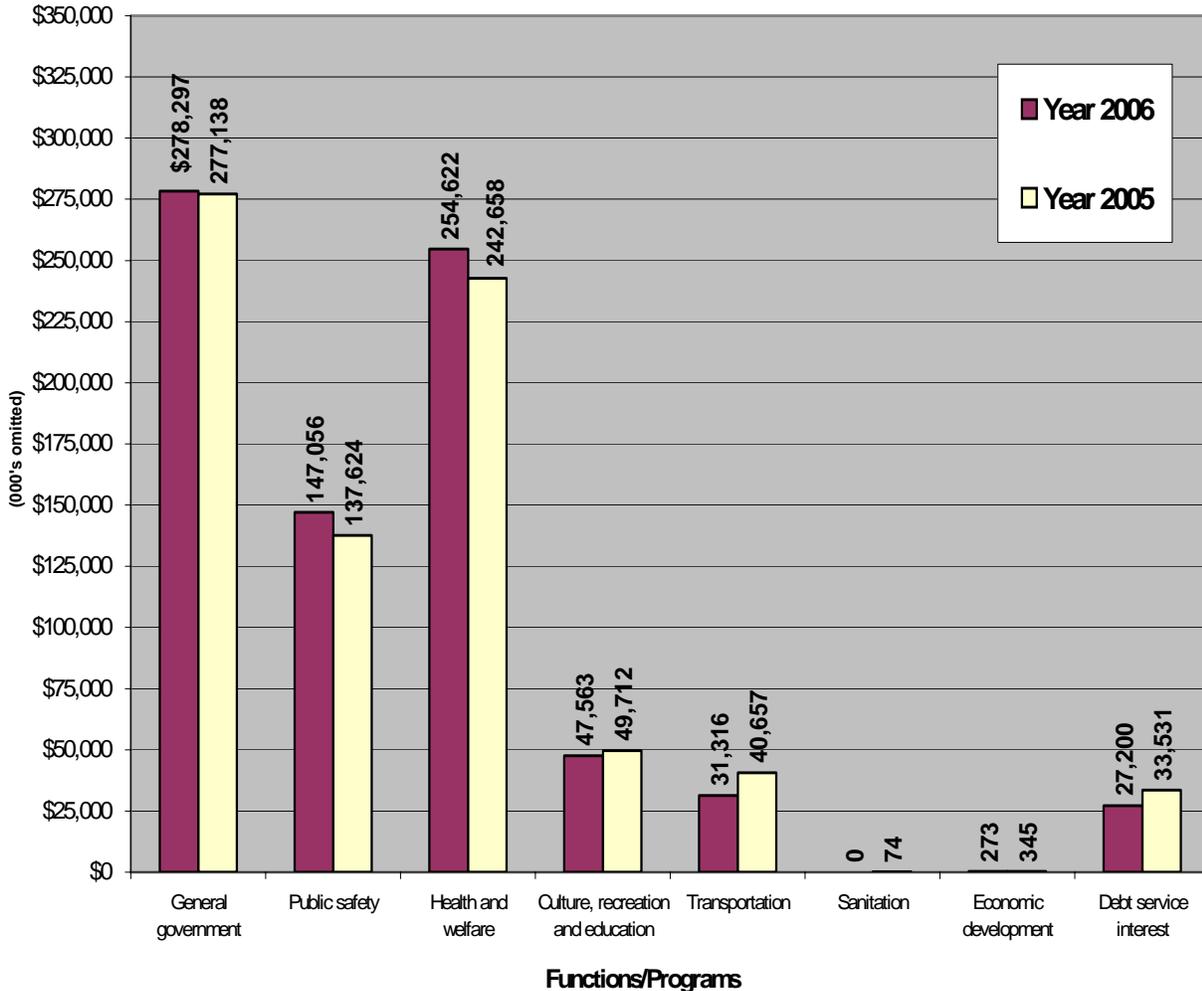
For the Years Ended December 31, 2006 and 2005

For governmental activities, net assets decreased by \$55.6 million (see Table 2) for the year ended December 31, 2006. The principal reasons for this decrease are explained in the Financial Analysis of the County's Funds of this MD&A.

Business-type activities decreased the County's net assets by \$18.7 million for the year ended December 31, 2006. This is primarily due to a planned spend down of the Pure Waters fund balance.

The following chart (000's omitted) compares the net cost (defined as expenses less program revenues) of each County function/program within the governmental activities of the primary government:

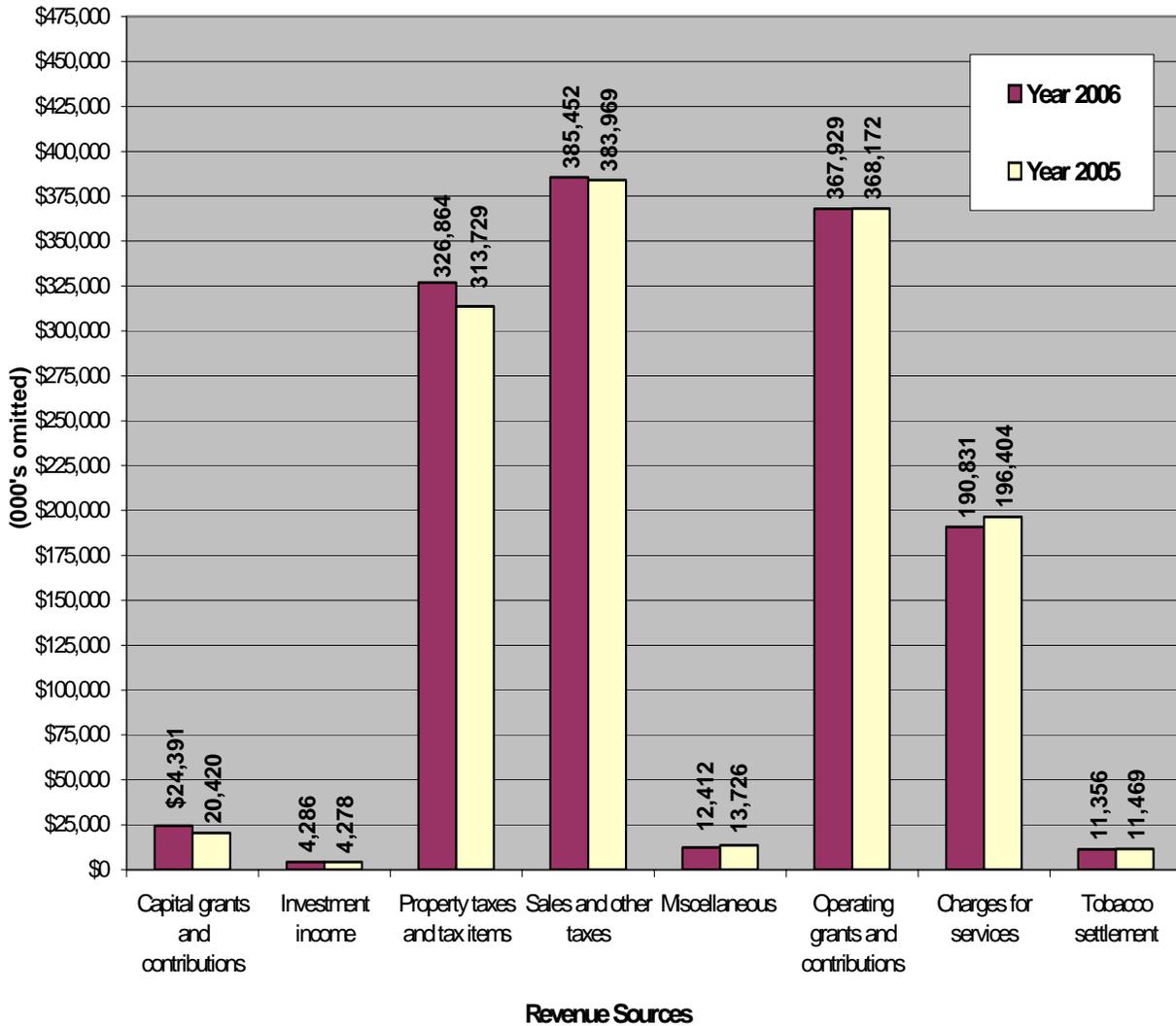
**Primary Government-Governmental Activities-Net Cost
Years Ended December 31, 2006 and 2005**



COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Years Ended December 31, 2006 and 2005

Primary Government-Revenues by Source
Years Ended December 31, 2006 and 2005



COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

As of December 31, 2006, the County's governmental funds reported total governmental fund balances of \$22.5 million. The County's general fund equity balance is \$0.5 million as of December 31, 2006, compared to the December 31, 2005 fund balance of \$14.9 million.

The primary reasons for the decrease in the General Fund's fund equity was due to the planned spend down of fund balance in 2006. The two primary components of the spend down were the use of \$6.6 million of fund balance applied to reduce the 2006 tax levy and a prepayment in 2005 for informational technology costs of \$6.2 million. These two items account for the use of fund balance as presented in the 2006 financial statements.

The difference in results of the Governmental Activities and General Fund are due exclusively to the basis of accounting and measurement focus of these accounting units. Other items that result in differences are accounting for debt, capital assets, depreciation and inclusion of Internal Service Funds at the Governmental Activities level of reporting. All of the differences are noted in detail in the reconciliation of the statement of revenues, expenditures and changes in fund balance (deficits).

The non-major governmental funds total fund balance was \$21.9 million as of December 31, 2006. This is compared to a total fund balance of \$42.5 million as of December 31, 2005. At the fund level, this decrease is primarily due to timing of capital financing, as temporary financing for capital projects are not recognized as revenue or other financial sources.

Table 3 summarizes the changes in the fund balances of the County's governmental funds as follows:

Table 3						
County of Monroe, New York						
Condensed Schedules of Governmental Funds						
Changes in Fund Balances						
as of December 31,						
(000's omitted)						
	2006			2005		
	General Fund	Non- major Funds	Total Governmental Funds	General Fund	Non- major Funds	Total Governmental Funds
Fund balances (deficits),						
beginning	\$ 14,852	42,474	57,326	\$ (19,526)	23,290	3,764
Revenues	1,102,054	37,708	1,139,762	1,101,352	44,953	1,146,305
Expenditures	(1,094,689)	(93,934)	(1,188,623)	(1,081,341)	(112,362)	(1,193,703)
Other financing sources, net	(21,700)	35,699	13,999	14,367	86,593	100,960
Fund balances, ending	\$ 517	21,947	22,464	\$ 14,582	42,474	57,326

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

Proprietary Funds

As of December 31, 2006, the County's proprietary funds reported combined net assets for the enterprise funds of \$444.0 million and internal service funds of \$8.6 million.

Table 4 summarizes the changes in net assets for the County's proprietary funds as follows:

Table 4							
County of Monroe, New York							
Condensed Schedules of Proprietary Funds							
Changes in Net Assets (Deficits)							
as of December 31,							
(000's omitted)							
2006							
	Business-type Activities - Enterprise Funds						Governmental
	Solid			Pure		Total	Internal Service
	Waste	Airport	Hospital	Waters	Energy		Funds
Net assets (deficits)							
December 31, 2005	\$ 21,048	99,743	(10,257)	352,166	72	462,772	11,468
Total operating revenues	14,615	16,450	60,392	52,825	10,021	154,303	48,194
Total operating expenses	(17,971)	(23,702)	(62,092)	(70,072)	(10,308)	(184,145)	(50,960)
Operating income (loss)	(3,356)	(7,252)	(1,700)	(17,247)	(287)	(29,842)	(2,766)
Total nonoperating revenues (expenses), net	(1,095)	(362)	(1,381)	(2,618)	---	(5,456)	(732)
Income (loss) before contributions and transfers	(4,451)	(7,614)	(3,081)	(19,865)	(287)	(35,298)	(3,498)
Capital contributions	---	16,602	---	(26)	---	16,576	---
Net transfers	---	---	---	---	---	---	580
Net assets (deficits)							
December 31, 2006	\$ 16,597	108,731	(13,338)	332,275	(215)	444,050	8,550

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

Table 4, continued
2005

	Business-type Activities - Enterprise Funds						Governmental Activities
	Solid Waste	Airport Fund	Hospital	Pure Waters	Energy	Total	Internal Service Funds
Net assets (deficits) December 31, 2004	\$ 25,853	99,299	(3,793)	371,616	---	492,975	17,829
Total operating revenues	9,508	14,797	55,235	51,447	15,536	146,523	44,241
Total operating expenses	(13,807)	(23,228)	(60,274)	(69,102)	(15,464)	(181,875)	(50,626)
Operating income (loss)	(4,299)	(8,431)	(5,039)	(17,655)	72	(35,352)	(6,385)
Total nonoperating revenues (expenses), net	(1,493)	(10)	(1,425)	(2,228)	---	(5,156)	(329)
Income (loss) before contributions and transfers	(5,792)	(8,441)	(6,464)	(19,883)	72	(40,508)	(6,714)
Capital contributions	987	8,885	---	433	---	10,305	---
Net transfers	---	---	---	---	---	---	353
Net assets (deficits) December 31, 2005	\$ 21,048	99,743	(10,257)	352,166	72	462,772	11,468

Proprietary Funds - Changes in Net Assets:

Solid Waste Fund: Net assets decreased by \$4.5 million, as part of a planned spend down. The operating loss was \$3.4 million and \$4.3 million for 2006 and 2005, respectively. The resources provided by the 2002 sale of operating rights to the Mill Seat Landfill for \$43.8 million allowed for the planned spend down. The Solid Waste Fund will continue to use these assets as well as review other opportunities to assist operations.

Airport Fund: Net assets increased by \$9.0 million. The operating loss of \$7.3 million is comparable to the previous year's operating loss of \$8.4 million in 2005. This year's operating loss was offset by capital contributions of \$16.6 million, resulting in the net asset increase.

Hospital Fund: Net assets decreased \$3.1 million from 2005. The decrease in the Hospital's Net Assets was a result of the reduced Intergovernmental Transfer, reduced operating expenses and the reduction of a County transfer to support operations.

Pure Waters Fund: Net assets decreased by \$19.9 million from 2005, primarily due to a planned spend down. The 2006 operating loss of \$17.2 million compares to a 2005 operating loss of \$17.7 million. These planned spend down of net assets allowed the Pure Waters rates, a component of the County's Real Property Tax levy, to remain stable.

Energy Fund: Net assets decreased by \$0.3 million from 2005. The Energy fund was established to record activities (transactions) relative to the County's movement into the energy supplier arena. As part of the process, the County offers energy to other municipalities at competitive rates.

General Fund Budgetary Highlights

There are three components of the increase between the adopted budget and the modified budget. Those three components are: (1) newly awarded state and federal funded programs and grants; (2) receipt of the proceeds from the MTASC as noted in the financial highlights of approximately \$13.1 for budget purposes; and (3) grant re-appropriations represent authorized grants from the prior year that will be expended in later years of multi-year funded federal and state grants. Additional details are provided in the notes to the Required Supplementary Information on the Budget Schedule.

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Years Ended December 31, 2006 and 2005

Table 5 summarizes and compares actual general fund cash receipts by category to the adopted and modified budgets (receipts exclude interfund transfers), as follows:

Table 5 County of Monroe, New York Condensed Schedules of General Fund Cash Receipts Budget vs. Actual as of December 31, (000's omitted)						
	2006			2005		
	Adopted Budget	Modified Budget	Budget Basis Actual	Adopted Budget	Modified Budget	Budget Basis Actual
Real property tax						
levy and delinquencies	\$ 305,171	305,171	309,520	295,192	295,192	304,262
Sales taxes	122,109	122,109	121,250	119,878	119,878	121,933
Federal aid	86,066	127,932	116,339	83,655	122,357	106,626
State aid	197,323	233,826	209,816	213,063	239,343	232,392
Other revenues	85,532	100,987	88,538	94,478	124,180	130,655
Total Cash Receipts	\$ 796,201	890,025	845,463	806,266	900,950	895,868

Table 6 summarizes and compares actual general fund cash disbursements by function to the adopted and modified budgets as follows:

Table 6 County of Monroe, New York Condensed Schedules of General Fund Cash Disbursements Budget vs. Actual as of December 31, (000's omitted)						
	2006			2005		
	Adopted Budget	Modified Budget	Budget Basis Actual	Adopted Budget	Modified Budget	Budget Basis Actual
Health and welfare	\$ 503,573	571,093	547,566	508,227	565,019	569,514
Public safety	160,709	180,924	171,032	159,317	182,210	181,507
Culture, recreation, and education	48,878	51,406	51,913	42,866	49,034	51,634
General government	33,661	38,980	36,976	37,794	46,481	46,492
Transportation	3,524	3,524	3,524	3,524	3,524	3,524
Sanitation	-	32	-	530	587	579
Total Cash Disbursements	\$ 750,345	845,959	811,011	752,258	846,855	853,250

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Table 7
County of Monroe, New York
Condensed Schedules of Capital Assets
(000's omitted)

At the end of 2006, the County had invested \$1.4 billion in a broad range of capital assets, including \$837.9 million in infrastructure, net of depreciation, which includes bridges, culverts and sewers.

	Governmental Activities	Business-type Activities	Total Primary Government	Percent of Total
Land	\$ 21,799	23,621	45,420	1.8%
Assets under construction	30,664	54,673	85,337	3.3%
Buildings	146,160	176,714	322,874	12.5%
Infrastructure	885,622	688,293	1,573,915	61.0%
Improvements other than buildings	144,758	221,825	366,583	14.2%
Machinery and equipment	76,537	108,368	184,905	7.2%
Total Capital Assets	1,305,540	1,273,494	2,579,034	100.0%
Accumulated depreciation	(576,734)	(652,145)	(1,228,879)	
Total Net Capital Assets	\$ 728,806	621,349	1,350,155	

At the end of 2005, the County had invested \$1.4 billion in a broad range of capital assets, including \$874.2 million in infrastructure, net of depreciation, which includes roads, bridges, culverts and sewers.

	Governmental Activities	Business-type Activities	Total Primary Government	Percent of Total
Land	\$ 21,799	23,518	45,317	1.8%
Construction in progress	21,560	24,805	46,365	1.8%
Buildings	146,160	176,166	322,326	12.7%
Infrastructure	880,238	688,270	1,568,508	61.9%
Improvements other than buildings	144,693	221,599	366,292	14.5%
Machinery and equipment	77,192	105,933	183,125	7.3%
Total Capital Assets	1,291,642	1,240,291	2,531,933	100.0%
Accumulated depreciation	(542,889)	(606,426)	(1,149,315)	
Total Net Capital Assets	\$ 748,753	633,865	1,382,618	

The 2006 increase in capital assets primarily relate to general County transportation projects and Airport improvement projects.

On July 11, 2006, the County Legislature adopted the 2007 - 2012 Capital Improvement Program (CIP).

More detailed information about the County's capital assets are presented in Note 9 to the financial statements.

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

Debt Administration

At year-end, total debt payable for the primary government was \$796.6 million. General obligation debt totaled \$562.3 million. These amounts of outstanding general obligation debt exclude amounts relating to the debt of the Monroe Tobacco Asset Securitization Corporation.

Table 9 summarizes the County's outstanding debt for the primary government, as reported in the statement of net assets as follows:

Table 8				
County of Monroe, New York				
Condensed Schedules of Outstanding Debt				
as of December 31,				
(000's omitted)				
2006				
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percent of Total Debt Payable</u>
General Obligation Debt				
Total revenue anticipation notes payable	\$ 71,000	14,000	85,000	10.7%
Total bond anticipation notes payable	27,440	24,650	52,090	6.5%
Total bonds payable	<u>258,071</u>	<u>167,111</u>	<u>425,182</u>	<u>53.4%</u>
Total general obligation debt	356,511	205,761	562,272	70.6%
Non-General Obligation Debt				
Total non-general obligation debt	<u>234,315</u>	-	<u>234,315</u>	<u>29.4%</u>
Total Debt Payable	\$ <u>590,826</u>	<u>205,761</u>	<u>796,587</u>	<u>100.0%</u>
Total current debt payable	124,152	53,243	177,395	22.3%
Total long-term debt payable	466,674	152,518	619,192	77.7%
2005				
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Percent of Total Debt Payable</u>
General Obligation Debt				
Total revenue anticipation notes payable	\$ 45,000	10,000	55,000	7.3%
Total bond anticipation notes payable	6,240	12,930	19,170	2.5%
Total bonds payable	<u>279,432</u>	<u>182,119</u>	<u>461,551</u>	<u>61.0%</u>
Total general obligation debt	330,672	205,049	535,721	70.8%
Non-General Obligation Debt				
Total non-general obligation debt	<u>220,820</u>	-	<u>220,820</u>	<u>29.2%</u>
Total Debt Payable	\$ <u>551,492</u>	<u>205,049</u>	<u>756,541</u>	<u>100.0%</u>
Total current debt payable	72,290	38,152	110,442	14.6%
Total long-term debt payable	479,202	166,897	646,099	85.4%

COUNTY OF MONROE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Years Ended December 31, 2006 and 2005

During 2006, the County issued two bond anticipation notes which provided a total of \$52.1 million for various capital projects. At December 31, 2006, \$270.4 million of debt authorized for various capital projects was unissued.

In addition, the County issued \$85.0 million of revenue anticipation notes to fund operations in both the general fund and the hospital enterprise fund. The revenue anticipation notes funding was required due to projected expenditures, along with delays in reimbursement of Federal and New York State programs and projects.

The three nationally-recognized credit rating agencies continue to monitor the County's economic, administration and financial conditions. Moody's Investor Service reaffirmed the County a Baa1 rating with a negative outlook in August 2006. Standard and Poor's reaffirmed a BBB+ rating revising the outlook from negative to stable in September 2006. Fitch Ratings affirmed the County's existing BBB+ rating with a negative outlook in June 2005. All rating agencies have noted the challenges faced by New York State Counties in funding the local share of Medicaid.

More detailed information about the County's debt obligations is presented in Note 10 to the financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report, please contact the County of Monroe Department of Finance, 39 West Main St. Room 402, Rochester, New York 14614.

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**BASIC
FINANCIAL
STATEMENTS**

COUNTY OF MONROE, NEW YORK
STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2006
(000's Omitted)

	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 25,996	9,356	35,352	28,865
Investments	---	---	---	41,880
Accounts receivable, net	57,914	19,224	77,138	23,092
Interest receivable	---	423	423	---
Internal balances	14,397	(14,397)	---	---
Due from other governments	138,279	8,352	146,631	---
Inventories	2,103	3,568	5,671	1,191
Unamortized bond issue costs	496	46	542	---
Other	5,937	2,013	7,950	1,581
Total current assets	<u>245,122</u>	<u>28,585</u>	<u>273,707</u>	<u>96,609</u>
Noncurrent assets:				
Accounts receivables, net	---	11,485	11,485	---
Restricted assets:				
Cash and cash equivalents	58,358	15,262	73,620	23,581
Funds held by trustee	46	2,541	2,587	74,603
Custodial accounts	---	463	463	---
Securities and retained percentages	7	1,194	1,201	---
Capital assets, net of accumulated depreciation	728,806	621,349	1,350,155	405,425
Unamortized bond issue costs	6,564	322	6,886	1,100
Other	---	---	---	5,579
Total noncurrent assets	<u>793,781</u>	<u>652,616</u>	<u>1,446,397</u>	<u>510,288</u>
Total assets	<u>1,038,903</u>	<u>681,201</u>	<u>1,720,104</u>	<u>606,897</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	98,101	22,244	120,345	23,896
Accrued interest payable	7,079	2,119	9,198	3,210
Due to other governments	72,256	---	72,256	---
Unearned revenue	4,009	---	4,009	9,413
Notes payable	98,440	38,650	137,090	---
Current portion of:				
Capital leases payable	246	785	1,031	1,306
Bonds payable	25,712	14,593	40,305	9,322
Total current liabilities	<u>305,843</u>	<u>78,391</u>	<u>384,234</u>	<u>47,147</u>
Noncurrent liabilities:				
Capital leases payable	227	3,630	3,857	9,743
Bonds payable	466,674	152,518	619,192	207,550
Patient funds held in trust	---	463	463	---
Other long-term liabilities	19,500	2,149	21,649	2,451
Total noncurrent liabilities	<u>486,401</u>	<u>158,760</u>	<u>645,161</u>	<u>219,744</u>
Total liabilities	<u>792,244</u>	<u>237,151</u>	<u>1,029,395</u>	<u>266,891</u>
NET ASSETS				
Invested in capital assets, net of related debt	440,162	407,978	848,140	206,645
Restricted for:				
Debt service	22,405	1,658	24,063	16,419
Capital projects	952	13,477	14,429	---
Nonexpendable	---	---	---	4,601
Expendable	---	---	---	8,845
Grants	609	---	609	---
Passenger facility charges	---	---	---	8,126
Unrestricted (deficit)	<u>(217,469)</u>	<u>20,937</u>	<u>(196,532)</u>	<u>95,370</u>
Total net assets	<u>\$ 246,659</u>	<u>444,050</u>	<u>690,709</u>	<u>340,006</u>

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 314,852	25,621	9,582	1,352	(278,297)	---	(278,297)	---
Public safety	188,233	9,184	32,331	(338)	(147,056)	---	(147,056)	---
Health and welfare	545,490	3,538	287,330	-	(254,622)	---	(254,622)	---
Culture, recreation and education	81,245	6,783	26,126	773	(47,563)	---	(47,563)	---
Transportation	43,050	1,021	4,685	6,028	(31,316)	---	(31,316)	---
Sanitation	74	304	-	-	230	---	230	---
Economic development	3,567	1	3,293	-	(273)	---	(273)	---
Interest on debt and notes payable	27,200	-	-	-	(27,200)	---	(27,200)	---
Total governmental activities	1,203,711	46,452	363,347	7,815	(786,097)	---	(786,096)	---
Business-type activities:								
Refuse	19,928	6,700	912	---	---	(12,316)	(12,316)	---
Airport	24,519	16,374	524	16,602	---	8,981	8,981	---
Hospital	63,622	58,667	---	---	---	(4,955)	(4,955)	---
Sewer	75,733	52,617	3,146	(26)	---	(19,996)	(19,996)	---
Utilities	10,308	10,021	---	---	---	(287)	(287)	---
Total business-type activities	194,110	144,379	4,582	16,576	---	(28,573)	(28,573)	---
Total primary government	\$ 1,397,821	190,831	367,929	24,391	(786,097)	(28,573)	(814,669)	---
Component units:								
Community College	130,209	38,712	90,478	775	---	---	---	(244)
Airport Authority	26,611	26,902	---	1,440	---	---	---	1,731
Water Authority	42,905	53,042	---	5,711	---	---	---	15,848
Industrial Development Agency	2,081	2,060	---	---	---	---	---	(21)
Total component units	\$ 201,806	120,716	90,478	7,926	---	---	---	17,314
General revenues:								
Taxes:								
Property tax and tax items	---	---	---	---	326,864	---	326,864	---
Sales and other taxes	---	---	---	---	385,452	---	385,452	---
Tobacco settlement revenues	---	---	---	---	11,356	---	11,356	---
Unrestricted interest earnings	---	---	---	---	4,137	149	4,286	5,719
Miscellaneous revenue	---	---	---	---	2,710	9,702	12,412	---
Total general revenues and transfers	---	---	---	---	730,519	9,851	740,370	5,719
Change in net assets	---	---	---	---	(55,578)	(18,722)	(74,300)	23,033
Net assets-beginning	---	---	---	---	302,237	462,772	765,009	316,973
Net assets-ending	---	---	---	---	\$ 246,659	444,050	690,709	340,006

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

**COUNTY OF MONROE, NEW YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)**

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 5,184	5,810	10,994
Accounts receivables, net:			
Taxes and assessments	23,510	---	23,510
Returned school taxes	19,135	---	19,135
Other receivables	2,524	12,573	15,097
Due from other funds	18,431	1,426	19,857
Due from other governments:			
State and Federal - social services	60,619	---	60,619
State and Federal - other	58,394	5,527	63,921
Local governments	13,510	164	13,674
Inventories	1,123	495	1,618
Restricted assets:			
Cash and cash equivalents	15,000	38,846	53,846
Funds held by trustee	---	46	46
Securities and retained percentages	---	7	7
Other assets	4,872	900	5,772
Total assets	<u>\$ 222,302</u>	<u>65,794</u>	<u>288,096</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and accrued liabilities	54,714	3,745	58,459
Due to other funds	---	5,457	5,457
Due to other governments	70,496	1,760	72,256
Unearned revenue	25,575	11,250	36,825
Notes payable	71,000	21,635	92,635
Total liabilities	<u>221,785</u>	<u>43,847</u>	<u>265,632</u>
Fund balances (deficits):			
Reserved for:			
Debt service	---	22,087	22,087
Encumbrances	6,688	9,101	15,789
Grants	609	---	609
Inventories	1,123	495	1,618
Unreserved fund balance (deficits) reported in:			
General fund	(7,903)	---	(7,903)
Special revenue funds	---	3,633	3,633
Debt service funds	---	(1,529)	(1,529)
Capital projects funds	---	(11,840)	(11,840)
Total fund balances (deficits)	<u>517</u>	<u>21,947</u>	<u>22,464</u>
Total liabilities and fund balances (deficits)	<u>\$ 222,302</u>	<u>65,794</u>	<u>288,096</u>

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

COUNTY OF MONROE, NEW YORK
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
As of December 31, 2006
(000's Omitted)

Total fund balances - governmental funds \$22,464

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Nondepreciable assets:

Land	21,156	
Construction in progress	17,597	
	38,753	

Depreciable assets:

Buildings	97,560	
Infrastructure	885,622	
Improvements other than buildings	103,277	
Machinery and equipment	65,153	
Accumulated depreciation	(509,754)	
	641,858	

Total capital assets 680,611

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 8,550

Some of the county's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 32,816

Certain items, including bond issuance costs, are fully expensed in the governmental fund statement, but amortized over a period of time in the statement of activities. 7,032

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those long-term liabilities included in the governmental activities in the statement of net assets consist of:

Compensated absences	(24,812)	
Bonds payable	(461,041)	
Accrued interest on bonds	(6,847)	
Long-term retirement costs	(12,114)	
Total long-term liabilities	(504,814)	(504,814)

Net assets of governmental activities \$246,659

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Real property tax	\$ 313,555	---	313,555
Sales and other taxes	385,452	---	385,452
Federal aid	116,627	9,062	125,689
State aid	212,043	7,931	219,974
Charges for services	18,480	1,311	19,791
Intergovernmental	16,087	3,193	19,280
Interdepartmental	2,032	280	2,312
Use of money and property	9,170	1,480	10,650
Repayments and refunds	15,297	106	15,403
Payments in lieu of taxes	6,304	---	6,304
Tobacco settlement	-	11,434	11,434
Miscellaneous	7,007	2,911	9,918
	<u>1,102,054</u>	<u>37,708</u>	<u>1,139,762</u>
EXPENDITURES:			
Current:			
Health and welfare	546,223	---	546,223
Public safety	177,115	2,051	179,166
Culture, recreation and education	64,919	9,996	74,915
General government	302,908	92	303,000
Transportation	3,524	15,476	19,000
Economic development	---	3,584	3,584
Debt service:			
Principal retirement	---	15,468	15,468
Interest and fiscal charges	---	24,851	24,851
Capital outlay	---	22,416	22,416
	<u>1,094,689</u>	<u>93,934</u>	<u>1,188,623</u>
Excess (deficiency) of revenues over expenditures	<u>7,365</u>	<u>(56,226)</u>	<u>(48,861)</u>
OTHER FINANCING SOURCES (USES):			
Bonds issued	---	14,579	14,579
Transfers in	14,952	45,607	60,559
Transfers out	(36,652)	(24,487)	(61,139)
	<u>(21,700)</u>	<u>35,699</u>	<u>13,999</u>
Net change in fund balances (deficits)	(14,335)	(20,527)	(34,862)
Fund balances (deficits) at beginning of year	<u>14,852</u>	<u>42,474</u>	<u>57,326</u>
Fund balances at end of year	<u>\$ 517</u>	<u>21,947</u>	<u>22,464</u>

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

COUNTY OF MONROE, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)
of Governmental Funds to the Statement of Activities
For the year ended December 31, 2006
(000's Omitted)

Net change in fund balances (deficits) - total governmental funds (\$34,862)

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

The issuance of debt provides current financial resources to governmental funds, while the repayment of the principal of debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement activities.

Proceeds of bonds	(14,579)	
Interest accreted on capital appreciation debt	(20)	
Total proceeds/additions	(14,599)	(14,599)

Repayment of bond principal is reported as an expenditure and an other financing use in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. The principal payments reduce the liabilities in the statement of net assets and do not result in an expense or an other financing use in the statement of activities.

Principal retirement	15,468	
Bond Issuance costs	482	
Total repayments/deductions	15,950	15,950

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of the internal service funds are reported in governmental activities. (2,918)

Because some revenues will not be collected for several months after the county's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year. 1,507

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives.

Capital outlay	15,096	
Loss on retirement of capital assets	(409)	
Depreciation expense	(33,887)	
Excess of capital outlay over depreciation expense	(19,200)	(19,200)

Certain expenses reported in the statement of activities do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Change in accrued interest	550	
Change in compensated absences	(4,794)	
Change in long-term retirement costs	2,788	
Total additional expenditures	(1,456)	(1,456)

Change in net assets of governmental activities (\$55,578)

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)

Business-type Activities - Enterprise Funds

	Solid Waste	Airport	Hospital	Pure Waters	Energy	Total	Governmental Activities - Internal Service Funds
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 62	87	190	8,997	20	9,356	15,002
Accounts receivables, net	6,463	30	12,051	680	---	19,224	172
Interest receivable	423	---	---	---	---	423	---
Due from other funds	---	3	---	---	---	3	---
Due from other governments:							
State and Federal - other	---	2,344	---	16	---	2,360	---
Local governments	---	3,982	---	33	1,977	5,992	65
Inventories	---	---	452	2,955	161	3,568	485
Unamortized bond issue costs	43	---	---	3	---	46	9
Other	50	82	838	324	719	2,013	165
Total current assets	7,041	6,528	13,531	13,008	2,877	42,985	15,898
Noncurrent assets:							
Accounts receivables, net	11,485	---	---	---	---	11,485	---
Restricted assets:							
Cash and cash equivalents	2,608	6,820	669	5,165	---	15,262	4,512
Funds held by trustee	2,541	---	---	---	---	2,541	---
Custodial accounts	---	---	463	---	---	463	---
Securities and retained percentages	---	745	---	449	---	1,194	---
Capital assets, net of accumulated depreciation	38,266	124,331	28,628	430,124	---	621,349	48,195
Unamortized bond issue costs	232	2	61	27	---	322	19
Total noncurrent assets	55,132	131,898	29,821	435,765	---	652,616	52,726
Total assets	\$ 62,173	138,426	43,352	448,773	2,877	695,601	68,624

(continued)

**COUNTY OF MONROE, NEW YORK
STATEMENT OF NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Solid Waste	Airport	Hospital	Pure Waters	Energy	Total	
LIABILITIES							
Current liabilities:							
Accounts payable and accrued liabilities	\$ 5,612	5,471	5,059	4,610	1,492	22,244	22,072
Accrued interest payable	825	144	---	1,150	---	2,119	232
Due to other funds	3,200	3,600	6,000	---	1,600	14,400	3
Notes payable	130	9,820	14,860	13,840	---	38,650	5,805
Current portion of:							
Capital leases payable	785	---	---	---	---	785	246
Bonds payable	3,159	835	3,508	7,091	---	14,593	5,520
Total current liabilities	<u>13,711</u>	<u>19,870</u>	<u>29,427</u>	<u>26,691</u>	<u>3,092</u>	<u>92,791</u>	<u>33,878</u>
Noncurrent liabilities:							
Capital leases payable	3,630	---	---	---	---	3,630	227
Bonds payable	28,235	9,803	24,767	89,713	---	152,518	25,825
Patient funds held in trust	---	---	463	---	---	463	---
Other long-term liabilities	---	22	2,033	94	---	2,149	144
Total noncurrent liabilities	<u>31,865</u>	<u>9,825</u>	<u>27,263</u>	<u>89,807</u>	<u>---</u>	<u>158,760</u>	<u>26,196</u>
Total liabilities	<u>45,576</u>	<u>29,695</u>	<u>56,690</u>	<u>116,498</u>	<u>3,092</u>	<u>251,551</u>	<u>60,074</u>
NET ASSETS (DEFICIT)							
Invested in capital assets, net of related debt	5,057	86,538	223	316,160	---	407,978	13,253
Restricted for:							
Debt service	1,537	73	---	48	---	1,658	318
Capital projects	---	13,477	---	---	---	13,477	952
Unrestricted	10,003	8,643	(13,561)	16,067	(215)	20,937	(5,973)
Total net assets (deficit)	<u>\$ 16,597</u>	<u>108,731</u>	<u>(13,338)</u>	<u>332,275</u>	<u>(215)</u>	<u>444,050</u>	<u>8,550</u>

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICIT)
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Business-type Activities - Enterprise Funds					Total	Governmental Activities- Internal Service Funds
	Solid Waste	Airport	Hospital	Pure Waters	Energy		
Operating revenues:							
Charges for services	\$ 6,700	16,374	58,667	52,617	10,021	144,379	113
Interdepartmental	50	52	---	---	---	102	47,676
Repayments and refunds	---	17	---	98	---	115	---
Miscellaneous	7,865	7	1,725	110	---	9,707	405
Total operating revenues	14,615	16,450	60,392	52,825	10,021	154,303	48,194
Operating expenses:							
Personnel services	112	4,723	25,620	13,165	---	43,620	4,676
Employee benefits	60	1,812	11,352	4,689	---	17,913	2,328
Contractual	13,604	3,757	5,545	14,237	10,308	47,451	28,502
Depreciation and amortization	3,758	8,413	4,829	28,845	---	45,845	4,580
Other	437	4,997	14,746	9,136	---	29,316	10,874
Total operating expenses	17,971	23,702	62,092	70,072	10,308	184,145	50,960
Operating income (loss)	(3,356)	(7,252)	(1,700)	(17,247)	(287)	(29,842)	(2,766)
Nonoperating revenues (expenses):							
Federal aid	---	289	---	---	---	289	---
State aid	---	---	---	998	---	998	---
Use of money and property	862	166	149	2,050	---	3,227	1,181
Interest and fiscal charges	(1,957)	(817)	(1,530)	(5,661)	---	(9,965)	(1,693)
Gain (loss) on disposal of capital assets	---	---	---	(5)	---	(5)	(43)
Other income (expense)	---	---	---	---	---	---	(177)
Total nonoperating revenues (expenses)	(1,095)	(362)	(1,381)	(2,618)	---	(5,456)	(732)
Income (loss) before contributions and transfers	(4,451)	(7,614)	(3,081)	(19,865)	(287)	(35,298)	(3,498)
Capital contributions	---	16,602	---	(26)	---	16,576	---
Transfers in	---	---	---	---	---	---	1,570
Transfers out	---	---	---	---	---	---	(990)
Increase (decrease) in net assets (deficit)	(4,451)	8,988	(3,081)	(19,891)	(287)	(18,722)	(2,918)
Total net assets (deficit) at beginning of year	21,048	99,743	(10,257)	352,166	72	462,772	11,468
Total net assets (deficit) at end of year	\$ 16,597	108,731	(13,338)	332,275	(215)	444,050	8,550

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Business-type Activities - Enterprise Funds						Governmental Internal Service Funds
	Solid Waste	Airport	Hospital	Pure Waters	Energy	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from providing services	\$ 4,802	16,349	59,477	52,558	12,333	145,519	121
Cash received from other funds for services	50	52	---	---	---	102	47,741
Payments to or on behalf of employees	(172)	(6,535)	(36,988)	(17,854)	---	(61,549)	(7,192)
Payments to suppliers	(9,194)	346	(20,466)	(13,464)	(10,889)	(53,667)	(28,524)
Payments for interfund services	(437)	(4,350)	---	(2,483)	---	(7,270)	(8,252)
Claims paid	---	---	---	---	---	---	(7,638)
Other receipts (payments)	10,476	(2,875)	---	(6,797)	---	804	9,138
Net cash provided by (used in) operating activities	5,525	2,987	2,023	11,960	1,444	23,939	5,394
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Federal aid	---	289	---	---	---	289	---
State aid	---	---	---	998	---	998	---
Proceeds from revenue anticipation notes	---	---	14,000	---	---	14,000	---
Principal payments on revenue anticipation notes	---	---	(10,000)	---	---	(10,000)	---
Receipts from other funds	---	4,597	---	---	---	4,597	15,803
Payments to other funds, net	(3,570)	---	(1,400)	---	(1,500)	(6,470)	---
Transfers in	---	---	---	---	---	---	1,570
Transfers out	---	---	---	---	---	---	(990)
Net cash provided by (used in) noncapital financing activities	(3,570)	4,886	2,600	998	(1,500)	3,414	16,383
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Interest paid	(1,879)	(815)	(1,530)	(5,649)	---	(9,873)	(1,931)
Change in securities and retainage	---	(745)	---	(319)	---	(1,064)	---
Net proceeds from the issuance of notes	---	3,890	40	7,790	---	11,720	4,435
Principal paid on bonds	(2,957)	(714)	(3,366)	(8,185)	---	(15,222)	(6,665)
Capital contributions	---	16,597	---	---	---	16,597	---
Principal paid on capital leases	(785)	---	---	---	---	(785)	(504)
Additions to capital assets	(526)	(22,050)	(824)	(9,783)	---	(33,183)	(3,807)
Other receipts	---	---	---	---	---	---	(104)
Net cash provided by (used in) capital and related financing activities	\$ (6,147)	(3,837)	(5,680)	(16,146)	---	(31,810)	(8,576)

(continued)

COUNTY OF MONROE, NEW YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Business-type Activities - Enterprise Funds						Governmental Internal Service Funds
	Solid Waste	Airport	Hospital	Pure Waters	Energy	Total	
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts from/payments to trustee	\$ (80)	---	779	62	---	761	---
Receipts from use of money and property	925	166	149	2,050	---	3,290	1,181
Net cash provided by (used in) investing activities	845	166	928	2,112	---	4,051	1,181
Net increase (decrease) in cash and cash equivalents	(3,347)	4,202	(129)	(1,076)	(56)	(406)	14,382
Cash and cash equivalents, beginning of year	6,017	2,705	988	15,238	76	25,024	5,132
Cash and cash equivalents, end of year	<u>2,670</u>	<u>6,907</u>	<u>859</u>	<u>14,162</u>	<u>20</u>	<u>24,618</u>	<u>19,514</u>
Classified as:							
Cash and cash equivalents - unrestricted	62	87	190	8,997	20	9,356	15,002
Cash and cash equivalents - restricted	2,608	6,820	669	5,165	---	15,262	4,512
Total cash and cash equivalents	<u>2,670</u>	<u>6,907</u>	<u>859</u>	<u>14,162</u>	<u>20</u>	<u>24,618</u>	<u>19,514</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:							
Operating income (loss)	(3,356)	(7,247)	(1,700)	(17,247)	(287)	(29,837)	(2,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:							
Depreciation and amortization	3,758	8,413	4,835	28,845	---	45,851	4,580
Other revenue	2,600	---	---	---	---	2,600	---
Change in:							
Accounts receivable	(1,898)	(25)	(915)	(59)	4,289	1,392	(43)
Due from other governments	---	(2,226)	---	(24)	(1,977)	(4,227)	73
Inventories	---	---	(69)	(206)	---	(275)	98
Other assets	11	(8)	663	(28)	(719)	(81)	(33)
Accounts payable and accrued liabilities	4,410	4,103	(791)	773	138	8,633	3,677
Due to other governments	---	(23)	---	(94)	---	(117)	(144)
Deferred revenue	---	---	---	---	---	---	(48)
Net cash provided by (used in) operating activities	<u>\$ 5,525</u>	<u>2,987</u>	<u>2,023</u>	<u>11,960</u>	<u>1,444</u>	<u>23,939</u>	<u>5,394</u>

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)

	Private Purpose Trusts	Agency
ASSETS		
Restricted assets:		
Cash and cash equivalents	\$ 122	27,247
Accounts receivable	---	205
Due from other funds	---	---
	122	27,452
Total assets	122	27,452
 LIABILITIES		
Accounts payable and accrued expenses	---	27,452
Due to other funds	---	---
	---	---
 NET ASSETS		
Held in trust for private purpose	\$ 122	---

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

COUNTY OF MONROE, NEW YORK
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

		Private Purpose Trusts
ADDITIONS		
Investment earnings-interest	\$	7
Miscellaneous revenue		---
Total additions		7
DEDUCTIONS		
Payments in accordance with trust agreements		33
Change in net assets		(26)
Net assets at beginning of year		148
Net assets at end of year	\$	122

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

COUNTY OF MONROE, NEW YORK
COMBINING STATEMENT OF NET ASSETS
COMPONENT UNITS
AS OF DECEMBER 31, 2006
(000's Omitted)

	Community College (Year End 8/31/06)	Airport Authority	Water Authority	Industrial Development Agency	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 5,338	9,269	11,463	2,795	28,865
Investments	32,066	---	9,814	---	41,880
Accounts receivables, net	9,334	2,953	10,346	459	23,092
Inventories	---	---	1,191	---	1,191
Other	906	---	660	15	1,581
	<u>47,644</u>	<u>12,222</u>	<u>33,474</u>	<u>3,269</u>	<u>96,609</u>
Total current assets					
Noncurrent assets:					
Restricted assets:					
Cash and cash equivalents	6,800	16,781	---	---	23,581
Funds held by trustee	27,653	15,523	31,427	---	74,603
Capital assets, net of accumulated depreciation	110,598	59,753	235,063	11	405,425
Unamortized bond issue costs	---	1,100	---	---	1,100
Other	5,579	---	---	---	5,579
	<u>150,630</u>	<u>93,157</u>	<u>266,490</u>	<u>11</u>	<u>510,288</u>
Total noncurrent assets					
Total assets	<u>198,274</u>	<u>105,379</u>	<u>299,964</u>	<u>3,280</u>	<u>606,897</u>
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	7,599	4,117	8,204	1,060	20,980
Accrued interest payable	---	2,145	1,065	---	3,210
Unearned revenue	9,074	339	---	---	9,413
Other	1,406	1,510	---	---	2,916
Current portion of:					
Capital leases payable	---	---	1,306	---	1,306
Bonds payable	2,592	4,335	2,395	---	9,322
	<u>20,671</u>	<u>12,446</u>	<u>12,970</u>	<u>1,060</u>	<u>47,147</u>
Total current liabilities					
Noncurrent liabilities:					
Capital leases payable	---	---	9,743	---	9,743
Bonds payable	99,366	70,906	37,278	---	207,550
Other long-term liabilities	2,451	---	---	---	2,451
	<u>101,817</u>	<u>70,906</u>	<u>47,021</u>	<u>---</u>	<u>219,744</u>
Total noncurrent liabilities					
Total liabilities	<u>122,488</u>	<u>83,352</u>	<u>59,991</u>	<u>1,060</u>	<u>266,891</u>
NET ASSETS					
Invested in capital assets, net of related debt	37,781	(15,488)	184,341	11	206,645
Restricted for:					
Debt service	---	15,523	896	---	16,419
Nonexpendable	4,601	---	---	---	4,601
Expendable	8,845	---	---	---	8,845
Passenger facility charges	---	8,126	---	---	8,126
Unrestricted	24,559	13,866	54,736	2,209	95,370
	<u>77,005</u>	<u>7,405</u>	<u>60,000</u>	<u>2,209</u>	<u>146,619</u>
Total net assets	<u>\$ 75,786</u>	<u>\$ 22,027</u>	<u>239,973</u>	<u>2,220</u>	<u>340,006</u>

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

COUNTY OF MONROE, NEW YORK
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Community College (Year End 8/31/06)	Airport Authority	Water Authority	Industrial Development Agency	Total
Expenses	\$ 130,209	26,611	42,905	2,081	201,806
Program revenues:					
Charges for services	38,712	26,902	53,042	2,060	120,716
Operating grants and contributions	90,478	---	---	---	90,478
Capital grants and contributions	775	1,440	5,711	---	7,926
Total program revenues	<u>129,965</u>	<u>28,342</u>	<u>58,753</u>	<u>2,060</u>	<u>219,120</u>
Net program revenue (expense)	<u>(244)</u>	<u>1,731</u>	<u>15,848</u>	<u>(21)</u>	<u>17,314</u>
General revenues:					
Unrestricted interest earnings	<u>1,756</u>	<u>1,463</u>	<u>2,393</u>	<u>107</u>	<u>5,719</u>
Change in net assets	<u>1,512</u>	<u>3,194</u>	<u>18,241</u>	<u>86</u>	<u>23,033</u>
Total net assets at beginning of year	<u>74,274</u>	<u>18,833</u>	<u>221,732</u>	<u>2,134</u>	<u>316,973</u>
Total net assets at end of year	<u>\$ 75,786</u>	<u>22,027</u>	<u>239,973</u>	<u>2,220</u>	<u>340,006</u>

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

COUNTY OF MONROE, NEW YORK

Notes to Basic Financial Statements

Year Ended December 31, 2006

1. Background and Summary of Significant Accounting Policies

A. Background

The County of Monroe (County) was established in 1821 and is governed by the County Charter, general laws of the State of New York, and various local laws. The County is New York State's third largest industrial and commercial center. The County Executive is the Chief Executive Officer and the administrative head of the County with authority to approve or veto any local law, legalizing act or resolution adopted by the County Legislature. The County Executive is elected in a general county-wide election to serve a four year term. The County is divided into 29 legislative districts with an elected legislator representing each district in the County Legislature. County Legislators may serve for two four-year terms and one two-year term during a ten year cycle. The County Legislature is the legislative, appropriating and governing body of the County. The County provides its residents with diverse services. Programs provided are human services, public safety, public and mental health, wastewater management, public works, economic development, culture, education and recreation programs. Public facilities available are the Greater Rochester International Airport, Monroe Community Hospital (the Hospital), Monroe Community College (the College), and County parks.

The County's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles, is responsible for establishing GAAP for state and local governments through its Statements and Interpretations. The more significant accounting policies used by the County are discussed below.

B. Financial Reporting Entity

The financial reporting entity consists of the County (primary government) and organizations for which the primary government is financially accountable and the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government's operations and are therefore reported within the County's financial statements. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

Based upon the foregoing criteria and the significant factors presented below, the following organizations, functions, or activities are included as blended component units of the primary government, discretely presented component units or related organizations and joint ventures:

Monroe Community College - Discretely Presented Component Unit

Monroe Community College (the College) was founded in 1961 with the County of Monroe as the local sponsor under provisions of Article 126 of the New York State Education Law. The College is administered by a Board of Trustees consisting of ten voting members; five are appointed by the County Legislature, four by the Governor, and one student is elected by the student body. The College budget is subject to the approval of the County Executive and the County Legislature, with the County providing funding for one-half of the capital costs and approximately one-fifth of the operating costs for the College. A separate legal entity, the College is included as a discretely presented component unit within the County's basic financial statements.

The College has its own financial system, which is independent of the County's centralized financial system, which accounts for resources received and used. A fiscal year ending August 31 is mandated by state law for the College. Certain amounts have been reclassified to conform to the County's presentation. Requests for financial statements may be made in writing to Monroe Community College, Controller's Office, 1000 East Henrietta Road, Rochester, New York 14623.

COUNTY OF MONROE, NEW YORK

Notes to Basic Financial Statements

Year Ended December 31, 2006

1. Background and Summary of Significant Accounting Policies (continued)

Monroe County Airport Authority – Discretely Presented Component Unit

The Monroe County Airport Authority (Airport Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York on October 1, 1989. The Airport Authority was created to finance, construct and develop aviation facilities. The oversight body is the Airport Authority board which is appointed by the County Legislature on the recommendation of the County Executive. The chairperson is appointed by the County Executive. Pursuant to a lease and operating agreement, the Airport Authority leases the properties comprising the Airport from the County. The lease expires 30 days after final repayment of the Airport Revenue Bonds, which are scheduled to be repaid by January 1, 2019. A separate legal entity, the Airport Authority is included as a discretely presented component unit within the County's basic financial statements.

Upon expiration or earlier termination of the lease term, the Airport reverts to the County and the County will continue to administer and operate the Airport. In return, the Airport Authority is to reimburse the County for expenses incurred in the administration and operation of the Airport. The charges to the Airport Authority for the year ended December 31, 2006 were approximately \$16.4 million. Separate financial statements may be obtained from the Monroe County Airport Authority, 1200 Brooks Avenue, Rochester, New York 14624.

Monroe County Water Authority - Discretely Presented Component Unit

The Monroe County Water Authority (Water Authority) was established in 1951 as a public benefit corporation created by and existing under Title 5 of Article 5 of the Public Authorities Law of the State of New York. The Water Authority is authorized under the act to acquire, construct, develop, operate and manage water supply and water distribution systems within the County and in the Town and Village of Bergen and the Town of LeRoy in Genesee County. The Water Authority maintains primary responsibility for the construction of water facilities. The Water Authority's seven-member board, which is appointed by the County Legislature, has complete responsibility for its management and financial operations. The County does not provide operating assistance to the Water Authority. However, the County Legislature's approval is needed for the Water Authority to issue bonded debt.

In 1969, the Water Authority entered into an agreement with the County whereby the Water Authority agreed to plan, construct, operate, manage, repair and maintain certain improvements to the water system which are financed and owned by the County and leased to the Water Authority for operation as part of the water system. The Water Authority's lease payments for such improvements are equal to the debt service costs associated with financing such improvements through the issuance of bonds or bond anticipation notes by the County. Currently, the County has approximately \$11.2 million of bonds outstanding under this lease program with the Water Authority. Based upon the financial interdependence of this agreement and because the County must authorize all debt issuances of the Water Authority, the Water Authority is included as a discretely presented component unit within the County's basic financial statements. Requests for financial statements should be addressed in writing to the Director of Finance and Business Services, Monroe County Water Authority, 475 Norris Drive, Rochester, New York 14610.

County of Monroe Industrial Development Agency (COMIDA) – Discretely Presented Component Unit

On June 6, 1972, the County of Monroe Industrial Development Agency (COMIDA) was established by a special act of the County Legislature under the New York State Industrial Development Act of 1969. COMIDA's purpose is to provide, develop, encourage and assist existing and new businesses to acquire, construct, reconstruct, improve, maintain, equip and furnish industrial facilities in the County. COMIDA is a New York State not-for-profit public benefit corporation. Based on the authority that the County Legislature has to appoint or remove COMIDA board members and significant influence the County can impose, COMIDA is included as a discretely presented component unit within the County's basic financial statements.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. Background and Summary of Significant Accounting Policies (continued)

Requests for financial statements from COMIDA should be addressed in writing to COMIDA, Business Office, 50 West Main Street, Suite 8100, Rochester, New York 14614.

Monroe Tobacco Asset Securitization Corporation - Blended Component Unit

Monroe Tobacco Asset Securitization Corporation (MTASC) is a special purpose, local development corporation organized under the laws of the State of New York. MTASC was established on May 11, 2000. MTASC is an instrumentality of the County, but is a separate legal entity from the County. MTASC will have not less than three nor more than five directors, consisting of two ex-officio positions including the County Executive and the Director of Finance, up to two additional directors selected by the member of MTASC (i.e. the County Executive, ex-officio, the "member") and one independent director appointed by the member of MTASC, and thus the County is able to impose its will on MTASC. Although legally separate from the County, MTASC is a component unit of the County and accordingly, is presented in the County's financial statements as a blended component unit due to the fact that it exclusively serves the County. MTASC is blended in the Governmental Activities and as a nonmajor governmental (debt service) fund. Separate financial statements may be obtained from the Monroe County Finance Department, 39 West Main Street, Rochester, New York 14614.

Related Organizations and Joint Ventures

Organizations for which a primary government is accountable because that government appoints a voting majority of the board, but is not financially accountable, are related organizations. The County has such a relationship with Monroe Newpower Corporation, formed in 2002 to buy the Iola Powerhouse from the County and to borrow funds to build natural gas-fired units as its replacement. Requests for financial statements from Monroe Newpower Corporation should be addressed in writing to: 39 West Main Street, Room 402, Rochester, New York 14614.

The Civic Center Monroe County Local Development Corporation (Civic Center LDC) is a related organization. The Civic Center LDC, formed in 2002 to purchase the Civic Center Garage and manage other surface parking lots. Requests for financial statements from Civic Center LDC should be addressed in writing to: 39 West Main Street, Room 402, Rochester, New York 14614.

The Soil and Water Conservation Board, which serves municipalities and landowners of the County, is also considered a related organization of the County. Requests for financial statements from Monroe County Soil and Water Conservation District should be addressed in writing to: 1200A Scottsville Road Suite 160, Rochester, New York 14624.

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility. The Cultural Center Commission (the Commission), a joint venture, was established as a result of debt issued by the County and the City of Rochester. The Commission's operating expenses each year are offset by parking lot revenues and revenues from mortgages on properties. The Commission's budget is subject to approval each year by the City Council and the County Legislature. Requests for financial statements from the Commission should be addressed in writing to: Cultural Center Commission, City Hall, Room 005A, 30 Church Street, Rochester, New York 14614-1290.

C. Fund Deficits

The hospital fund had a fund deficit of \$13.4 million at December 31, 2006. The hospital fund decreased its net assets in 2006 by \$3.1 million. The 2006-2007 approved New York State Budget outlines a 4 year plan which changes funding to the Hospital and will significantly improve the deficit. In addition, the County Executive is committed to continuing the review that started in 2006 to gain operating and other efficiencies.

The nonmajor governmental funds related to capital projects had a fund deficit of \$2.9 million at December 31, 2006. This is a temporary situation until permanent financing for the projects occurs which is anticipated in 2007.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. **Background and Summary of Significant Accounting Policies (continued)**

D. **Basis of Presentation**

Government-wide Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) concentrate on the County as a whole and do not emphasize fund types but rather a governmental or a business-type activities classification, which are presented in separate columns. The governmental activities and business-type activities comprise the primary government and are reported separately from the discretely presented component units for which the County is accountable. General governmental and intergovernmental revenues support the governmental activities, whereas the business-type activities are primarily supported by charges for services.

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 County's own programs.

The statement of activities reflects the expenses of a given function or segment and the extent they are offset by program revenues. Program revenues are defined as charges for services, operating grants and contributions (which would include reimbursement for debt payments) and capital grants and contributions directly associated within a given function. Taxes and other revenues not associated with a specific function are reported under general revenues.

The effect of interfund activity has been removed from the government-wide financial statements. However, the interfund services between functions are not eliminated. The internal service activity has been eliminated except for the outside activity and is combined with the governmental activities on the government-wide financial statements.

Fund Financial Statements

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.

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity/net assets, revenues, and expenditures/expenses.

Governmental Fund Types

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 government considers certain revenues (i.e. property taxes) to be available if they are collected within 60 days after 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, claims and judgments, and certain other long-term liabilities are recorded only when payment is due.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. **Background and Summary of Significant Accounting Policies (continued)**

The County has the following major governmental fund:

General Fund - is the County's principal operating fund. It is used to account for all financial resources except those required to be accounted for in other funds.

Proprietary Fund Types

All proprietary funds are major funds with the exception of the internal service fund, and are used to account for a government's business-type activities which are similar to those often found in the private sector. Proprietary fund types use the economic resources measurement focus and accrual basis of accounting. Proprietary funds are comprised of:

Enterprise Funds - The enterprise funds are used to account for operations that provide services primarily to customers other than governments outside the financial reporting entity and are financed primarily by user charges. The enterprise funds include:

Solid Waste Fund - accounts for the planning, development, operation and maintenance of County solid waste handling facilities. Substantially all revenues are from user fees and it is the County's intention that the solid waste operation be self-supporting.

Airport Fund - accounts for the operation and maintenance of the Greater Rochester International Airport. The primary revenue source for the Airport fund is reimbursement from the Airport Authority.

Hospital Fund - accounts for the County's medical facility which provides for the care and treatment of the chronically ill and is comprised of a residential health care facility. It also provides out-patient services.

Pure Waters Fund - accounts for financing of wastewater related public improvements as well as operation and maintenance services deemed to benefit the properties against which user fees are charged.

Energy Fund - accounts for the buying and selling of gas and electric commodities in large quantities for the consumption by the County and other local governments. With the onset of deregulation, it was determined that it would be beneficial to the County to buy and sell the gas and electric commodities at wholesale prices.

Internal Service Funds - The internal service funds are used to account for special activities or services provided by one department of the County to other departments, to agencies of the primary government and its component units, or to other governments, on a cost reimbursement basis. Internal service funds include: Central Services, Building Accounts, Information Services, Fleet Management, and Risk Management.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as agent for individuals, private organizations, other governments and/or funds. They cannot be used to support the government's own programs. Fiduciary funds are comprised of:

Private Purpose Funds - The Private Purpose funds are used to report trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds - Agency funds account for situations where the government's role is purely custodial. Accordingly, all assets are offset by a liability to the authorized party.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. **Background and Summary of Significant Accounting Policies (continued)**

E. **Basis of Accounting/Measurement Focus**

The accounting basis for each fund is determined by its measurement focus. The measurement focus for governmental funds is based upon determination of current financial resources. Proprietary funds and private purpose trust funds are accounted for on a flow of economic resources measurement focus. Agency funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

The government-wide financial statements are prepared on a full accrual basis using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all of the eligibility requirements imposed by the provider have been met. Fiduciary fund financial statements are also prepared on an accrual basis.

Modified Accrual Basis - All governmental funds are accounted for using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 90 days after year-end. The three primary revenue sources which are treated as susceptible to accrual are: property tax to be collected within 60 days of the reporting period; reimbursements of expenditures due from other governments; and sales tax which is recorded based on the date of sales. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which are recorded as expenditures when paid and compensated absences and claims/judgments which are recognized as a liability in the applicable fund if payable with current financial resources.

Allowances have been provided for any receivables where collection is doubtful. In addition, revenues relating to property taxes and revolving loans in the governmental funds which are not available to finance current operations have been deferred. At the government-wide level, these are recognized as revenues.

Accrual Basis - Proprietary and fiduciary fund types and discretely presented component units are accounted for using the accrual basis of accounting. Under this method, revenues including unbilled amounts are recognized when earned and expenses are recorded when the liabilities are incurred, regardless of the timing of related cash inflows and outflows. Capital assets, the related outstanding debt and other long-term liabilities related to activities of the proprietary and fiduciary fund types, and the discretely presented component units are recorded within these fund types.

Operating revenues and expenses generally result from the proprietary funds' principal operations, providing services and producing and delivering goods. Non-operating revenues and expenses are reported as capital and related financing activities, noncapital financing activities, or investing activities which normally would not be reported as components of operating income.

Enterprise funds apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. The County has elected not to adopt the option as allowed by paragraph 7 of GASB Statement Number 20 to adopt all FASB pronouncements issued after November 30, 1989.

F. **Cash Equivalents**

Cash equivalents include certificates of deposit, U.S. government securities and repurchase agreements with maturities of three months or less from the purchase date. Cash equivalents are stated at cost which approximates fair value.

G. **Investments**

Investments include certificates of deposit, U.S. government securities and repurchase agreements with maturities of more than three months from the purchase date. Investments are stated at fair value.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. **Background and Summary of Significant Accounting Policies (continued)**

H. **Statement of Cash Flows**

For the purpose of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all unrestricted and restricted cash and cash equivalents of those funds. The statement of cash flows is presented using the direct method of reporting.

I. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed by governmental funds, only.

Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Encumbrances do not constitute expenditures or liabilities.

J. **Inventories**

The County maintains inventories of various operational supplies.

Inventories for both governmental and proprietary funds are computed using the purchase method. Inventories are valued at cost using the first-in-first-out (FIFO) method.

K. **Capital Assets**

Primary Government

Capital assets purchased or acquired at an original cost of \$2.5 thousand or more are reported at historical cost or estimated historical cost for all governmental and business-type activities. Donated assets are reported at fair market value as of the date received. Capital assets recognized under capital lease arrangements are amortized over their expected useful life or the lease term, whichever is shorter.

Capital assets which are used for general governmental purposes and are not available for expenditure are accounted for and reported in the government-wide financial statements.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for routine repairs and maintenance is expensed as incurred. Depreciation on all assets is calculated using the straight-line method over estimated useful lives ranging from two to fifty-five years. The estimated useful lives for the major classes of depreciable capital assets include the following:

<u>Class</u>	<u>Life in Years</u>
Buildings	30-55
Improvements	10-20
Infrastructure	2-50
Machinery and Equipment	3-15

Hospital Fund (Monroe Community Hospital)

Capital assets are recorded at cost. Depreciation expense is computed on all depreciable assets based on the straight-line method utilizing estimated lives as established by the American Hospital Association, ranging from three to forty years.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. **Background and Summary of Significant Accounting Policies (continued)**

L. **Due to Other Governments**

In the 2006 government-wide and fund financial statements, due to other governments primarily includes sales tax collections of \$46.2 million and school tax collections of \$20.5 million that are due to other municipalities within the County.

M. **Compensated Absences**

At the governmental and business-type activities level, liabilities for compensated absences such as vacation and unpaid overtime are recorded when vested and earned by the employees and payment is not dependent upon a future event. The total compensated absence liabilities attributable to the proprietary fund types are recorded as an accrued liability in the respective funds. At the governmental fund level, liabilities for compensated absences are recorded when due and payable. The liabilities are recorded based on employees' rates of pay as of December 31, 2006 and include all payroll related liabilities. Primarily, the general fund and the road fund are used to liquidate the liability for compensated absences in the governmental funds.

N. **Unamortized Bond Issue Costs**

Bond discount and expenses related to the issuance of debt obligations are amortized over the term of the respective bond issues for the governmental and business-type activities, and funds reporting on the full accrual basis.

O. **Medicaid Claims**

Physicians, hospitals, pharmacists, and others who provide services to public assistance recipients and other individuals enrolled in the Medical Assistance Program, are entitled to reimbursement of the defined cost of such services through the Federal, State and locally funded Medicaid programs. The County participates in a state-wide system to process and pay such claims.

P. **Restrictions of Net Assets and Reservations of Fund Balances**

Restrictions and reserves represent funds that have been legally segregated for a specific use or otherwise unavailable for appropriation by the primary government and component units at December 31, 2006 include:

Debt Service - represents resources that have been legally restricted for debt service payments that will be made in future periods.

Capital Projects - represents funds restricted for major capital acquisitions and construction activities financed through borrowings or contributions.

Nonexpendable - represents the net assets whose use is subject to externally imposed conditions and the County must maintain them in perpetuity.

Expendable – represents the net assets whose use is subject to externally imposed conditions that can be fulfilled by the actions or by the passage of time.

Grants - represents available fund balances being restricted to meet legal requirements under special grants and program agreements. In 2006, the general fund reserve of \$609 thousand includes State mandated reserves for unexpended Driving While Intoxicated Program costs of \$518 thousand and unexpended proceeds from handicapped parking ticket surcharges of \$91 thousand.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

1. Background and Summary of Significant Accounting Policies (continued)

Passenger Facility Charges - represents the cumulative unexpended passenger facility charge amounts reflected as restricted net assets to be used for Federal Aviation Administration approved projects.

Encumbrances - represents commitments related to unperformed (executory) contracts for goods or services.

Inventories – represents that portion of fund balance equal to the carrying value of the inventory.

Q. Fund Designation

Designation of fund balance represents tentative management plans that are subject to change. As of December 31, 2006 the County has no designated fund balance.

R. Accounting and Reporting Change

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section* which was effective for reporting periods beginning after June 15, 2005. The implementation changed the section to report five types of information – financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

The GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*, which was effective for reporting periods beginning after June 15, 2005. The implementation caused no significant impact to the financial statements for the year ended December 31, 2006.

The County implemented GASB Statement No. 47, *Accounting for Termination Benefits*, which was effective for reporting periods beginning after June 15, 2005. The implementation caused no significant impact to the financial statements for the year ended December 31, 2006.

In June of 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for reporting on non-pension postemployment benefits, such as health care premiums for retirees. The County will be required to adopt this Statement for the year ending December 31, 2007. As of December 31, 2006 the County has not completed the process of evaluating the impact that will result from adopting this Statement.

S. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses/expenditures during the year. Actual results could differ from those estimates.

2. Real Property Tax

In accordance with Section 10 of Article VIII of the State Constitution, the amount which may be raised in the County by taxes on real property in any fiscal year for County purposes, in addition to providing for the interest on and the principal of all indebtedness, may not exceed an amount equal to 1.5 percent of the five year average full valuation of taxable real property of the County, less certain deductions as prescribed therein.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

2. Real Property Tax (continued)

The computation pursuant to such constitutional provision for the December 31, 2006 budget is (000's omitted):

Five year average full valuation of taxable real property	\$ 32,392,529
Tax limit (1.5%)	485,888
Add: Exclusions from tax limit	<u>36,604</u>
Taxing power for tax levy	522,492
Less: tax levy subject to taxing power limit	<u>(287,318)</u>
Tax margin	<u>\$ 235,174</u>

Real property taxes include the property tax levy, delinquent taxes, and sales tax attributable to the towns in consideration for credits given the towns' residents on their property tax bills. County real property taxes are levied annually and become a lien on January 1. Taxes for County purposes are levied together with taxes for Town and Town special district purposes, and with user charges of the various Pure Waters districts. The Towns and special districts, as well as the Pure Waters districts, receive the full amount of their levies annually out of the first amounts collected on the combined bills. The County issues a warrant to each Town's receiver or collector exclusively empowering them to collect both County and Town charges.

The warrants, which initially expire on January 31, may be (and are, as a matter of practice) extended to June 1, after which collection and enforcement procedures revert to the County Treasurer. The Monroe County Tax Act also empowers the City Treasurer to collect County taxes and user fees, levied on property situated within the City of Rochester, through February 15. Unlike procedures in effect for the towns, the County Treasurer also collects County taxes and fees on property situated in the City concurrently with the City Treasurer. Full payments are due before February 10. After February 10, interest accrues at a rate of 1.5% per month. The County also allows for installment payments with accrued interest on February 28 and March 31.

On August 20 of each year, the County purchases the tax liens on all properties for which there are unpaid property taxes. The tax lien, if still unpaid upon the expiration of one year from the August 20 tax sale date, qualifies the subject property for tax foreclosure proceedings. Unpaid taxes resulting from tax levies, which are identified as tax sale certificates, are required to be deferred on the basis that they are not available to finance current operations. Those collected within the first sixty days of 2005 are recorded as revenue at the governmental fund level. For the governmental activities, all uncollected tax sale certificates are recorded as revenue in the year levied.

3. Sales Tax

Monroe County and the State of New York each currently impose sales and use tax. The State of New York imposes a sales and use tax of four percent and the County imposes four percent making a total of eight percent imposed within the County. The County's sales and use tax is composed of an original three percent and an additional one percent authorized by State law. The current law provides for continuation of the additional one percent through November 30, 2007.

The County's original three percent tax is allocated through a complex formula among the City of Rochester (approximately 35.6 percent), the towns and villages (approximately 29.2 percent) and suburban school districts (approximately 17.5 percent) with the County retaining the balance (approximately 17.7 percent). In 2006 based on the formula, the County received approximately 71 percent of the additional one percent and shared 29 percent with the City of Rochester, towns, villages and suburban school districts.

The County recognizes as sales tax revenue the entire four percent in the General Fund. The subsequent payments to the County's partners are recognized as General Fund general government expenditures. The County's net sales tax revenue for 2006 was \$119.4.

COUNTY OF MONROE, NEW YORK

Notes to Basic Financial Statements

Year Ended December 31, 2006

4. Deposits and Investments

A. Deposit and Investment Policies

The County maintains an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and attainment of a market rate of return. Oversight of investment activity is the responsibility of the Director of Finance – Chief Financial Officer.

B. Interest Rate Risk

The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

C. Credit Risk

New York State General Municipal Law and the County's Investment and Deposit Policy authorize the County to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations guaranteed by the United States of America where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit accounts;
- Certificates of Deposits;
- Repurchase agreements limited to obligations of the United States of America, or obligations whose principal and interest are fully guaranteed, or insured by the United States of America. The term of each agreement shall generally not exceed 180 days. The agreement shall be confirmed in writing by the seller, and each security purchased under the agreement shall be specifically identified segregated from the assets of the seller and delivered for safekeeping into an account designated and controlled by the County. Also, each seller shall enter into a master Repurchase Agreement with the County which shall specify the rights and obligations of the County and the Seller in all transactions;
- Obligations of public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments; and
- Obligations issued pursuant to New York State Local Finance Law Section 24.00 and 25.00 (with approval of the New York State Comptroller) by any municipality, school district or district corporation other than the County of Monroe, New York.

D. Custodial Credit Risk

1. Deposits

For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the County may not recover its deposits. In accordance with New York State General Municipal Law and the County's Investment and Deposit Policy, all deposits of the County including certificates of deposits and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured by: a pledge of securities with an aggregate value equal to the aggregate amount of deposits. The County restricts the securities to the following eligible items; (a) obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation; (b) obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank; (c) obligations partially insured or guaranteed by any agency of the United States of America;

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

4. Deposits and Investments, con't.

(d) obligations issued or fully insured or guaranteed by the State of New York, obligations issued by municipal corporation, school district or district corporation of New York State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public monies; (e) obligations issued by states (other than the State of New York) of the United States rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization; (f) Obligations of Puerto Rico rated in the highest rating category by at least one Nationally Recognized Statistical Rating Organization; (g) obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the two highest categories by at least one Nationally Recognized Statistical Rating Organization; (h) obligations of domestic corporations rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization; and (i) Zero coupon obligations of the United States of America marketed as "treasury strips".

As of December 31, 2006, \$128.4 million of the County's bank balance of \$129.1 million was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2.9
Uninsured and collateral held by pledging bank's trust department not in the County's name	125.5

2. Investments

For Investments, custodial credit risk is the risk that a government will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The County's Investment and Deposit Policy requires that all investments be registered or insured in the County's name and held in the custody of the bank or the bank's trust department. The County requires that all repurchase agreements be limited to obligations of the United States of America or obligations whose principal and interest are fully guaranteed, or insured by the United States of America. At year end, the County had no custodial credit risk related to repurchase agreements since no repurchase agreements were purchased or outstanding during 2006.

D. Concentration of Credit Risk

The County places no limit on the amount that may be invested in any one issuer. At year end, the County had no investments.

5. Custodial Accounts

Custodial assets refer to cash and cash equivalents held by the County for a third party.

Hospital Fund

The Monroe Community Hospital holds \$463 thousand of funds owned by its patients and residents at the end of 2006.

6. Funds Held By Trustee

Funds held by trustee for the primary government refer to cash and investments held by a third party for the County. The Funds held by trustee are not subject to the County's Investment and Deposit Policy.

Solid Waste Fund

Funds held by trustee include funds required to be held and administered by the trustee, pursuant to the trust agreement for the various costs associated with the acquisition and lease payments of the Monroe County Recycling Center and for costs related to the construction of a pump station and force main in the Gates Chili Ogden Sewer District. The \$2.5 million in funds held by the trustee, Manufacturers and Traders Trust Company (M&T), is in Vision Treasury Money Market Fund, managed by M&T, which invests in direct obligations of the U.S. Treasury or repurchase agreements secured by Treasury obligations.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

7. Restricted Cash and Cash Equivalents

Certain County cash and cash equivalents, excluding funds held by trustee, custodial accounts, and securities and retained percentages at December 31, 2006 are restricted to the following uses (000's omitted):

Restricted Cash, Cash Equivalents and Investments	Capital Projects	Debt Service	Agency	Private Purpose Trust	Total
Governmental Activities:					
General Fund	\$ -	15,000	-	-	15,000
Nonmajor Governmental Funds:					
Debt Service	-	20,364	-	-	20,364
Capital Projects	18,482	-	-	-	18,482
Total Nonmajor Governmental Funds	18,482	20,364	-	-	38,846
Internal Service	4,194	318	-	-	4,512
Total Governmental Activities	22,676	35,682	-	-	58,358
Business-type Activities:					
Solid Waste	1,071	1,537	-	-	2,608
Airport	6,746	74	-	-	6,820
Hospital	669	-	-	-	669
Pure Waters	5,119	46	-	-	5,165
Total Business-type Activities	13,605	1,657	-	-	15,262
Fiduciary Funds	-	-	27,247	122	27,369
TOTAL	\$ 36,281	37,339	27,247	122	100,989

Restrictions for capital projects mainly represent funds raised through debt issuances for this purpose.

Restrictions for debt service represent interest earned, unexpended proceeds and/or other assets specifically required under New York State's Local Finance Law to reduce future debt service payments.

Restrictions for agencies is primarily composed of mortgage tax monies.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

8. **Receivables and Payables**

A. **Receivables**

At December 31, 2006 receivables are summarized as follows (000's omitted):

Receivables	Taxes and Assessments	Returned School Taxes	Other Accounts Receivable	Less Allowance for Doubtful Accounts	Total
Governmental Activities					
General Fund	\$ 23,510	19,135	2,524	-	45,169
Nonmajor Governmental:					
Special Revenue	-	-	1,258	-	1,258
Debt Service	-	-	28,234	(16,919)	11,315
Total Nonmajor Governmental	-	-	29,492	(16,919)	12,573
Internal Service	-	-	172	-	172
Total Governmental Activities	23,510	19,135	32,188	(16,919)	57,914
Business-type Activities:					
Solid Waste	-	-	17,948	-	17,948
Airport	-	-	30	-	30
Hospital	-	-	12,686	(635)	12,051
Pure Waters	-	-	680	-	680
Total Business-type Activities	-	-	31,344	(635)	30,709
Total Accounts Receivable	\$ 23,510	19,135	63,532	(17,554)	88,623

Accounts receivable at December 31, 2006 for governmental activities are comprised mainly of property taxes and assessments of \$23.5 million and returned school taxes of \$19.1 million. The nonmajor governmental funds receivable of \$29.5 million is comprised of an amount billed to the Greater Rochester Outdoor Sports Facility Corporation for stadium related debt service, of which \$16.9 million is in the allowance for doubtful accounts, and Tobacco Settlement Revenues due to MTASC of \$11.3 million. Business-type activity accounts receivable are comprised primarily of \$17.9 million attributable to the sale of operating rights in the solid waste fund; \$12.1 million, net relating to patient accounts and third-party settlements in the Hospital; and \$680 thousand of receivables in Pure Waters.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

8. **Receivables and Payables (continued)**

B. **Revenue Accruals**

Under the modified accrual basis of accounting, all major revenues of the County are considered "susceptible to accrual." Accordingly, property tax, sales tax, state and federal aid, and various grant program revenues are recorded in the accounting period in which they become available and objectively measurable. At the government-wide level, revenues are recorded when earned. At the fund level, revenues that are not available to finance current operations have been deferred.

Major revenues accrued by the County in the general fund at December 31, 2006 include: property taxes and assessments of \$23.5 million; returned school taxes of \$19.1 million; state and federal assistance for social services of \$60.6 million; other state and federal aid (including grants) of \$58.4 million; amounts due from local governments of \$13.5 million; and other accounts receivable of \$2.5 million.

C. **Accounts Payable and Accrued Liabilities**

The accounts payable and accrued liabilities balances in governmental activities include approximately 53 percent payable to vendors and 47 percent accrued salaries and benefits. The accounts payable and accrued liabilities in the business-type activities include approximately 83 percent payable to vendors, 17 percent accrued salaries and benefits.

The accounts payable and accrued liabilities balances in governmental funds include approximately 86 percent payable to vendors, 13 percent accrued salaries and benefits, and 1 percent for bid and security deposits. The accounts payable and accrued liabilities balances in proprietary funds approximate 90 percent payable to vendors and 10 percent accrued salaries and benefits.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

9. **Capital Assets**

Capital asset activity for the County's governmental activities consists of the following for the year ended December 31, 2006 (000's omitted):

Primary Government Governmental Activities	Beginning Balance	Additions	Capitalization of AUC	Retirements	Ending Balance
Nondepreciable Assets:					
Land	\$ 21,799	-	-	-	21,799
Assets under construction	21,560	15,916	(6,812)	-	30,664
Total Nondepreciable Assets	43,359	15,916	(6,812)	-	52,463
Depreciable Assets:					
Buildings	146,160	-	-	-	146,160
Infrastructure	880,238	6,073	-	(689)	885,622
Improvements other than Buildings	144,693	65	-	-	144,758
Machinery and Equipment	77,192	4,010	-	(4,665)	76,537
Total Depreciable Assets	1,248,283	10,148	-	(5,354)	1,253,077
Total Investments in Capital Assets	1,291,642	26,064	(6,812)	(5,354)	1,305,540
Less Accumulated Depreciation:					
Buildings	(62,460)	(4,085)	-	-	(66,545)
Infrastructure	(371,574)	(18,514)	-	371	(389,717)
Improvements other than Buildings	(61,214)	(8,010)	-	-	(69,224)
Machinery and Equipment	(47,641)	(7,749)	-	4,142	(51,248)
Total Accumulated Depreciation	(542,889)	(38,358)	-	4,513	(576,734)
CAPITAL ASSETS, NET	\$ 748,753	(12,294)	(6,812)	(841)	728,806

Assets under construction include work in progress on buildings and other equipment.

Depreciation expense was charged to functions/programs of the County for the year ended December 31, 2006 (000's omitted) as follows:

Governmental Activities:

General government	\$ 6,779
Public safety	8,832
Health and welfare	247
Culture, recreation and education	3,493
Transportation	18,932
Sanitation	75
Total	<u>\$ 38,358</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

9. **Capital Assets (continued)**

Capital asset activity of the County's business-type activities consists of the following for the year ended December 31, 2006 (000's omitted):

Total Business-type Activities	Beginning Balance	Additions	Capitalization of AUC	Retirements	Ending Balance
Nondepreciable Assets:					
Land	\$ 23,518	103	-	-	23,621
Assets under construction	24,803	30,569	(239)	-	54,673
Total Nondepreciable Assets	48,321	30,672	(239)	-	78,294
Depreciable Assets:					
Buildings	176,166	548	-	-	176,714
Infrastructure	688,270	23	-	-	688,293
Improvements other than Buildings	221,599	226	-	-	221,825
Machinery and Equipment	105,933	2,505	-	(70)	108,368
Total Depreciable Assets	1,191,968	3,302	-	(70)	1,195,200
Total Investments in Capital Assets	1,240,289	33,974	(239)	(70)	1,273,494
Less Accumulated Depreciation:					
Buildings	(97,104)	(6,772)	-	-	(103,876)
Infrastructure	(322,783)	(23,505)	-	-	(346,288)
Improvements other than Buildings	(95,956)	(12,511)	-	-	(108,467)
Machinery and Equipment	(90,581)	(2,970)	-	37	(93,514)
Total Accumulated Depreciation	(606,424)	(45,758)	(239)	37	(652,145)
CAPITAL ASSETS, NET	\$ 633,865	(11,784)	(239)	(33)	621,349

Assets under construction include work in progress on buildings and other equipment.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

9. **Capital Assets (continued)**

Capital asset activity of the County's solid waste enterprise fund consists of the following for the year ended December 31, 2006 (000's omitted):

Solid Waste	Beginning Balance	Additions	Capitalization of AUC	Retirements	Ending Balance
Business-type Activities:					
Nondepreciable Assets:					
Land	\$ 6,324	-	-	-	6,324
Assets under construction	689	526	-	-	1,215
Total Nondepreciable Assets	7,013	526	-	-	7,539
Depreciable Assets:					
Buildings	10,882	-	-	-	10,882
Improvements other than Buildings	56,457	-	-	-	56,457
Machinery and Equipment	2,669	-	-	-	2,669
Total Depreciable Assets	70,008	-	-	-	70,008
Total Investments in Capital Assets	77,021	526	-	-	77,547
Less Accumulated Depreciation:					
Buildings	(6,985)	(560)	-	-	(7,545)
Improvements other than Buildings	(27,091)	(2,858)	-	-	(29,949)
Machinery and Equipment	(1,604)	(183)	-	-	(1,787)
Total Accumulated Depreciation	(35,680)	(3,601)	-	-	(39,281)
CAPITAL ASSETS, NET	\$ 41,341	(3,075)	-	-	38,266

Assets under construction include work in progress on buildings and other equipment.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

9. **Capital Assets (continued)**

Capital asset activity of the County's airport enterprise fund consists of the following for the year ended December 31, 2006 (000's omitted):

Airport	Beginning Balance	Additions	Capitalization of AUC	Retirements	Ending Balance
Business-type Activities:					
Nondepreciable Assets:					
Land	\$ 15,516	103	-	-	15,619
Assets under construction	15,505	20,250	(469)	-	35,286
Total Nondepreciable Assets	31,021	20,353	(469)	-	50,905
Depreciable Assets:					
Buildings	22,430	467	-	-	22,897
Improvements other than Buildings	121,408	226	-	-	121,634
Machinery and Equipment	8,167	1,473	-	(14)	9,626
Total Depreciable Assets	152,005	2,166	-	(14)	154,157
Total Investments in Capital Assets	183,026	22,519	(469)	(14)	205,062
Less Accumulated Depreciation:					
Buildings	(8,135)	(1,102)	-	-	(9,237)
Improvements other than Buildings	(57,052)	(6,989)	-	-	(64,041)
Machinery and Equipment	(7,144)	(321)	-	12	(7,453)
Total Accumulated Depreciation	(72,331)	(8,412)	-	12	(80,731)
CAPITAL ASSETS, NET	\$ 110,695	14,107	(469)	(2)	124,331

Assets under construction include work in progress on buildings and other improvements.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

9. **Capital Assets (continued)**

Capital asset activity of the County's hospital enterprise fund consists of the following for the year ended December 31, 2006 (000's omitted):

Hospital	Beginning Balance	Additions	Capitalization of AUC	Retirements	Ending Balance
Business-type Activities:					
Nondepreciable Assets:					
Land	\$ 109	-	-	-	109
Assets under construction	147	571	(214)	-	504
Total Nondepreciable Assets	256	571	(214)	-	613
Depreciable Assets:					
Buildings	74,049	81	-	-	74,130
Infrastructure	2,413	23	-	-	2,436
Machinery and Equipment	40,939	363	-	-	41,302
Total Depreciable Assets	117,401	467	-	-	117,868
Total Investments in Capital Assets	117,657	1,038	(214)	-	118,481
Less Accumulated Depreciation:					
Buildings	(48,138)	(3,673)	-	-	(51,811)
Infrastructure	(2,084)	(50)	-	-	(2,134)
Machinery and Equipment	(34,803)	(1,105)	-	-	(35,908)
Total Accumulated Depreciation	(85,025)	(4,828)	-	-	(89,853)
CAPITAL ASSETS, NET	\$ 32,632	(3,790)	(214)	-	28,628

Assets under construction include work in progress on buildings and other improvements.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

9. **Capital Assets (continued)**

Capital asset activity of the County's pure waters enterprise fund consists of the following for the year ended December 31, 2006 (000's omitted):

Pure Waters	Beginning Balance	Additions	Capitalization of AUC	Retirements	Ending Balance
Business-type Activities:					
Nondepreciable Assets:					
Land	\$ 1,569	-	-	-	1,569
Assets under construction	8,462	9,222	(16)	-	17,668
Total Nondepreciable Assets	10,031	9,222	(16)	-	19,237
Depreciable Assets:					
Buildings	68,805	-	-	-	68,805
Infrastructure	685,857	-	-	-	685,857
Improvements other than Buildings	43,734	-	-	-	43,734
Machinery and Equipment	54,158	669	-	(56)	54,771
Total Depreciable Assets	852,554	669	-	(56)	853,167
Total Investments in Capital Assets	862,585	9,891	(16)	(56)	872,404
Less Accumulated Depreciation:					
Buildings	(33,846)	(1,437)	-	-	(35,283)
Infrastructure	(320,699)	(23,455)	-	-	(344,154)
Improvements other than Buildings	(11,813)	(2,664)	-	-	(14,477)
Machinery and Equipment	(47,030)	(1,361)	-	25	(48,366)
Total Accumulated Depreciation	(413,388)	(28,917)	-	25	(442,280)
CAPITAL ASSETS, NET	\$ 449,197	(19,026)	(16)	(31)	430,124

Assets under construction include work in progress on buildings and other improvements.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. Indebtedness and Certain Long-term Obligations

A. Short Term Indebtedness

In total, the County had an outstanding amount of \$137.1 million in notes payable at December 31, 2006. The County issued \$52.1 million in bond anticipation notes (BANS) for various capital projects, in anticipation of securing bonds.

In 2006, the County issued \$71.0 million of revenue anticipation notes (RANs) to fund operations in the general fund. This was due to delays in the receipt of state and federal aid for numerous programs and projects, creating a cash flow problem. The County also issued \$14.0 million of revenue anticipation notes (RANs) for the Monroe Community Hospital enterprise fund. This was due to a cash flow problem from delays in receipt of reimbursements.

The following is a summary of changes in notes payable for the year ended December 31, 2006 (000's omitted):

Notes Payable	Beginning Balance	Additions	Deductions	Ending Balance
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
Capital Project Funds-Bond Anticipation Notes	\$ 4,870	21,635	(4,870)	21,635
Internal Service Funds-Bond Anticipation Notes	1,370	5,805	(1,370)	5,805
General Fund-Revenue Anticipation Notes	<u>45,000</u>	<u>71,000</u>	<u>(45,000)</u>	<u>71,000</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>51,240</u>	<u>98,440</u>	<u>(51,240)</u>	<u>98,440</u>
BUSINESS-TYPE ACTIVITIES:				
Solid Waste-Bond Anticipation Notes	130	130	(130)	130
Airport-Bond Anticipation Notes	5,930	9,820	(5,930)	9,820
Hospital-Bond Anticipation Notes	820	860	(820)	860
Hospital-Revenue Anticipation Notes	10,000	14,000	(10,000)	14,000
Pure Waters-Bond Anticipation Notes	<u>6,050</u>	<u>13,840</u>	<u>(6,050)</u>	<u>13,840</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>22,930</u>	<u>38,650</u>	<u>(22,930)</u>	<u>38,650</u>
TOTAL NOTES PAYABLE	<u>\$ 74,170</u>	<u>137,090</u>	<u>(74,170)</u>	<u>137,090</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. Indebtedness and Certain Long-term Obligations (continued)

The following is a summary of notes payable at December 31, 2006 (000's omitted):

Notes Payable	Issue Date	Interest Rate	Final Maturity	Amount
PRIMARY GOVERNMENT				
GOVERNMENTAL ACTIVITIES:				
General Fund:				
Revenue Anticipation Notes	11/01/06	4.00%	04/16/07	\$ 71,000
Internal Service Funds:				
Public Improvement Bond Anticipation Notes	07/19/06	4.75%	07/18/07	1,850
Public Improvement Bond Anticipation Notes	12/20/06	4.00%	07/18/07	3,955
Capital Projects Funds:				
Public Improvement Bond Anticipation Notes	07/19/06	4.75%	07/18/07	7,760
Public Improvement Bond Anticipation Notes	12/20/06	4.00%	07/18/07	<u>13,875</u>
TOTAL GOVERNMENTAL ACTIVITIES				<u>98,440</u>
BUSINESS-TYPE ACTIVITIES:				
Solid Waste:				
Public Improvement Bond Anticipation Notes	12/20/06	4.00%	07/18/07	130
Airport:				
Public Improvement Bond Anticipation Notes	07/19/06	4.75%	07/18/07	3,090
Public Improvement Bond Anticipation Notes	12/20/06	4.00%	07/18/07	6,730
Hospital:				
Public Improvement Bond Anticipation Notes	12/20/06	4.00%	07/18/07	860
Revenue Anticipation Notes	11/01/06	4.00%	04/16/07	14,000
Pure Waters:				
Public Improvement Bond Anticipation Notes	07/19/06	4.75%	07/18/07	6,690
Public Improvement Bond Anticipation Notes	12/20/06	4.00%	07/18/07	<u>7,150</u>
TOTAL BUSINESS-TYPE ACTIVITIES				<u>38,650</u>
TOTAL NOTES PAYABLE				<u>\$ 137,090</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10 . **Indebtedness and Certain Long-term Obligations (continued)**

B. Long-term Liabilities

The following is a summary of long-term liabilities for the primary government at December 31, 2006 (000's omitted):

Long-term Liabilities	Beginning Balance	Additions	Deductions	Current Portion	Long term Portion
GOVERNMENTAL ACTIVITIES:					
Capital Leases Payable	\$ 912	65	(504)	(246)	227
Bonds Payable	500,252	14,579	(22,445)	(25,712)	466,674
Other Long-term Liabilities:					
Due to New York State Retirement System	14,902	-	(2,644)	-	12,258
Compensated Absences	20,162	4,650	-	(17,570)	7,242
Total Other Long-term Liabilities	<u>35,064</u>	<u>4,650</u>	<u>(2,644)</u>	<u>(17,570)</u>	<u>19,500</u>
Total Long-term Liabilities	<u>\$ 536,228</u>	<u>19,294</u>	<u>(25,593)</u>	<u>(43,528)</u>	<u>486,401</u>
BUSINESS-TYPE ACTIVITIES:					
Capital Leases Payable	\$ 5,200	-	(785)	(785)	3,630
Bonds Payable	182,119	-	(15,008)	(14,593)	152,518
Patient funds held in trust	455	8	-	-	463
Other Long-term Liabilities:					
Due to New York State Retirement System	666	-	(333)	-	333
Compensated Absences	1,500	316	-	-	1,816
Total Other Long-term Liabilities	<u>2,166</u>	<u>316</u>	<u>(333)</u>	<u>-</u>	<u>2,149</u>
Total Long-term Liabilities	<u>\$ 189,940</u>	<u>324</u>	<u>(16,126)</u>	<u>(15,378)</u>	<u>158,760</u>

There is no current portion of the amount Due to New York State Retirement System in the statement of net assets as the next payment to the New York State Retirement System is not due until February 1, 2008. The current portion of compensated absences is included in accounts payable and accrued liabilities in the statement of net assets.

The County borrows funds on a long-term basis for the purpose of financing acquisitions of land, equipment, construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. The liability for long-term debt for governmental funds appears on the government-wide statements, and is shown on the reconciliation between the fund level and the government-wide statements. The liability for long-term debt for proprietary funds is presented in the statements both at the government-wide and the fund level. Interest expense for business-type activities that is directly related to the enterprise fund is included as a direct function expense.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. Indebtedness and Certain Long-term Obligations (continued)

The following is a summary of changes in bonds payable for the year ended December 31, 2006 (000's omitted):

Bonds Payable	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES:					
Governmental Funds	\$ 462,075	14,579	(15,613)	461,041	20,192
Internal Service Funds	38,177	-	(6,832)	31,345	5,520
TOTAL GOVERNMENTAL ACTIVITIES	500,252	14,579	(22,445)	492,386	25,712
BUSINESS-TYPE ACTIVITIES:					
Solid Waste	34,165	-	(2,771)	31,394	3,159
Airport	11,351	-	(713)	10,638	835
Hospital	31,640	-	(3,365)	28,275	3,508
Pure Waters	104,963	-	(8,159)	96,804	7,091
TOTAL BUSINESS TYPE ACTIVITIES	182,119	-	(15,008)	167,111	14,593
TOTAL PRIMARY GOVERNMENT	\$ 682,371	14,579	(37,453)	659,497	40,305

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

The following is a summary of serial bonded indebtedness for the year ended December 31, 2006 (000's omitted):

Bonds Payable (continued)	Original Amount	Date of Bonds	Interest Rate	Final Maturity	Outstanding Amount
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES:					
Governmental Funds					
Bonds issued by the County:					
Public Improvement-1992	\$ 62,377	03/01/92	6.10%	2012	\$ 25
Public Improvement-1993	59,293	08/19/93	5.00%/5.10%	2013	6,936
Public Improvement-1994	28,731	08/24/94	5.875%/6.50%	2016	17
Public Improvement-1995	28,077	06/08/95	5.15%/6.15%	2009	7,152
Public Improvement-1996	33,313	07/02/96	5.30%/6.00%	2016	8,683
Public Improvement Refunding-1996A	56,613	12/01/96	5.125%/6.00%	2019	11,067
Public Improvement Refunding-1996B	13,984	12/01/96	5.00%/5.50%	2012	2,370
Water Improvement Refunding-1996C	8,720	12/01/96	4.75%/5.25%	2017	3,175
Water Improvement Refunding-1996E	12,120	12/01/96	4.75%	2007	220
Public Improvement-1997A	25,580	12/01/97	4.70%/5.00%	2017	9,221
Public Improvement-1999	37,055	05/27/99	4.375%/4.50%	2015	17,279
Public Stadium-1999	13,550	05/27/99	7.00%/7.10%	2024	11,735
Public Improvement-2002	61,091	03/14/02	3.44%/5.00%	2019	36,992
Public Improvement-2003	37,152	07/24/03	4.00%/4.50%	2023	25,361
General Obligation-2004	36,385	10/21/04	4.00%/5.00%	2014	28,956
Public Improvement-2005	29,369	07/15/05	4.125%/4.25%	2025	28,810
					<u>197,989</u>
Add: Accretion of capital appreciation bonds					2,605
Unamortized bond premium					2,103
Less: Unamortized loss on refinancing					<u>(1,240)</u>
Total issued by the County					<u>201,457</u>
Bonds issued by MTASC:					
Series-2005	220,820	08/01/05	5.00%/6.65%	2060	220,820
Series-2006	14,579	02/07/06	7.70%	2061	<u>14,579</u>
Total issued by MTASC					<u>234,315</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

Bonds Payable (continued)	Original Amount	Date of Bonds	Interest Rate	Final Maturity	Outstanding Amount
Bonds issued by the County for Monroe Community College:					
Public Improvement-1993	\$ 13,969	08/19/93	4.80%/5.10%	2013	\$ 3,167
Public Improvement-1995	425	06/08/95	5.00%/7.00%	2009	121
Public Improvement-1996	1,014	07/02/96	5.20%/6.00%	2016	309
Public Improvement Refunding-1996A	2,895	12/01/96	5.50%/6.00%	2019	529
Public Improvement-1997A	3,400	12/01/97	4.70%/5.00%	2017	2,006
Public Improvement-1999	1,395	05/27/99	4.25%/4.50%	2015	601
Public Improvement-2002	10,506	03/14/02	2.212%/4.982%	2019	6,038
Public Improvement-2003	8,557	07/24/03	3.00%/4.50%	2023	6,222
General Obligation-2004	4,823	10/21/04	3.00%/5.00%	2014	4,823
Public Improvement-2005	1,328	07/15/05	4.125%/4.25%	2025	1,292
					<u>25,108</u>
Add: Unamortized bond premium					185
Less: Unamortized loss on refinancing					<u>(24)</u>
Total issued by the County for Monroe Community College					25,269
Total Governmental Funds					<u>461,041</u>
Internal Service Funds					
Public Improvement-1993	4,345	11/15/92	4.80%/5.10%	2013	234
Public Improvement-1995	4,868	06/08/95	5.00%/7.00%	2009	767
Public Improvement-1996	7,495	07/02/96	5.20%/6.00%	2016	1,322
Public Improvement Refunding-1996A	6,128	12/01/96	5.50%/6.00%	2019	605
Public Improvement-1997A	6,616	12/01/97	4.70%/5.00%	2017	6
Public Improvement-1999	21,025	05/27/99	4.25%/4.50%	2015	6,873
Public Improvement-2002	9,646	03/14/02	2.21%/4.98%	2019	6,073
Public Improvement-2003	2,401	07/24/03	3.00%/4.50%	2023	811
General Obligation-2004	8,555	10/21/04	3.00%/5.00%	2014	5,122
Public Improvement-2005	8,880	07/15/05	4.125%/4.25%	2025	8,731
					<u>30,544</u>
Add: Accretion of capital appreciation bonds					838
Less: Unamortized loss on refinancing					<u>(37)</u>
Total Internal Service Funds					<u>31,345</u>
TOTAL GOVERNMENTAL ACTIVITIES					<u><u>\$492,386</u></u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

Bonds Payable (continued)	Original Amount	Date of Bonds	Interest Rate	Final Maturity	Outstanding Amount
BUSINESS-TYPE ACTIVITIES:					
Bonds issued by the County:					
Solid Waste Fund					
Public Improvement-1989B	\$ 5,696	06/01/89	7.00%	2009	\$ 45
Public Improvement-1993	5,528	08/19/93	4.80%/5.10%	2013	620
Public Improvement-1993B	12,367	09/15/93	4.65%/5.20%	2013	30
Public Improvement-1994	59,717	08/24/94	5.35%/6.50%	2016	709
Public Improvement-1995	715	06/08/95	5.00%/7.00%	2009	175
Public Improvement Refunding-1995	15,005	06/01/95	5.20%	2015	7,985
Public Improvement-1996	2,850	07/20/96	5.20%/6.00%	2016	157
Public Improvement Refunding-1996A	46,343	12/01/96	5.50%/6.00%	2019	7,474
Public Improvement Refunding-1996B	15,471	12/01/96	5.00%/5.50%	2012	6,135
Public Improvement-1997A	5,714	12/01/97	4.70%/5.00%	2017	1,480
Public Improvement-1999	6,825	05/27/99	4.25%/4.50%	2015	702
Public Improvement-2002	15,359	03/14/02	2.28%/5.00%	2019	140
Public Improvement-2005	4,570	07/15/05	4.125%/4.25%	2025	4,431
					<u>30,083</u>
Add: Accretion of capital appreciation bonds					1,984
Less: Unamortized loss on refinancing					<u>(673)</u>
Total Solid Waste Fund					<u>31,394</u>
Airport Fund					
Public Improvement-1997A	5,714	12/01/97	4.70%/5.00%	2017	660
Public Improvement-1999	6,825	05/27/99	4.25%/4.50%	2015	1,236
Public Improvement-2002	15,359	03/14/02	2.28%/5.00%	2019	2,763
Public Improvement-2003	2,825	07/24/03	3.00%/4.50%	2023	2,470
Public Improvement-2005	3,555	07/15/05	4.125%/4.25%	2025	3,515
					<u>10,644</u>
Less: Unamortized loss on refinancing					<u>(6)</u>
Total Airport Fund					<u>10,638</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

Bonds Payable (continued)	Original Amount	Date of Bonds	Interest Rate	Final Maturity	Outstanding Amount
Hospital Fund					
Public Improvement-1989B	\$ 5,696	06/01/89	7.00%	2009	\$ 30
Public Improvement-1992	38,456	03/01/92	6.10%	2012	320
Public Improvement-1993	5,528	08/19/93	4.80%/5.10%	2013	428
Public Improvement-1994	59,717	08/24/94	5.35%/6.50%	2016	653
Demand Bonds-1997	37,915	12/01/97	3.80%/4.70%	2013	19,600
Public Improvement-1999	6,825	05/27/99	4.25%/4.50%	2015	1,134
Public Improvement-2002	15,359	03/14/02	2.28%/5.00%	2019	3,621
Public Improvement-2003	1,545	07/24/03	3.00%/4.50%	2023	1,005
Public Improvement-2005	1,515	07/15/05	4.125%/4.25%	2025	<u>1,484</u>
Total Hospital Fund					<u>28,275</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

Bonds Payable (continued)	Original Amount	Date of Bonds	Interest Rate	Final Maturity	Outstanding Amount
Pure Waters Fund					
Pure Waters Districts-1990A	5,000	12/01/90	6.90%/7.20%	2010	1,170
Pure Waters Districts -1990B	12,215	12/01/90	6.90%/7.20%	2011	3,535
Pure Waters Districts Refunding-1992B	20,680	11/15/92	5.60%/5.90%	2007	1,200
Public Improvement-1993B	12,367	09/15/93	4.65%/5.20%	2013	3,080
Public Improvement-1994	59,217	08/24/94	5.35%/6.50%	2016	20
Public Improvement-1996	2,850	07/20/96	5.20%/6.00%	2016	526
Public Improvement Refunding-1996A	46,343	12/01/96	5.50%/6.00%	2019	23,830
Public Improvement-1997A	5,714	12/01/97	4.70%/5.00%	2017	1,137
Environmental Improvement Bonds-1999	16,046	03/03/99	3.65%/4.91%	2018	10,440
Environmental Improvement Bonds-2001	19,999	07/26/01	3.32%/5.15%	2021	15,880
Environmental Improvement Bonds-2002	2,287	03/14/02	2.21%/4.98%	2021	1,770
Public Improvement-2002	15,359	03/14/02	2.28%/5.00%	2019	6,105
Public Improvement-2003	2,020	07/24/03	3.00%/4.50%	2023	1,786
General Obligation-2004	1,242	10/21/04	3.00%/5.00%	2014	1,229
Public Improvement-2005	25,698	07/15/05	4.125%/4.25%	2025	24,885
					<u>96,593</u>
Add: Accretion of capital appreciation bonds					305
Less: Unamortized loss on refinancing					<u>(94)</u>
Total Pure Waters Fund					<u>96,804</u>
TOTAL BUSINESS-TYPE ACTIVITIES					<u>167,111</u>
TOTAL PRIMARY GOVERNMENT					<u>\$659,497</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

C. **Future Debt Service**

The following is a schedule of annual principal and interest payments on bonds outstanding for the primary government as of December 31, 2006 (000's omitted):

Principal and Interest Payments	Governmental Activities		Business-Type Activities				Total Primary Government
	Governmental Funds	Internal Service	Solid Waste	Airport	Hospital	Pure Waters	
PRINCIPAL							
2007	\$ 20,192	5,520	3,159	835	3,508	7,091	40,305
2008	22,909	3,427	3,325	859	3,501	6,079	40,100
2009	24,329	3,584	3,435	890	3,677	6,640	42,555
2010	22,654	3,289	3,345	939	3,746	6,764	40,737
2011	17,779	1,290	3,328	598	3,551	6,682	33,228
2012-2016	72,620	7,509	11,218	3,132	8,490	32,040	135,009
2017-2021	32,870	4,017	1,306	2,566	1,477	25,642	67,878
2022-2026	13,373	2,709	2,278	819	325	5,866	25,370
2027-2031	35,580	-	-	-	-	-	35,580
2032-2036	-	-	-	-	-	-	-
2037-2041	63,100	-	-	-	-	-	63,100
2042-2046	91,120	-	-	-	-	-	91,120
2047-2051	5,387	-	-	-	-	-	5,387
2052-2056	8,923	-	-	-	-	-	8,923
2057-2061	<u>30,205</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,205</u>
TOTAL PRINCIPAL	<u>461,041</u>	<u>31,345</u>	<u>31,394</u>	<u>10,638</u>	<u>28,275</u>	<u>96,804</u>	<u>659,497</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

10. **Indebtedness and Certain Long-term Obligations (continued)**

Principal and Interest Payment	Governmental Activities		Business-Type Activities				Total Primary Government
	Governmental Funds	Internal Service	Solid Waste	Airport	Hospital	Pure Waters	
INTEREST							
2007	21,061	1,480	1,427	441	1,177	4,634	30,220
2008	20,171	1,356	1,361	406	1,030	4,305	28,629
2009	19,230	1,198	1,213	368	877	3,986	26,872
2010	17,685	727	974	330	714	3,740	24,170
2011	16,521	629	818	297	551	3,405	22,221
2012-2016	71,775	2,134	2,339	1,094	964	11,910	90,216
2017-2021	60,393	773	335	417	188	3,845	65,951
2022-2026	54,073	163	82	69	28	471	54,886
2027-2031	43,566	-	-	-	-	-	43,566
2032-2036	42,499	-	-	-	-	-	42,499
2037-2041	40,526	-	-	-	-	-	40,526
2042-2046	7,598	-	-	-	-	-	7,598
2047-2051	66,578	-	-	-	-	-	66,578
2052-2056	193,791	-	-	-	-	-	193,791
2057-2061	<u>1,531,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,531,395</u>
TOTAL INTEREST	<u>2,206,862</u>	<u>8,460</u>	<u>8,549</u>	<u>3,422</u>	<u>5,529</u>	<u>36,296</u>	<u>2,269,118</u>
TOTAL PRINCIPAL AND INTEREST	<u>\$ 2,667,903</u>	<u>39,805</u>	<u>39,943</u>	<u>14,060</u>	<u>33,804</u>	<u>133,100</u>	<u>2,928,615</u>

Approximately \$399.7 million of the total County debt service principal is anticipated to be financed by user charges or tobacco settlement revenues. The remainder will be financed through the real property tax levy, general County revenues or existing reserves available for the retirement of debt. All proprietary fund debt is secured by the County's full faith and credit.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

D. Advance Refunding/Defeased Debt

At December 31, 2006, the County's total outstanding defeased debt is as follows (000's omitted):

Public Improvement-1993 Series B	\$	1,810
Public Improvement-1994 (Current Interest)		9,680
Public Improvement-1994 (Capital Appreciation)		2,574
Public Improvement-1996 (Current Interest)		3,325
Public Improvement Refunding-1996 Series B		2,835
Water Improvement-1996 Series C		1,055
Public Improvement-1997 Series A		1,550
Public Improvement-1999		2,700
Public Improvement-2002		16,350
Public Improvement-2003		8,945
MTASC – Series 2000		<u>150,800</u>
Total	\$	<u>201,624</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

11. Leases

A. Capital Lease Agreements - Enterprise Fund - Solid Waste

The County entered into a lease purchase agreement to finance the construction of a solid waste materials recycling and processing facility which is included in the solid waste fund, an enterprise fund of the County. Certificates of participation in the amount of \$11.3 million were issued on March 27, 1991 in connection with the lease purchase agreement. Each certificate represents a proportionate interest of the holder thereof in base rent payment to be made by the County pursuant to the lease. Facilities purchased under the capitalized lease arrangements relating to the enterprise fund have been recognized with an initial value of \$9.0 million and accumulated amortization of \$6.3 million at December 31, 2006. The future minimum base rental payments under this capitalized lease together with the present value of the net minimum base rental payments at December 31, 2006 are as follows (000's omitted):

<u>Year</u>	
2007	\$ 1,189
2008	1,189
2009	1,188
2010	1,191
2011	<u>593</u>
Total minimum lease payments	5,350
Less amounts representing interest at 8.05%	<u>(935)</u>
Present value of net minimum lease payments	<u>\$ 4,415</u>

The certificates of participation are not legally considered long-term debt of the County as the County's obligation under the certificates is limited to one year's rental under the lease purchase agreement.

B. Capital Lease Agreements – Internal Service Funds

Equipment under capitalized lease arrangements relating to the internal service funds has been recognized with an initial value of \$1.2 million and accumulated amortization of \$0.5 million at December 31, 2006. The following is a schedule of the future minimum lease payments under the capitalized leases together with the present value of the net minimum lease payments as of December 31, 2006 (000's omitted):

<u>Year</u>	
2007	\$ 330
2008	170
2009	66
2010	27
2011	<u>14</u>
Total minimum lease payments	607
Less amounts representing interest at rates ranging from 2.0% to 3.5%	<u>(134)</u>
Present value of net minimum lease payments	<u>\$ 473</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

C. Operating Leases – Enterprise Funds

Under an operating lease agreement between the County's Pure Waters District and the City of Rochester, the district has assumed an obligation to reimburse the City for all debt service payments made by the City for its indebtedness related to sewer facilities leased to the fund. The future minimum rental payments required under this arrangement are as follows (000's omitted):

<u>Year</u>	
2007	\$ 569
2008	478
2009	436
2010	250
2011	<u>125</u>
Total	\$ <u>1,858</u>

Payments made under the agreement totaled \$632 thousand in 2006.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

12. Employee Pension Plans

A. Monroe County

The County participates in the New York State and Local Employees' Retirement System (ERS) and New York State Police and Firefighters Retirement System (PFRS). Both ERS and PFRS are cost-sharing multiple-employee retirement plans that provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of ERS and PFRS. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of ERS and PFRS and for the custody and control of their funds. ERS and PFRS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244-0001.

ERS and PFRS are noncontributory except for employees who joined the New York State and Local Employee's Retirement System after July 27, 1976 and have less than ten years of credited service. These members contribute 3% of their salary. Prior to October 2000, all County and Water Authority employees who joined after July 27, 1976 were required to contribute 3%, but the laws were modified to forgive the 3% contribution for those with ten or more years of service time. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

ERS and PFRS effective with Chapter 260, Laws of 2004, have changed the payment due date for participating employers from December 15th of the current year to February 1st of the subsequent year. The change in the Law also provides participating employers alternative financing options. These options include: (1) amortizing a portion of the cost, based on a graduated scale, with the ERS or PFRS over 5 or 10 years, interest for the amortization is based on a rate established by the Comptroller using current market rates; (2) allowing participating employers to bond the costs.

The County of Monroe is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years for ERS and PFRS were as follows (000's omitted):

<u>Year</u>	<u>ERS</u>	<u>PFRS</u>
2006	\$ 28,905	\$ 227
2005	48,365	317
2004	-	-

The County's contributions made to ERS and PFRS were equal to 100% of the contributions required for each year.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

12. Employee Pension Plans (continued)

Pursuant to Chapter 30 of the Laws of 1996, the State Legislature authorized local governments to make available retirement incentive programs. Pursuant to Chapter 86, Laws of 2001, the State Legislature authorized local governments to again make available early retirement incentive programs. The County declined to offer such a program in 2001. The County participated in the 2002 early retirement program and elected to pay an annual amount of \$2.3 million beginning in 2003, and each subsequent year until 2007. There was no State offered retirement incentives in 2003. Chapter 260, Laws of 2004, have changed the payment due date for participating employers from December 15th of the current year to February 1st of the subsequent year. The change in the Law also provides participating employers alternative financing options. These options include: (1) amortizing a portion of the cost, based on a graduated scale, with the ERS or PFRS over 5 or 10 years, interest for the amortization is based on a rate established by the Comptroller using current market rates; (2) allowing participating employers to bond the costs. In 2004, the County elected to amortize a portion of retirement costs over 10 years. There were no State offered retirement incentives in 2006. The County elected to pay the retirement system invoice of \$29.1 million on December 15, 2006, resulting in a prepayment of \$4.6 million recognized in the governmental funds. The following is a breakdown of the retirement liability as of December 31, 2006 by activity (000's omitted):

Retirement Liability	Year	2002	2004	Total
		Early Incentive	Elective Deferral	
GOVERNMENTAL ACTIVITIES:				
	2007	\$ -	-	-
	2008	1,932	1,192	3,124
	2009	-	1,101	1,101
	2010	-	1,157	1,157
	2011	-	1,214	1,214
	2012	-	1,275	1,275
	2013	-	1,339	1,339
	2014	-	1,428	1,428
	2015	-	1,620	1,620
Total Governmental Activities		<u>1,932</u>	<u>10,326</u>	<u>12,258</u>
BUSINESS-TYPE ACTIVITIES:				
	2007	-	-	-
	2008	<u>333</u>	<u>-</u>	<u>333</u>
Total Business-type Activities		<u>333</u>	<u>-</u>	<u>333</u>
TOTAL RETIREMENT LIABILITY		<u>\$ 2,265</u>	<u>10,326</u>	<u>12,591</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

13. Post-Employment Health Care Benefits

In addition to providing pension benefits under collective bargaining agreements, the County must provide certain health care benefits for retired employees. Employees may become eligible for those benefits if they reach normal retirement age while working for the County. Similar benefits for active employees are provided. The cost of providing health care benefits to 2,385 retirees was \$16.0 million, or 37.4% of the total amount paid for the year ended December 31, 2006. The County records the cost of these benefits on a pay-as-you-go basis.

14. Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and recognizes revenue. All other interfund transactions are treated as transfers.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

14. **Interfund Activity (continued)**

A. **Receivables and Payables**

Ninety percent of the amount due to the general fund is a result of the overdraft of other funds' share of pooled cash, and ten percent is a result of initial financing of capital projects. The following is a summary of interfund receivables and payables as of December 31, 2006 (000's omitted):

Interfund Receivables	<u>Governmental Activities</u>		<u>Business Type Activities</u>	<u>Governmental Activities</u>		Total
	General Fund	Special Revenue – Non Major Road Fund	Enterprise Airport	Internal Service Fund	Fiduciary Funds - Agency	
Interfund Payables						
Governmental Activities:						
General Fund	\$ -	-	-	-	-	-
Nonmajor Governmental Funds:						
Special Revenue - Road	2,100	-	-	-	-	2,100
Capital Projects	<u>1,931</u>	<u>1,426</u>	-	-	-	<u>3,357</u>
Total Nonmajor Governmental Funds	<u>4,031</u>	<u>1,426</u>	-	-	-	<u>5,457</u>
Internal Service Funds	-	-	3	-	-	3
Total Governmental Activities	<u>4,031</u>	<u>1,426</u>	<u>3</u>	-	-	<u>5,460</u>
Business-type Activities:						
Major Funds:						
Solid Waste	3,200	-	-	-	-	3,200
Airport	3,600	-	-	-	-	3,600
Hospital	6,000	-	-	-	-	6,000
Energy	<u>1,600</u>	-	-	-	-	<u>1,600</u>
Total Business-type Activities	<u>14,400</u>	-	-	-	-	<u>14,400</u>
Total Governmental/ Business-type Activities	\$ <u>18,431</u>	<u>1,426</u>	<u>3</u>	-	-	<u>19,860</u>

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

14. **Interfund Activity (continued)**

B. **Transfers**

In February 2006, the Non-major Governmental Funds, Debt Service – MTASC, transferred \$13.8 million to the General Fund. The amount transferred was the result of MTASC securitized additional Tobacco Settlement Revenues (TSR's). This transaction resulted in the General Fund recognizing a transfer in of \$13.8 million in 2006.

One hundred percent of transfers to road and library funds were from revenues collected in the general fund to finance various programs within the road and library funds. One hundred percent of transfers to the debt service fund are the result of moving receipts restricted to debt service to fund debt service payments as they come due. The following is a summary of interfund transfers for the year ended December 31, 2006 (000's omitted):

Interfund Transfers to:	Governmental Activities					Total
	General Fund	Non-major Governmental Funds		Debt Service Funds	Internal Service Funds	
		Special Revenue Funds	Road			
Interfund Transfers From:						
Governmental activities:						
General Fund	\$ -	15,817	6,981	12,284	1,570	36,652
Nonmajor Governmental Funds:						
Special Revenue:						
Road	-	-	-	6,989	-	6,989
Library	152	-	-	360	-	512
Debt Service - MTASC	13,810	-	-	-	-	13,810
Capital Projects	-	-	-	3,176	-	3,176
Total Nonmajor Governmental Funds	13,962	15,817	6,981	10,525	1,570	24,487
Internal Service Funds	990	-	-	-	-	990
Total Governmental activities	14,952	15,817	6,981	22,809	1,570	62,129
Business-type activities:						
No transfers in 2006	-	-	-	-	-	-
Total Transfers	\$ 14,952	15,817	6,981	22,809	1,570	62,129

15. **Miscellaneous Revenue**

At December 31, 2006 the miscellaneous revenue for the primary government's business-type activities as reported on the statement of activities consists of \$7.9 million in the solid waste fund for the sale of recycled materials and waste refuse complex fees and \$1.7 million in the hospital fund for Medicaid reimbursement as an offset to the cash receipts assessment program.

COUNTY OF MONROE, NEW YORK
Notes to Basic Financial Statements
Year Ended December 31, 2006

16. Federal and State Funded Programs

The County participates in a number of Federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial. Expenditures disallowed by completed audits have generally been immaterial in nature and, accordingly, have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable.

17. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The internal service fund (risk management) is used to account for and finance the County's uninsured risks of loss. Under this program, the risk management fund provides self-insurance coverage for up to a maximum of \$2 million for each workers compensation claim. The County purchases commercial insurance for claims in excess of self-insurance coverage provided by the fund and all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past ten fiscal years.

All funds of the County participate in the program and make payments to the internal service fund. Payments from other funds and the component unit are determined by two methods. The first method reimburses the risk management fund for "small claims" (those under \$10 thousand) by assessment against County organizations based upon actual claims history for the preceding three years (a rolling average). The second method results in charges to County organizations based upon two factors: the number of vehicles assigned to the organization and the total payroll for the organization. The estimated accrued claims of \$19.8 million reported in the internal service fund at December 31, 2006 is based upon the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. All liabilities are recorded at their value as of December 31, 2006. Changes in the fund's accrued claims liabilities for the last two years were (000's omitted):

<u>Year</u>	<u>Beginning of Year Balance</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Balance</u>
2006	\$16,484	10,980	(7,638)	\$19,826
2005	12,429	11,940	(7,885)	16,484

Included in the Internal Services Fund liabilities at December 31, 2006 is \$1.7 million, which is the amount, estimated by the County's attorney of general liability claims which are probable of settlement and \$18.1 million representing amounts payable for workers compensation claims reported and those claims incurred but not yet reported. The County utilizes a third party administrator who is responsible for processing claims and estimating liabilities under this coverage.

In addition to the self-insured risks noted above, the County is also self-insured for any malpractice claims against the Hospital. As of December 31, 2006 there were no material claims pending against the Hospital. The County is also a defendant in various claims and litigation. Although the outcomes of these matters are not presently determinable, in the opinion of the County Attorney, the County is adequately covered through its insurance and self-insurance programs described above.

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**REQUIRED
SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

COUNTY OF MONROE, NEW YORK
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICIT)
GENERAL FUND - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Real property tax levy and delinquencies	\$ 305,171	305,171	309,520	4,349
Sales tax	122,109	122,109	121,250	(859)
Federal aid	86,066	127,932	116,339	(11,593)
State aid	197,323	233,826	209,816	(24,010)
Charges for services	19,949	19,949	18,831	(1,118)
Intergovernmental	15,722	15,722	16,087	365
Interdepartmental	7,560	8,029	2,032	(5,997)
Use of money and property	7,123	7,123	9,170	2,047
Repayments and refunds	17,163	17,163	15,297	(1,866)
Payments in lieu of taxes	5,640	5,640	6,304	664
Miscellaneous	12,375	27,361	20,817	(6,544)
Total revenues	796,201	890,025	845,463	(44,562)
EXPENDITURES				
Health and welfare	503,573	571,093	547,566	23,527
Public safety	160,709	180,924	171,032	9,892
Culture, recreation and education	48,878	51,406	51,913	(507)
General government	33,661	38,980	36,976	2,004
Transportation	3,524	3,524	3,524	---
Sanitation	---	32	---	32
Total expenditures	750,345	845,959	811,011	34,948
Excess (deficiency) of revenues over expenditures	45,856	44,066	34,452	(9,614)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	1,142	(858)
Transfers out	(54,456)	(52,666)	(50,502)	2,164
Total other financing sources (uses)	(52,456)	(50,666)	(49,360)	1,306
Appropriation of prior years' fund balance	6,600	6,600	---	(6,600)
Excess (deficiency) of revenues, other financing sources and special items over expenditures and other financing uses - budget basis	<u>\$ ---</u>	<u>-</u>	<u>(14,908)</u>	<u>(14,908)</u>
Add: Encumbrances at end of year included in actual			6,688	
Adjust for changes in:				
taxes and assessments			1,895	
returned school taxes			2,140	
due from other governments			5,865	
accounts payable and accrued liabilities			(5,684)	
due to other governments			(2,939)	
unearned revenue			(4,010)	
Less: Expenditure of prior year's encumbrances			(3,382)	
Excess of revenues and other financing sources over expenditures and other financing uses - GAAP basis			(14,335)	
Fund deficit at beginning of year			14,852	
Fund balance at end of year			<u>\$ 517</u>	

See accompanying notes to required supplementary information

COUNTY OF MONROE, NEW YORK

Notes to Required Supplementary Information (Unaudited)

Year Ended December 31, 2006

Budgetary Basis Reporting

The procedures governing the preparation, submission and adoption of the County's annual budget are stipulated in Article IV of the County Charter and in Article VI of the County Administrative Code.

The County Executive, with the assistance of the Office of Management and Budget (OMB), prepares the annual budget for submission to the County Legislature in a manner and form consistent with these articles. County departments and authorized agencies are required to submit their budget requests and revenue estimates to OMB on or before the first day of July. These requests are reviewed and analyzed, and the proposed budget is prepared for submission to the County Legislature.

The County Executive is required to submit the proposed budget to the Legislature on or before the second Tuesday in October. The County Legislature must meet no later than November 15th to deliberate on the budget and also must hold at least one public hearing prior to budget adoption. If the Legislature passes the budget as proposed, no further action is required on the part of the County Executive. If the Legislature changes the budget, the changes must be submitted to the County Executive for consideration. The County Executive then has 48 hours to approve or disapprove each of the Legislative changes. The Legislature can override a County Executive veto within the next 48 hours with a three-fifths majority vote.

If a budget has not been passed on or before the last Tuesday in November, the Legislature must meet daily until the budget is passed. If the budget is not passed by the second Tuesday in December, then the budget as submitted by the County Executive, with any Legislative changes agreed to by the County Executive, becomes the adopted budget for the next year. The Office of Management and Budget has the authority to transfer budget amounts between accounts within any department up to and including \$10 thousand on an annual aggregate basis for all funds of the County. The County Legislature must approve amounts exceeding this limitation.

The general fund is the only major fund with a legally adopted budget. Appropriations for all budgets lapse at fiscal year-end. The general fund's budget is adopted on a departmental and object level of expenditure basis in which expenditures may not legally exceed appropriations on a departmental and object of expenditure level. The debt service fund's budget consists primarily of transfers from the general and the special revenue fund budgets and funds received from the Water Authority for its debt service requirements under related County debt obligations and expenditures.

Individual governmental fund comparisons of budget and actual data at the legal level of control established by the adopted budget (i.e., minimally at the department and object level) are not presented in this report for those funds with annual adopted budgets due to the excessive detail involved.

COUNTY OF MONROE, NEW YORK
Notes to Required Supplementary Information (Unaudited)
Year Ended December 31, 2006

Budgetary Basis Reporting (continued)

A summary of legally adopted budgetary activity for the County's general fund for the year ended 2006 follows (000's omitted):

	<u>General Fund</u>
Original Revenue Budget:	
Revenues and Other Financing Sources	\$ 798,201
Appropriated fund balance	6,600
Authorized:	
Revisions and Transfers	90,452
Grant Reappropriations	<u>3,372</u>
Modified Revenue Budget-Budget Basis	<u>\$ 898,625</u>
Original Expenditures Budget:	
Expenditures and Other Financing Uses	\$ 804,801
Authorized:	
Revisions and Transfers	90,452
Grant Reappropriations	<u>3,372</u>
Modified Expenditure Budget-Budget Basis	<u>\$ 898,625</u>

The most significant items included in Revisions and Transfers are; (1) recognition of receipt of \$13.1 million from the Monroe Tobacco Asset Securitization Corporation, noted in the financial highlights; and (2) new awards of state and federal funded programs that include the HEAP program, which modified the budget by approximately \$14.0 million. In addition, grant reappropriations of \$3.4 million represent authorized grants from the prior year that will be expended in later years of multi-year funded federal and state grants.

COMBINING FINANCIAL INFORMATION

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)**

	Special Revenue Funds	Debt Service Funds		Capital Projects				Total Nonmajor Governmental Funds	
		General	MTASC	General Government	Public Safety and Fire Protection	Transportation and Civic Center	Culture and Recreation		Education
ASSETS									
Cash and cash equivalents	\$ 5,688	---	122	---	---	---	---	---	5,810
Accounts receivables, net	1,258	---	11,315	---	---	---	---	---	12,573
Due from other funds	1,426	---	---	---	---	---	---	---	1,426
Due from other governments:									
State and Federal - other	557	---	---	43	---	4,774	148	5	5,527
Local governments	164	---	---	---	---	---	---	---	164
Inventories	495	---	---	---	---	---	---	---	495
Restricted assets:									
Cash and cash equivalents	---	6,846	13,518	517	8,142	6,367	2,003	1,453	38,846
Funds held by trustee	---	46	---	---	---	---	---	---	46
Securities and retained percentages	---	---	---	---	---	7	---	---	7
Other assets	91	---	8	---	---	801	---	---	900
Total assets	\$ 9,679	6,892	24,963	560	8,142	11,949	2,151	1,458	65,794
LIABILITIES AND FUND BALANCES (DEFICITS)									
Liabilities:									
Accounts payable and accrued liabilities	1,519	47	---	75	252	1,487	247	118	3,745
Due to other funds	2,100	---	---	143	302	1,426	443	1,043	5,457
Due to other governments	1,760	---	---	---	---	---	---	---	1,760
Unearned revenue	---	---	11,250	---	---	---	---	---	11,250
Notes payable	---	---	---	1,145	6,575	10,180	3,085	650	21,635
Total liabilities	5,379	47	11,250	1,363	7,129	13,093	3,775	1,811	43,847
Fund balances (deficits):									
Reserved for:									
Debt service	---	8,569	13,518	---	---	---	---	---	22,087
Encumbrances	172	---	---	101	3,808	3,573	1,397	50	9,101
Inventories	495	---	---	---	---	---	---	---	495
Unreserved (deficits)	3,633	(1,724)	195	(904)	(2,795)	(4,717)	(3,021)	(403)	(9,736)
Total fund balances (deficits)	4,300	6,845	13,713	(803)	1,013	(1,144)	(1,624)	(353)	21,947
Total liabilities and fund balances (deficits)	\$ 9,679	6,892	24,963	560	8,142	11,949	2,151	1,458	65,794

COUNTY OF MONROE, NEW YORK
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds	Debt Service Funds		General Government	Public Safety and Fire Protection	Capital Projects			Eliminations	Total Nonmajor Governmental Funds
		General	MTASC			Transportation and Civic Center	Culture and Recreation	Education		
REVENUES:										
Federal aid	\$ 3,435	---	---	168	---	5,311	148	---	---	9,062
State aid	6,955	---	---	60	(358)	674	---	600	---	7,931
Charges for services	1,311	---	---	---	---	---	---	---	---	1,311
Intergovernmental	1,092	2,101	---	---	---	---	---	---	---	3,193
Interdepartmental	280	---	---	---	---	---	---	---	---	280
Use of money and property	483	1,212	(215)	---	---	---	---	---	---	1,480
Repayments and refunds	106	---	---	---	---	---	---	---	---	106
Tobacco settlement	---	---	11,434	---	---	---	---	---	---	11,434
Miscellaneous	2,002	654	---	---	---	255	---	---	---	2,911
Total revenues	15,664	3,967	11,219	228	(358)	6,240	148	600	---	37,708
EXPENDITURES:										
Public safety	2,051	---	---	---	---	---	---	---	---	2,051
Culture, recreation and education	9,996	---	---	---	---	---	---	---	---	9,996
General government	5	---	87	---	---	---	---	---	---	92
Transportation	15,476	---	---	---	---	---	---	---	---	15,476
Economic development	3,584	---	---	---	---	---	---	---	---	3,584
Debt service:										
Principal retirement	---	14,383	1,085	---	---	---	---	---	---	15,468
Interest and fiscal charges	---	10,227	14,624	---	---	---	---	---	---	24,851
Capital Projects	---	---	---	1,889	1,389	13,361	3,753	2,024	---	22,416
Total expenditures	31,112	24,610	15,796	1,889	1,389	13,361	3,753	2,024	---	93,934
Excess (deficiency) of revenues over expenditures	(15,448)	(20,643)	(4,577)	(1,661)	(1,747)	(7,121)	(3,605)	(1,424)	---	(56,226)
OTHER FINANCING SOURCES (USES):										
Bonds issued	---	---	14,579	---	---	---	---	---	---	14,579
Transfers in	22,798	22,809	---	---	---	---	---	---	---	45,607
Transfers out	(7,501)	---	(13,810)	---	(22)	(2,901)	(253)	---	---	(24,487)
Total other financing sources (uses)	15,297	22,809	769	---	(22)	(2,901)	(253)	---	---	35,699
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(151)	2,166	(3,808)	(1,661)	(1,769)	(10,022)	(3,858)	(1,424)	---	(20,527)
Fund balances (deficits) at beginning of year	4,451	4,679	17,521	858	2,782	8,878	2,234	1,071	---	42,474
Fund balances (deficits) at end of year	\$ 4,300	6,845	13,713	(803)	1,013	(1,144)	(1,624)	(353)	---	21,947

See accompanying independent auditor's report

COUNTY OF MONROE, NEW YORK
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)

	<u>Road</u>	<u>Special Grants</u>	<u>Green Space Initiative</u>	<u>Jail Funds</u>	<u>Golf Course Funds</u>	<u>Zoo Admissions</u>	<u>Library System Automation</u>	<u>Library</u>
ASSETS								
Cash and cash equivalents	\$ 21	257	900	2,477	18	10	268	1,322
Accounts receivables, net	8	1,235	---	---	---	---	---	---
Due from other funds	1,426	---	---	---	---	---	---	---
Due from other governments:								
State and Federal - other	237	320	---	---	---	---	---	---
Local governments	164	---	---	---	---	---	---	---
Inventories	495	---	---	---	---	---	---	---
Other assets	91	---	---	---	---	---	---	---
Total assets	<u>\$ 2,442</u>	<u>1,812</u>	<u>900</u>	<u>2,477</u>	<u>18</u>	<u>10</u>	<u>268</u>	<u>1,322</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	529	52	---	189	---	---	---	732
Due to other funds	2,100	---	---	---	---	---	---	---
Due to other governments	---	1,760	---	---	---	---	---	---
Total liabilities	<u>2,629</u>	<u>1,812</u>	<u>---</u>	<u>189</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>732</u>
Fund balances:								
Reserved for:								
Encumbrances	1	---	---	164	---	---	---	6
Inventories	495	---	---	---	---	---	---	---
Unreserved:								
Undesignated	(683)	---	900	2,124	18	10	268	584
Total fund balances	<u>(187)</u>	<u>---</u>	<u>900</u>	<u>2,288</u>	<u>18</u>	<u>10</u>	<u>268</u>	<u>590</u>
Total liabilities and fund balances	<u>\$ 2,442</u>	<u>1,812</u>	<u>900</u>	<u>2,477</u>	<u>18</u>	<u>10</u>	<u>268</u>	<u>1,322</u>

(continued)

COUNTY OF MONROE, NEW YORK
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)

	<u>Parkland Acquisition</u>	<u>Horticulture Division Fund</u>	<u>Historic Landscape Restoration</u>	<u>Bureau of Justice Assistance Grant</u>	<u>Hazmat Team Fund</u>	<u>Carousel Fund</u>	<u>Miscellaneous Funds</u>	<u>Total Special Revenue Funds</u>
ASSETS								
Cash and cash equivalents	\$ 158	33	74	---	65	22	63	5,688
Accounts receivables, net	---	---	---	---	---	---	15	1,258
Due from other funds	---	---	---	---	---	---	---	1,426
Due from other governments:								
State and Federal - other	---	---	---	---	---	---	---	557
Local governments	---	---	---	---	---	---	---	164
Inventories	---	---	---	---	---	---	---	495
Other assets	---	---	---	---	---	---	---	91
Total assets	\$ 158	33	74	---	65	22	78	9,679
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	1	16	---	---	---	---	---	1,519
Due to other funds	---	---	---	---	---	---	---	2,100
Due to other governments	---	---	---	---	---	---	---	1,760
Total liabilities	1	16	---	---	---	---	---	5,379
Fund balances:								
Reserved for:								
Encumbrances	---	---	---	---	1	---	---	172
Inventories	---	---	---	---	---	---	---	495
Unreserved:								
Undesignated	157	17	74	---	64	22	78	3,633
Total fund balances	157	17	74	---	65	22	78	4,300
Total liabilities and fund balances	\$ 158	33	74	---	65	22	78	9,679

COUNTY OF MONROE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Road	Special Grants	Green Space Initiative	Jail Funds	Golf Course Funds	Zoo Admissions	Library System Automation	Library
REVENUES:								
Federal aid	\$ 180	3,255	---	---	---	---	---	---
State aid	4,505	---	---	---	---	---	---	2,450
Charges for services	161	1	---	768	362	---	---	---
Intergovernmental	476	---	---	87	---	---	---	529
Interdepartmental	280	---	---	---	---	---	---	---
Use of money and property	---	38	32	200	2	---	13	152
Repayments and refunds	104	---	---	2	---	---	---	---
Miscellaneous	168	273	---	1,145	---	---	---	317
Total revenues	5,874	3,567	32	2,202	364	---	13	3,448
EXPENDITURES:								
Culture, recreation and education	---	---	---	---	354	14	---	9,560
General government	---	---	---	---	---	---	---	---
Public safety	---	---	---	1,999	---	---	---	---
Transportation	15,476	---	---	---	---	---	---	---
Economic development	---	3,567	---	---	---	---	---	---
Total expenditures	15,476	3,567	---	1,999	354	14	---	9,560
Excess (deficiency) of revenues over expenditures	(9,602)	---	32	203	10	(14)	13	(6,112)
OTHER FINANCING SOURCES (USES):								
Transfers in	15,817	---	---	---	---	---	---	6,981
Transfers out	(6,989)	---	---	---	---	---	---	(512)
Total other financing sources (uses)	8,828	---	---	---	---	---	---	6,469
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(774)	---	32	203	10	(14)	13	357
Fund balances at beginning of year	587	---	868	2,085	8	24	255	233
Fund balances at end of year	\$ (187)	---	900	2,288	18	10	268	590

(continued)

COUNTY OF MONROE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	Parkland Acquisition	Horticulture Division Fund	Historic Landscape Restoration	Bureau of Justice Assistance Grant	Hazmat Team Fund	Carousel Fund	Miscellaneous Funds	Total Special Revenue Funds
REVENUES:								
Federal aid	\$ ---	---	---	---	---	---	---	3,435
State aid	---	---	---	---	---	---	---	6,955
Charges for services	---	---	---	---	19	---	---	1,311
Intergovernmental	---	---	---	---	---	---	---	1,092
Interdepartmental	---	---	---	---	---	---	---	280
Use of money and property	8	1	4	---	3	1	29	483
Repayments and refunds	---	---	---	---	---	---	---	106
Miscellaneous	1	40	---	---	---	5	53	2,002
Total revenues	9	41	4	---	22	6	82	15,664
EXPENDITURES:								
Culture, recreation and education	2	48	5	---	---	13	---	9,996
General government	---	---	---	---	---	---	5	5
Public safety	---	---	---	34	2	---	16	2,051
Transportation	---	---	---	---	---	---	---	15,476
Economic development	---	---	---	---	---	---	17	3,584
Total expenditures	2	48	5	34	2	13	38	31,112
Excess (deficiency) of revenues over expenditures	7	(7)	(1)	(34)	20	(7)	44	(15,448)
OTHER FINANCING SOURCES (USES):								
Transfers in	---	---	---	---	---	---	---	22,798
Transfers out	---	---	---	---	---	---	---	(7,501)
Total other financing sources (uses)	---	---	---	---	---	---	---	15,297
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	7	(7)	(1)	(34)	20	(7)	44	(151)
Fund balances at beginning of year	150	24	75	34	45	29	34	4,451
Fund balances at end of year	\$ 157	17	74	-	65	22	78	4,300

See accompanying independent auditor's report

COUNTY OF MONROE, NEW YORK
COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
AS OF DECEMBER 31, 2006
(000's Omitted)

	Central Services	Building Accounts	Information Services	Fleet Management	Risk Management	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 690	1,387	2,545	128	10,252	15,002
Accounts receivables, net	---	172	---	---	---	172
Due from other governments	---	54	---	11	---	65
Inventories	216	---	8	261	---	485
Unamortized bond issue costs	---	8	---	1	---	9
Other assets	9	40	75	---	41	165
Total current assets	915	1,661	2,628	401	10,293	15,898
Noncurrent assets:						
Restricted assets						
Cash and cash equivalents	---	4,474	2	36	---	4,512
Capital assets, net of accumulated depreciation	392	43,824	3,583	396	---	48,195
Unamortized bond issue costs	---	19	---	---	---	19
Total noncurrent assets	392	48,317	3,585	432	---	52,726
TOTAL ASSETS	1,307	49,978	6,213	833	10,293	68,624
LIABILITIES						
Current liabilities:						
Accounts payable and accrued liabilities	137	1,571	726	44	19,826	22,304
Due to other funds	---	3	---	---	---	3
Notes payable	---	5,555	250	---	---	5,805
Current portion of:						
Capital leases payable	196	---	50	---	---	246
Bonds payable	---	4,034	1,450	36	---	5,520
Total current liabilities	333	11,163	2,476	80	19,826	33,878
Noncurrent liabilities:						
Capital lease obligations	200	---	27	---	---	227
Bonds payable	---	20,566	5,133	126	---	25,825
Other long-term liabilities	11	97	31	5	---	144
Total noncurrent liabilities	211	20,663	5,191	131	---	26,196
Total liabilities	544	31,826	7,667	211	19,826	60,074
NET ASSETS (DEFICITS)						
Invested in capital assets, net of related debt	(4)	16,475	(3,452)	234	---	13,253
Restricted for:						
Debt service	---	318	---	---	---	318
Capital projects	---	916	---	36	---	952
Unrestricted (deficits)	767	443	1,998	352	(9,533)	(5,973)
Total net assets (deficits)	\$ 763	18,152	(1,454)	622	(9,533)	8,550

See accompanying independent auditor's report

COUNTY OF MONROE, NEW YORK
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	<u>Central Services</u>	<u>Building Accounts</u>	<u>Information Services</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Total</u>
Operating revenues:						
Charge for services	\$ ---	19	---	29	65	113
Interdepartmental	2,683	24,290	7,869	2,664	10,170	47,676
Miscellaneous	10	131	261	3	---	405
Total operating revenues	<u>2,693</u>	<u>24,440</u>	<u>8,130</u>	<u>2,696</u>	<u>10,235</u>	<u>48,194</u>
Operating expenses:						
Personnel services	330	1,425	2,921	---	---	4,676
Employee benefits	192	1,022	1,061	53	---	2,328
Contractual	1,000	12,260	1,710	385	13,147	28,502
Depreciation and amortization	283	3,083	1,159	55	---	4,580
Other	622	6,764	729	2,221	538	10,874
Total operating expenses	<u>2,427</u>	<u>24,554</u>	<u>7,580</u>	<u>2,714</u>	<u>13,685</u>	<u>50,960</u>
Operating income (loss)	<u>266</u>	<u>(114)</u>	<u>550</u>	<u>(18)</u>	<u>(3,450)</u>	<u>(2,766)</u>
Non-operating revenues (expenses):						
Use of money and property	42	402	172	2	563	1,181
Interest and fiscal charges	(204)	(1,227)	(252)	(10)	---	(1,693)
Loss on disposal of capital assets	---	---	(39)	(4)	---	(43)
Other income (expense)	4	60	(236)	(5)	---	(177)
Total non-operating revenues (expenses)	<u>(158)</u>	<u>(765)</u>	<u>(355)</u>	<u>(17)</u>	<u>563</u>	<u>(732)</u>
Change before contributions, transfers and special items	108	(879)	195	(35)	(2,887)	(3,498)
Transfers in	---	1,570	---	---	---	1,570
Transfers out	(42)	(226)	(159)	---	(563)	(990)
Change in net assets	66	465	36	(35)	(3,450)	(2,918)
Total net assets (deficits) at beginning of year	697	17,687	(1,490)	657	(6,083)	11,468
Total net assets (deficits) at end of year	<u>\$ 763</u>	<u>18,152</u>	<u>(1,454)</u>	<u>622</u>	<u>(9,533)</u>	<u>8,550</u>

See accompanying independent auditor's report

COUNTY OF MONROE, NEW YORK
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	<u>Central Services</u>	<u>Building Accounts</u>	<u>Information Services</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from providing services	---	102	---	18	1	121
Cash received from other funds for services	2,683	24,290	7,869	2,664	10,235	47,741
Payments to or on behalf of employees	(514)	(2,531)	(3,926)	(53)	(168)	(7,192)
Payments to suppliers	(988)	(11,933)	(1,729)	(350)	(13,524)	(28,524)
Payments for interfund services used	(239)	(6,435)	(603)	(437)	(538)	(8,252)
Claims paid	---	---	---	---	(7,638)	(7,638)
Other receipts (payments)	(281)	(374)	97	(1,787)	11,483	9,138
Net cash provided by (used in) operating activities	<u>661</u>	<u>3,119</u>	<u>1,708</u>	<u>55</u>	<u>(149)</u>	<u>5,394</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Receipts from other funds	---	3,003	3,000	---	9,800	15,803
Transfers in	---	1,570	---	---	---	1,570
Transfers out	(42)	(226)	(159)	---	(563)	(990)
Net cash provided by (used in) noncapital financing activities	<u>(42)</u>	<u>4,347</u>	<u>2,841</u>	<u>---</u>	<u>9,237</u>	<u>16,383</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest paid	(204)	(1,464)	(252)	(11)	---	(1,931)
Proceeds from the issuance of notes	---	4,435	---	---	---	4,435
Principal paid on bonds	---	(4,926)	(1,701)	(38)	---	(6,665)
Principal paid on capital leases	(405)	---	(99)	---	---	(504)
Additions to capital assets, net	---	(3,547)	(260)	---	---	(3,807)
Other receipts (payments)	---	132	(236)	---	---	(104)
Net cash provided by (used in) capital and related financing activities	<u>(609)</u>	<u>(5,370)</u>	<u>(2,548)</u>	<u>(49)</u>	<u>---</u>	<u>(8,576)</u>

(continued)

COUNTY OF MONROE, NEW YORK
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006
(000's Omitted)

	<u>Central Services</u>	<u>Building Accounts</u>	<u>Information Services</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Total</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts from use of money and property	\$ 42	402	172	2	563	1,181
Net cash provided by (used in) investing activities	<u>42</u>	<u>402</u>	<u>172</u>	<u>2</u>	<u>563</u>	<u>1,181</u>
Net increase (decrease) in cash and cash equivalents	52	2,498	2,173	8	9,651	14,382
Cash and cash equivalents, beginning of year	<u>638</u>	<u>3,363</u>	<u>374</u>	<u>156</u>	<u>601</u>	<u>5,132</u>
Cash and cash equivalents, end of year	<u><u>690</u></u>	<u><u>5,861</u></u>	<u><u>2,547</u></u>	<u><u>164</u></u>	<u><u>10,252</u></u>	<u><u>19,514</u></u>
Classified as:						
Cash and cash equivalents - unrestricted	690	1,387	2,545	128	10,252	15,002
Cash and cash equivalents - restricted	<u>---</u>	<u>4,474</u>	<u>2</u>	<u>36</u>	<u>---</u>	<u>4,512</u>
Total cash and cash equivalents	<u><u>690</u></u>	<u><u>5,861</u></u>	<u><u>2,547</u></u>	<u><u>164</u></u>	<u><u>10,252</u></u>	<u><u>19,514</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	266	(114)	550	(18)	(3,450)	(2,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operations:						
Depreciation and amortization	283	3,083	1,159	55	---	4,580
Change in:						
Accounts receivable	---	(43)	---	---	---	(43)
Due from other governments	---	83	---	(11)	1	73
Inventories	102	---	(2)	(2)	---	98
Other assets	1	12	(5)	---	(41)	(33)
Accounts payable and accrued liabilities	20	243	37	35	3,342	3,677
Due to other governments	(11)	(98)	(31)	(4)	---	(144)
Unearned revenue	<u>---</u>	<u>(47)</u>	<u>---</u>	<u>---</u>	<u>(1)</u>	<u>(48)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 661</u></u>	<u><u>3,119</u></u>	<u><u>1,708</u></u>	<u><u>55</u></u>	<u><u>(149)</u></u>	<u><u>5,394</u></u>

See accompanying independent auditors' report

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STATISTICAL SECTION

This section contains the following:

- **FINANCIAL TRENDS** – These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.
- **REVENUE CAPACITY** – These schedules contain information to help the reader assess the County’s most significant local revenue sources, property and sales taxes.
- **DEBT CAPACITY** – These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue debt in the future.
- **DEMOGRAPHIC AND ECONOMIC INFORMATION** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.
- **OPERATING INFORMATION** – These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2002 and all schedules presented include information beginning in that year.

County of Monroe, New York
 Net Assets by Component
 Last Five Years
 (accrual basis of accounting and 000's omitted)

	For the year ended December 31,				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$ 574,576	\$ 534,273	\$ 478,163	\$ 447,552	\$ 440,162
Restricted	27,710	19,829	24,296	25,058	23,966
Unrestricted	(180,850)	(159,456)	(140,550)	(169,373)	(217,469)
Total governmental activities	<u>\$ 421,436</u>	<u>\$ 394,646</u>	<u>\$ 361,909</u>	<u>\$ 303,237</u>	<u>\$ 246,659</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 496,098	\$ 489,105	\$ 454,338	\$ 428,307	\$ 407,978
Restricted	26,092	12,668	10,491	6,157	15,135
Unrestricted	23,148	8,821	28,146	28,308	20,937
Total business-type activities	<u>\$ 545,338</u>	<u>\$ 510,594</u>	<u>\$ 492,975</u>	<u>\$ 462,772</u>	<u>\$ 444,050</u>
Primary government					
Invested in capital assets, net of related debt	\$ 1,070,674	\$ 1,023,378	\$ 932,501	\$ 875,859	\$ 848,140
Restricted	53,802	32,497	34,787	31,215	39,101
Unrestricted	(157,702)	(150,635)	(112,404)	(141,065)	(196,532)
Total primary government	<u>\$ 966,774</u>	<u>\$ 905,240</u>	<u>\$ 854,884</u>	<u>\$ 766,009</u>	<u>\$ 690,709</u>

Source: Monroe County Department of Finance - Controller's Division

County of Monroe, New York
Changes in Net Assets
Last Five Years
(accrual basis of accounting and 000's omitted)

	For the year ended December 31,				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$ 63,942	\$ 66,509	\$ 51,985	\$ 316,365	\$ 314,852
Public safety	171,335	180,060	173,298	179,394	188,233
Health and welfare	555,615	529,123	562,795	541,100	545,490
Culture, recreation and education	74,251	93,314	82,069	80,920	81,245
Transportation	74,523	60,157	67,667	55,545	43,050
Sanitation	-	736	645	625	74
Economic development	3,878	4,481	2,988	3,239	3,567
Interest on long-term debt	18,097	12,427	11,392	33,531	27,200
Total governmental activities	961,641	946,807	952,839	1,210,719	1,203,711
Business-type activities:					
Refuse	20,560	16,346	14,912	16,092	19,928
Airport	19,334	20,685	23,059	23,734	24,519
Hospital	58,089	60,264	61,832	61,779	63,622
Sewer	69,734	70,061	72,487	74,254	75,733
Utilities	6,523	12,175	10,747	15,464	10,308
Total business-type activities	174,240	179,531	183,037	191,323	194,110
Total primary government	\$ 1,135,881	\$ 1,126,338	\$ 1,135,876	\$ 1,402,042	\$ 1,397,821
Program Revenues					
Governmental activities					
Charges for services:					
General government	\$ 38,717	\$ 33,653	\$ 31,782	\$ 28,645	\$ 25,621
Public safety	10,625	11,476	11,667	13,244	9,184
Health and welfare	2,948	2,576	3,588	5,069	3,538
Culture, recreation and education	2,740	5,426	5,687	6,083	6,783
Transportation	2,503	3,189	1,910	1,783	1,021
Sanitation	-	662	593	551	304
Economic development	1	1	-	1	1
Operating grants and contributions	340,162	358,802	378,931	363,489	363,347
Capital grants and contributions	111,197	80,449	24,651	10,115	7,815
Total governmental activities	508,893	496,234	458,809	428,980	417,614
Business-type activities					
Charges for services:					
Refuse	7,430	7,285	6,428	6,701	6,700
Airport	12,174	13,107	14,789	14,566	16,374
Hospital	84,760	68,863	74,753	53,193	58,667
Sewer	42,676	44,238	46,198	51,032	52,617
Utilities	6,523	12,175	-	15,536	10,021
Operating grants and contributions	6,336	2,465	18,207	4,683	4,582
Capital grants and contributions	9,234	7,674	16,092	10,305	16,576
Total business-type activities	169,133	155,807	176,467	156,016	165,537
Total primary government	\$ 678,026	\$ 652,041	\$ 635,276	\$ 156,016	\$ 583,151
Net (Expense)/Revenue					
Governmental activities	\$ (452,748)	\$ (450,573)	\$ (494,030)	\$ (781,739)	\$ (786,097)
Business-type activities	(5,107)	(23,724)	(6,570)	(35,307)	(28,573)
Total primary government	\$ (457,855)	\$ (474,297)	\$ (500,600)	\$ (1,246,026)	\$ (814,670)
General Revenues and Other					
Changes in Net Assets					
Governmental activities					
Taxes	\$ 361,713	\$ 375,578	\$ 417,197	\$ 697,698	\$ 712,316
Tobacco settlement revenues	16,524	13,950	12,493	11,469	11,356
Investment earnings	1,845	810	2,512	4,198	4,137
Miscellaneous	6,493	3,878	3,095	8,702	2,710
Transfers	33,238	20,026	13,810	-	-
Special items	5,273	9,541	-	-	-
Total governmental activities	425,086	423,783	449,107	722,067	730,519
Business-type activities					
Investment earning	750	2,426	-	80	149
Miscellaneous	7,048	6,580	2,761	5,024	9,702
Transfers	(33,238)	(20,026)	(13,810)	-	-
Special items	43,839	-	-	-	-
Total business-type activities	18,399	(11,020)	(11,049)	5,104	9,851
Total primary government	\$ 443,485	\$ 412,763	\$ 438,058	\$ 727,171	\$ 740,370
Change in Net Assets					
Governmental activities	\$ (27,662)	\$ (26,790)	\$ (44,923)	\$ (59,672)	\$ (55,578)
Business-type activities	13,292	(34,744)	(17,619)	(30,203)	(18,722)
Total primary government	\$ (14,370)	\$ (61,534)	\$ (62,542)	\$ (89,875)	\$ (74,300)

Source: Monroe County Department of Finance - Controller's Division

County of Monroe, New York
Fund Balances, Governmental Funds
Last Five Years
(modified accrual basis of accounting and 000's omitted)

	For the year ended December 31,				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 6,733	\$ 4,743	\$ 5,916	\$ 5,082	\$ 8,420
Unreserved	(19,463)	(6,041)	(25,442)	9,770	(7,903)
Total general fund	<u>\$ (12,730)</u>	<u>\$ (1,298)</u>	<u>\$ (19,526)</u>	<u>\$ 14,852</u>	<u>\$ 517</u>
All Other Governmental Funds					
Reserved	\$ 69,392	\$ 46,015	\$ 37,598	\$ 37,832	\$ 31,683
Unreserved, reported in:					
Special revenue funds	6,524	5,604	4,735	3,709	3,633
Capital projects funds	(27,195)	(11,863)	(18,172)	1,946	(1,529)
Debt service funds	461	99	(871)	(1,013)	(11,840)
Total all other governmental funds	<u>\$ 49,182</u>	<u>\$ 39,855</u>	<u>\$ 23,290</u>	<u>\$ 42,474</u>	<u>\$ 21,947</u>

Source: Monroe County Department of Finance - Controller's Division

County of Monroe, New York
Governmental Funds, Changes in Fund Balances
Last Five Years
(modified accrual basis of accounting and 000's omitted)

	For the year ended December 31,				
	2002	2003	2004	2005	2006
Revenues					
Taxes	\$ 351,339	\$ 363,256	\$ 404,563	\$ 687,434	\$ 699,007
Federal aid	132,310	132,271	129,783	118,825	125,689
State aid	221,858	236,405	248,897	231,472	219,974
Charges for services	19,182	22,528	20,559	20,852	19,429
Intergovernmental	16,382	16,535	17,372	15,911	19,280
Interdepartmental	13,087	15,929	15,986	15,671	2,312
Use of money and property	8,976	7,315	9,338	10,505	10,650
Repayments and refunds	16,336	12,891	14,235	13,001	15,403
Payments in lieu of taxes	5,193	5,370	6,421	5,967	6,304
Tobacco settlement	16,524	13,950	12,323	12,497	11,434
Miscellaneous	8,687	8,949	8,045	14,170	10,280
Total revenues	<u>809,874</u>	<u>835,399</u>	<u>887,522</u>	<u>1,146,305</u>	<u>1,139,762</u>
Expenditures					
Health and welfare	520,027	530,261	561,739	542,881	546,223
Public safety	155,766	156,187	161,426	171,768	179,166
Culture, recreation and education	62,870	68,367	71,708	73,549	74,915
General government	42,365	41,086	37,994	301,548	303,000
Transportation	22,293	23,339	20,287	19,619	19,000
Sanitation	-	661	586	550	-
Economic development	3,878	4,481	2,988	3,239	3,584
Debt service:					
Principal	19,324	21,695	18,900	24,425	15,468
Interest	18,821	19,281	20,145	35,333	24,851
Capital outlay	71,626	48,545	39,191	20,791	22,416
Total expenditures	<u>916,970</u>	<u>913,903</u>	<u>934,964</u>	<u>1,193,703</u>	<u>1,188,623</u>
Other Financing Sources (Uses)					
Proceeds from the sale of bonds	71,336	45,709	44,067	251,517	14,579
BANs redeemed from appropriations	2,593	-	-	-	-
Transfers in	82,254	104,477	63,632	101,213	60,559
Transfers out	(43,533)	(85,918)	(95,050)	(251,770)	(61,139)
Special Items	-	16,341	-	-	-
Total other financing sources (uses)	<u>112,650</u>	<u>80,609</u>	<u>12,649</u>	<u>100,960</u>	<u>13,999</u>
Net change in fund balances	<u>\$ 5,554</u>	<u>\$ 2,105</u>	<u>\$ (34,793)</u>	<u>\$ 53,562</u>	<u>\$ (34,862)</u>
Debt service as a percentage of noncapital expenditures	4.3%	4.7%	4.4%	5.3%	3.5%

Source: Monroe County Department of Finance - Controller's Division

County of Monroe, New York
Property Tax Limits and Unused Taxing Power
Last Five Years

Year ended December 31,	Property Tax Limit	Levy Subject to Limit	Unused Taxing Power	Percent of Taxing Power Used
2006	485,888	250,714	235,174	48.4%
2005	483,337	239,425	243,912	49.5%
2004	462,106	240,983	221,123	52.1%
2003	454,724	204,183	250,541	44.9%
2002	449,762	192,855	256,907	42.9%

NOTE:

The tax levy for County purposes, exclusive of debt service, is limited by the New York State Constitution to 1.5% of the preceding five year average full value of taxable property. Cash capital expenditures can also be excluded from the levy for purposes of calculating compliance with the tax limit, but the County doesn't do so. The limit can be increased to a maximum of 2% of the five year average full value.

Source: Monroe County Department of Finance - Finance Division

County of Monroe, New York
 Assessed Value of Taxable Property
 Last Five Years
 (000's omitted)

<u>Year ended December 31,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Tax Exempt Property</u>	<u>Total Taxable Assessed Value (000s omitted)</u>	<u>Full value tax rate</u>
2006	25,736,626	5,772,547	1,223,090	1,769,342	6,968,090	34,501,605	\$ 9.10
2005	24,273,284	5,224,518	1,259,649	2,179,628	6,356,571	32,937,079	\$ 9.10
2004	20,076,860	4,411,071	1,005,465	1,589,283	5,351,667	32,434,345	\$ 9.10
2003	19,001,946	4,174,903	951,632	1,504,193	5,065,139	30,697,813	\$ 8.34
2002	18,614,524	4,089,782	932,230	1,473,525	4,961,868	30,071,929	\$ 8.13

Note: (1) Properties are independently assessed by the City and the 20 towns.
 (2) Dollars per \$1,000 of full valuation

Source: Monroe County Department of Finance - Real Property Tax Division

County of Monroe, New York
Property Tax Levies and Collections
Last Five Years
(000's omitted)

Year ended December 31,	Total Tax Levy	Tax Levy for County Purposes	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2006	515,377	313,605	508,162	98.6%	9,593	517,755	100.5%
2005	494,582	303,456	484,672	98.0%	10,106	494,778	100.0%
2004	461,390	286,959	451,839	97.9%	4,055	455,894	98.8%
2003	414,763	250,657	405,652	97.8%	6,436	412,088	99.4%
2002	388,343	239,248	380,013	97.9%	8,250	388,263	100.0%

Source: Monroe County Department of Finance - Treasury Division

County of Monroe, New York
Principal Property Tax Payers
Current Year and Four Years Ago
(000's omitted)

Taxpayer	2006			2002		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Rochester Gas & Electric Corp.	\$ 937,116	1	2.93%	\$ 763,710	1	2.97%
Citizens Communications	249,603	2	0.78%			
Eastman Kodak Company	212,645	3	0.67%	286,588	2	1.02%
Xerox Corporation	120,475	4	0.37%	176,316	4	0.67%
Farash Construction Corporation	103,815	5	0.33%	111,218	5	0.42%
Wegmans Enterprises, Inc.	82,164	6	0.26%	70,944	8	0.26%
RAM Limited Partnership	80,737	7	0.26%	97,415	6	0.34%
Greece Ridge LLC	79,247	8	0.25%			
Hylan Flying Services	67,073	9	0.21%	77,280	7	0.32%
Niagara Mohawk Power Company	41,054	10	0.13%			
Rochester Telephone Corporation				172,316	3	0.73%
Greece Town Mall				75,153	9	0.26%
New York Central				46,444	10	0.18%
Total	<u>\$ 1,973,929</u>		<u>6.19%</u>	<u>\$ 1,877,384</u>		<u>7.17%</u>

Source: Monroe County Department of Finance - Real Property Tax Division

County of Monroe, New York
 Legal Debt Margin Information
 Last Five Years
 (000's omitted)

	For the year ended December 31,				
	2002	2003	2004	2005	2006
Debt Limit	1,996,421	2,062,812	2,120,889	2,186,224	2,267,477
Total net debt applicable to limit	384,209	410,173	412,495	416,936	415,109
Legal debt margin	<u>1,612,212</u>	<u>1,652,639</u>	<u>1,708,394</u>	<u>1,769,288</u>	<u>1,852,368</u>
 Total net debt applicable to the limit as a percentage of debt limit	 19.2%	 19.9%	 19.4%	 19.1%	 18.3%

Source: Monroe County Department of Finance - Finance Division

County of Monroe, New York
Ratios of Outstanding Debt by Type and Activity
Last Five Years
(000's omitted, except per capita)

Year ended December 31,	Governmental Activities (1)				Business-type Activities				Total Primary Government	Percentage of Actual Taxable Value on Property	Per Capita
	General Obligation Bonds	Bond Anticipation Notes	Revenue Anticipation Notes	Capital Leases	Bonds Payable	Bond Anticipation Notes	Revenue Anticipation Notes	Capital Leases			
2006	258,071	27,440	71,000	473	167,111	24,650	14,000	4,415	567,160	1.64%	771.29
2005	279,432	6,240	45,000	912	182,119	12,930	10,000	5,200	541,833	1.65%	736.84
2004	261,053	22,004	80,000	2,387	161,076	35,566	10,000	6,152	578,238	1.78%	786.35
2003	281,691	3,719	65,000	2,603	175,513	17,211	10,000	6,829	562,566	1.83%	765.04
2002	255,950	10,805	85,000	2,533	182,160	11,795	10,000	7,434	565,677	1.88%	769.27

Note: (1) Amounts do not include blended component units of the primary government.

Source: Monroe County Department of Finance - Controller's Division

County of Monroe, New York
Ratios of Net General Obligation Bonded Debt Outstanding
Last Five Years
(000's omitted, except per capita)

Year ended December 31,	General Obligation Debt Outstanding (1)	Less: Debt Service Funds	Net General Obligation Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 258,071	\$ 6,845	\$ 251,226	0.73%	\$ 341.64
2005	279,432	4,679	274,753	0.83%	373.64
2004	261,053	5,051	256,002	0.79%	348.14
2003	281,691	3,276	278,415	0.91%	378.62
2002	255,950	3,893	252,057	0.84%	342.77

Note: (1) Amounts do not include blended component units of the primary government.

Source: Monroe County Department of Finance - Finance Division

County of Monroe, New York
Demographic and Economic Statistics
Last Five Years

<u>Year ended December 31,</u>	<u>Population (1)</u>	<u>Median Household Personal Income(1)</u>	<u>Per Capita Personal Income(1)</u>	<u>Unemployment Rate(2)</u>
2006	735,343	44,891	22,821	4.0%
2005	735,343	44,891	22,821	4.8%
2004	735,343	44,891	22,821	5.4%
2003	735,343	44,891	22,821	5.6%
2002	735,343	44,891	22,821	5.6%

Source: (1) U.S. Census Bureau, 2000 Census
(2) New York State Department of Labor

County of Monroe, New York
Principal Employers
Current Year and Four Years Ago

Employer	2006 (1)			2002 (2)		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
University of Rochester	14,405	1	2.4%	13,000	2	2.4%
Eastman Kodak Company	14,100	2	2.4%	22,000	1	4.1%
Xerox Corporation	8,100	3	1.4%	10,050	3	1.9%
Wegmans Food Markets, Inc.	5,651	4	1.0%	5,647	4	1.1%
ViaHealth	4,710	5	0.8%	4,404	5	0.8%
Lifetime Healthcare Co.	4,086	6	0.7%	2,932	6	0.5%
Unity Health System	3,158	7	0.5%	2,931	7	0.5%
Rochester Institute of Technology	2,695	8	0.5%	2,712	9	0.5%
Paychex Inc.	2,525	9	0.4%			
Citizens Communications	1,974	10	0.3%	2,300	10	0.4%
Delphi Corporation				2,740	8	0.5%
Total	61,404		10.4%	68,716		11.7%

Source:

- (1) Rochester Business Journal, The Lists, 2007 Edition
- (2) Monroe County Department of Finance - Controller's Division

County of Monroe, New York
 Budgeted Full-Time County Employees by Department
 Last Five Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Aviation	100	95	98	99	100
Board of Elections	44	44	44	44	44
Communications	9	9	9	6	6
Finance	86	116	115	92	91
Human Resources	32	29	29	29	29
Human Services	1,060	912	929	964	963
Information Services	67	45	45	50	50
Law	163	151	152	147	151
Monroe Community Hospital	636	634	638	637	637
County Executive	6	5	5	4	5
Management and Budget	-	-	-	9	10
Planning and Development	30	25	26	26	26
Public Defender	86	81	81	81	81
Public Safety	277	276	272	254	301
Public Health	372	285	292	212	214
Environmental Services	452	386	384	377	370
Parks	130	79	79	75	75
Transportation	108	82	81	81	77
Veterans Service	7	6	5	5	5
County Clerk	85	85	88	86	86
County Legislature	55	56	56	53	53
District Attorney	140	142	136	140	141
Sheriff	901	1,020	1,020	1,003	1,034

Source: Monroe County Proposed Budget for the relevant year.

County of Monroe, New York
Operating Indicators
Last Five Years

	2002	2003	2004	2005	Est. 2006
Transportation					
Lane Miles Sealed	50	77	83	112	120
Lane Miles Resurfaced	44	52	48	38	44
Signs Fabricated	53,100	30,000	36,000	35,200	36,000
Traffic Signs Installed - New	6,743	4,773	5,869	6,927	6,000
Signal Locations Services	796	772	767	770	775
County Clerk					
Land Records	132,236	169,000	128,910	111,505	106,376
Vehicle Registration	227,372	255,168	258,972	252,499	247,349
Passports	19,002	13,770	10,186	9,233	4,892
Learner Permits	14,097	18,670	20,789	20,824	20,741
Planning and Development					
Jobs Created	1,787	1,100	972	4,073	1,000
Housing Rehab Projects	99	45	61	62	93
First-time Home Buyers Purchase Subsidy	9	29	30	31	31
Health Department					
Clinics/Visits - Tuberculosis	18,153	18,700	15,993	15,630	16,200
Clinics/Visits - STD	15,481	15,319	14,401	15,087	14,700
Clinics/Visits - Immunization	6,886	5,759	4,475	5,756	4,800
Clinics/Visits - Foster Care	3,551	3,261	3,419	3,334	3,700
Sheriff					
Calls for Service	231,117	224,325	208,480	174,215	193,700
Safety Education Presentations	1,002	963	963	1,206	1,200
DARE Classrooms	4,516	4,100	3,969	4,210	4,400
SWAT Activations	8	14	13	9	9
Hostage Recovery Team Activations	6	10	7	5	5
Hazardous Device Team Activations	38	53	47	50	54
Public Safety - 911					
Calls Received	1,011,255	1,032,776	1,004,859	1,071,679	1,082,818
Police Events Dispatched	1,002,279	1,001,798	1,006,779	1,002,279	965,112
Fire Events Dispatched	66,121	72,987	76,379	66,121	78,930
EMS Events Dispatched	82,973	88,444	89,934	82,973	92,961
District Attorney					
Local Court Arraignments	33,949	31,726	32,013	30,400	31,480
STOP-DWI Felony Cases Screened	600	555	555	603	575
Aviation					
Passengers Boarded	1,188,068	1,248,731	1,378,079	1,457,573	1,425,000
Takeoffs and Landings	145,509	139,407	139,035	136,553	138,800

Source: Monroe County Proposed Budget for the relevant year.

County of Monroe, New York
 Capital Asset Statistics
 Last Five Years

	2002	2003	2004	2005	2006
Center Line Miles	650.9	650.4	649.5	648.9	648.9
3 Color Traffic Signals	600.0	604.0	612.0	614.0	614.0
Sewer Pipe Miles	1,218.0	1,218.0	1,219.0	1,225.0	1,226.0
Vehicles	845.0	845.0	845.0	813.0	775.0

Source: Monroe County Department of Transportation